

Case No. 10766
Order No. R-10009
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- the 40 acres comprising the SW/4 SE/4 (Unit O), approved by Division Administrative Order NSP-265, dated May 16, 1956, are currently dedicated to John H. Hendrix Corporation's M. S. Berryman Well No. 1, located 330 feet from the South line and 1650 feet from the East line (Unit O); and,
- the 80 acres comprising the E/2 SE/4 are incorporated into a 160-acre non-standard gas spacing and proration unit that includes the W/2 SW/4 of the adjacent Section 12 to the east, approved by Division Order No. R-674, dated August 17, 1955, and has currently dedicated to it the Lewis B. Burleson, Inc. Marshall Well No. 1, located at a standard gas well location 660 feet from the South and East lines (Unit P).

(7) The operator of the above-described offsetting 200-acre non-standard unit to the west, Conoco, Inc., appeared at the hearing and objected to approval of the proposed unorthodox location portion of this application.

(8) The closest standard gas well location for this unit is 1980 feet from the North and West lines of said Section 11, however this particular location is occupied by a Chevron U.S.A., Inc. Eunice Monument South Unit/Eunice Monument Grayburg San Andres Pool water injection well, thereby making this an impossible alternate drill site.

(9) Considering the geological evidence submitted by both parties in this case, there appears to be only a very minimal structural advantage to the applicant by locating the well at the proposed location and considering further that Arrington possesses the right to develop the Eumont Gas Pool underlying his acreage, the requested location should be approved. However, to ensure that the correlative rights of the other operators in the pool are being protected, an allowable penalty should be imposed on the subject gas spacing and proration unit.

(10) The penalty imposed for the Eumont gas production upon the subject acreage, as long as the well is classified a "gas well", should be based simply upon the footage variation of the unorthodox location that this well is crowding the outer boundary of the unit than a well at the closest standard gas well location for this size and shaped proration unit. The subject well, being 1980 feet from the North line and 1830 feet from the West line (Unit F) of said Section 11, is 150 feet or 23 percent, closer than permitted to the extreme western boundary of this "T" shaped unit.

(11) An allowable factor of 77 percent (a penalty of 23 percent) for the subject 160-acre unit, which should be assigned as an acreage factor, will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, is in the best interest of conservation and will prevent waste.

(12) Should, at any future date the subject well be reclassified as an oil well, pursuant to said rules and regulations governing wells in the Eumont Pool, this order should be placed in abeyance until further notice.