

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

**CASE NO. 11301
Order No. R-10404**

**APPLICATION OF ELK OIL COMPANY
FOR AN UNORTHODOX OIL WELL
LOCATION, CHAVES COUNTY, NEW
MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 15, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 36th day of June, 1995, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Elk Oil Company, seeks authority to drill its South Lone Wolf Unit Well No. 2 at an unorthodox oil well location 600 feet from the South line and 1200 feet from the West line (Unit M) of Section 29, Township 13 South, Range 29 East, NMPM, Undesignated Southwest Lone Wolf-Devonian Pool, Chaves County, New Mexico.

(3) The SW/4 SW/4 of Section 29 is to be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit for said pool.

(4) This case was styled such that in the absence of objection, the case would be taken under advisement.

(5) No appearances were made in this case at the time of the hearing.

(6) The evidence submitted in this case by the applicant indicates that the subject well is located within the South Lone Wolf Unit Area, an exploratory unit approved by Division Order No. R-9683 on June 17, 1992.

(7) The South Lone Wolf Unit Area is operated by Elk Oil Company and currently comprises the following described area in Chaves County, New Mexico:

TOWNSHIP 13 SOUTH, RANGE 29 EAST, NMPM

Section 19: SE/4 SE/4

Section 20: NE/4 SW/4, S/2 SW/4, and SE/4

Section 29: W/2 NE/4, W/2 and NW/4 SE/4

Section 30: E/2

Section 31: NE/4, N/2 SE/4, and SE/4 SE/4

Section 32: N/2, N/2 SW/4, SW/4 SW/4 and SE/4

(8) The applicant submitted geologic and engineering data which indicates that:

- a) its interpretation of the Devonian formation underlying the South Lone Wolf Unit Area is based upon well control and 3-D seismic data;
- b) applicant recently drilled its South Lone Wolf Unit Well No. 1 in Section 29. The well penetrated the Devonian formation on the flank of the structure at a subsurface depth of -5862 feet. Recent production information indicates that this well may be located in close proximity to the oil-water contact in the reservoir; and,
- c) a well at the proposed unorthodox oil well location should penetrate the Devonian formation at a more structurally advantageous position above the oil-water contact than a well drilled at a standard well location within the SW/4 SW/4 of Section 29, thereby increasing the likelihood of obtaining commercial oil production.

(9) All affected offset acreage is operated by the applicant and is within the South Lone Wolf Unit Area. Therefore, pursuant to Division Rule No. 1207 (A)(5), no notice needed to be given by the applicant to any offset operator and/or interest owner in this case.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Southwest Lone Wolf-Devonian Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

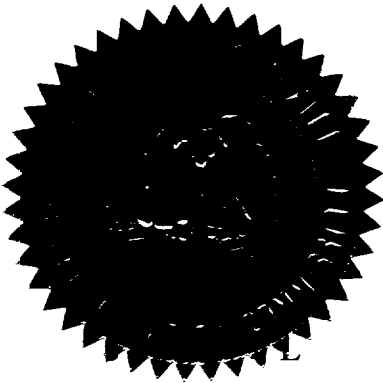
IT IS THEREFORE ORDERED THAT:

(1) The applicant, Elk Oil Company, is hereby authorized to drill its South Lone Wolf Unit Well No. 2 at an unorthodox oil well location 600 feet from the South line and 1200 feet from the West line (Unit M) of Section 29, Township 13 South, Range 29 East, NMPM, Undesignated Southwest Lone Wolf-Devonian Pool, Chaves County, New Mexico.

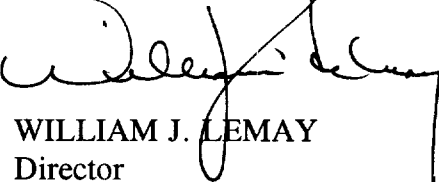
(2) The SW/4 SW/4 of Section 29 shall be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit for said pool.

(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director