

**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. 11321 (Reopened)
Order No. R-10497**

**APPLICATION OF D & J OIL COMPANY
FOR AN UNORTHODOX OIL WELL
LOCATION, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 21 and October 19, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 24th day of October, 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, D & J Oil Company, seeks authority to drill its Lowe "27" Well No. 1 at an unorthodox oil well location 642 feet from the South line and 2434 feet from the East line (Unit O) of Section 27, Township 12 South, Range 37 East, NMPM, to test the Devonian formation, Southwest Gladiola-Devonian Pool, Lea County, New Mexico.

(3) The applicant proposes to dedicate the W/2 SE/4 of Section 27 to the subject well forming a standard 80-acre oil spacing and proration unit for the Southwest Gladiola-Devonian Pool.

(4) The proposed well is located within the Southwest Gladiola-Devonian Pool which is currently governed by special rules and regulations as promulgated by Division Order No. R-1724 which require standard 80-acre spacing and proration units with wells to be located within 150 feet of the center of either quarter-quarter section or lot.

(5) According to testimony and Division records, the subject well is offset to the west by the Cities Service Oil & Gas Corporation Turner "D" Well No. 1, located in Unit N, which cumulatively produced approximately 500,000 barrels of oil from the Southwest Gladiola-Devonian Pool prior to being abandoned, and to the east by the Kimbark Oil & Gas Company M. F. Walker Well No. 1, located in Unit O, which cumulatively produced approximately 64,000 barrels of oil from the Southwest Gladiola-Devonian Pool prior to being abandoned.

(6) The applicant presented geologic evidence and testimony in this case which demonstrates that:

- a) utilizing 3-D seismic data, a Devonian structure centered approximately within the SW/4 SE/4 of Section 27 has been identified;
- b) this Devonian structure is bounded on the east, north and south by a system of faults;
- c) the fault system on the east effectively separates the proposed well from previous production in the Devonian formation originating from the aforesaid M. F. Walker Well No. 1;
- d) the aforesaid Turner "D" Well No. 1 produced from the targeted Devonian structure, although at a lower structural position than the proposed well;
- e) a well at the proposed unorthodox location should penetrate this Devonian structure at the highest structural position within the reservoir, which should enable the applicant to recover additional "attic" oil which was not otherwise recovered by previous wells, thereby preventing waste.

(7) Applicant projects that a well at the proposed unorthodox oil well location may ultimately recover an additional 400,000 barrels of oil which will otherwise not be recovered by the existing wells.

(8) The applicant has notified all affected offset operators and/or interest owners of its proposed unorthodox oil well location.

(9) No offset operator and/or interest owner appeared at the hearing in opposition to the application.

(10) Approval of the subject application will afford the applicant the opportunity to recover additional oil and gas reserves from the Southwest Gladiola-Devonian Pool underlying the W/2 SE/4 of Section 27 which were not previously recovered, thereby preventing waste, 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:

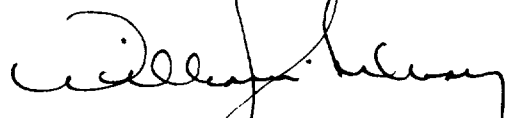
(1) The applicant, D & J Oil Company, is hereby authorized to drill its Lowe "27" Well No. 1 at an unorthodox oil well location 642 feet from the South line and 2434 feet from the East line (Unit O) of Section 27, Township 12 South, Range 37 East, NMPM, to test the Devonian formation, Southwest Gladiola-Devonian Pool, Lea County, New Mexico.

(2) The W/2 SE/4 of Section 27 shall be dedicated to the subject well forming a standard 80-acre oil spacing and proration unit for the Southwest Gadiola-Devonian Pool.

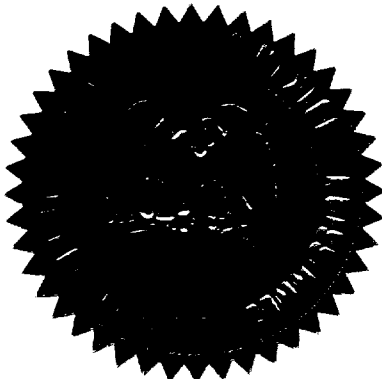
(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director



S E A L