

Entered June 27, 1980
JLR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6715 DE NOVO
Order No. R-6275-A

APPLICATION OF TEXACO INC. FOR AN
UNORTHODOX GAS WELL LOCATION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing De Novo at 9 a.m. on May 20, 1980, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 27th day of June, 1980, the Commission, a quorum being present, having considered the testimony, the record, and the exhibits, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Texaco Inc., seeks approval of an unorthodox gas well location for its Loomis Federal Well No. 1, which it proposes to drill at a point 1600 feet from the North line and 660 feet from the West line of Section 5, Township 21 South, Range 32 East, NMPM, South Salt Lake-Morrow Gas Pool, Lea County, New Mexico, and to which the N/2 of said Section 5 would be dedicated.

(3) That this cause came on for hearing before Examiner Daniel S. Nutter on November 14, 1979, and the Division entered its Order No. R-6275 on February 26, 1980, approving the application, but applying a production limitation factor of 63/320 or 0.20.

(4) That said production limitation factor was based upon evidence that only 63 acres within the N/2 of said Section 5 might reasonably be expected to be productive from the Morrow formation at the proposed unorthodox location.

(5) That on March 25, 1980, and March 27, 1980, respectively, Bass Enterprises Production Company and Texaco Inc. filed timely applications for Hearing De Novo of Case 6715, whereupon this matter was set for hearing on May 20, 1980.

(6) That according to the evidence adduced at said hearing de novo, the entire N/2 of said Section 5 can reasonably be presumed to be productive of gas from the Morrow formation.

(7) That the N/2 of said Section 5 is offset to the south and southwest by wells at unorthodox locations.

(8) That the aforesaid wells at unorthodox locations to the south and southwest of the N/2 of said Section 5 encountered producing intervals in the Morrow not present in other wells offsetting the N/2 of said Section 5.

(9) That a well drilled at an orthodox location in the N/2 of said Section 5 would probably not encounter all potential producing intervals underlying the N/2 of said Section 5.

(10) That a well drilled at the proposed unorthodox location should more effectively and efficiently drain all of the productive intervals in the Morrow formation than a well at a standard location.

(11) That a well drilled at the proposed unorthodox location will offer the maximum opportunity to encounter said additional producing intervals and to recover the reserves under the N/2 of said Section 5 and will therefore serve to prevent waste.

(12) That a well drilled at the proposed unorthodox location should have the opportunity for a radius of drainage equal to said offset wells at said unorthodox locations.

(13) That approval of the unorthodox location will afford the applicant maximum correlative rights protection.

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(14) That the application should be approved.

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Morrow formation is hereby approved for the Texaco Inc. Loomis Federal Well No. 1, to be drilled at a point 1600 feet from the North line and 660 feet from the West line of Section 5, Township 21 South, Range 32 East, NMPM, South Salt Lake-Morrow Gas Pool, Lea County, New Mexico.

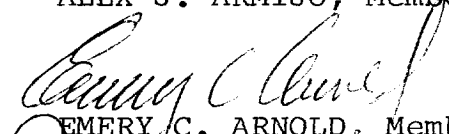
(2) That the N/2 of said Section 5 shall be dedicated to the above-described well.

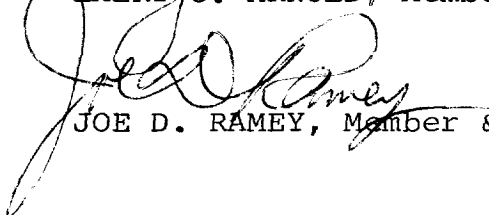
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

ALEX J. ARMIJO, Member


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

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