

**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. 11344
Order No. R-10453**

**APPLICATION OF ARCH PETROLEUM
INC. FOR SEVEN UNORTHODOX INFILL
OIL WELL LOCATIONS, LEA COUNTY,
NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 24, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 1st day of September, 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, Arch Petroleum Inc., seeks authority to drill its C. E. Lamunyon Well Nos. 51, 52, 53, 54, 55 and 56 and its Saltmount Well No. 3 at the following described unorthodox oil well locations within Sections 21, 22 and 28, Township 23 South, Range 37 East, NMPM, Teague-Blinebry Pool, Lea County, New Mexico:

<u>WELL NAME & NUMBER</u>	<u>WELL LOCATION</u>
C. E. Lamunyon Well No. 51	1300' FNL & 560' FEL (Unit A) Section 21
C. E. Lamunyon Well No. 52	1300' FNL & 2210' FWL (Unit C) Section 21
C. E. Lamunyon Well No. 53	1300' FSL & 330' FWL (Unit M) Section 22
C. E. Lamunyon Well No. 54	1300' FNL & 660' FWL (Unit D) Section 22
C. E. Lamunyon Well No. 55	2620' FNL & 330' FWL (Unit E) Section 22
C. E. Lamunyon Well No. 56	1300' FNL & 1300' FEL (Unit A) Section 28
Saltmount Well No. 3	990' FSL & 1300' FEL (Unit P) Section 21

(3) The applicant further proposes to simultaneously dedicate the above-described wells to existing 40-acre oil spacing and proration units in the Teague-Blinebry Pool as follows:

- a) the proposed C. E. Lamunyon Well No. 51 and the existing Well No. 42 are to be dedicated to the NE/4 NE/4 of Section 21;
- b) the proposed C. E. Lamunyon Well No. 52 and the existing Well No. 40 are to be dedicated to the NE/4 NW/4 of Section 21;
- c) the proposed C. E. Lamunyon Well No. 53 and the existing Well No. 20 are to be dedicated to the SW/4 SW/4 of Section 22;
- d) the proposed C. E. Lamunyon Well No. 54 and the existing Well No. 44 are to be dedicated to the NW/4 NW/4 of Section 22;
- e) the proposed C. E. Lamunyon Well No. 55 and the existing Well No. 30 are to be dedicated to the SW/4 NW/4 of Section 22;
- f) the proposed C. E. Lamunyon Well No. 56 and the existing Well Nos. 21 and 50 are to be dedicated to the NE/4 NE/4 of Section 28;
- g) the proposed Saltmount Well No. 3 and the existing Well No. 1 are to be dedicated to the SE/4 SE/4 of Section 21;

(4) The evidence and testimony indicates that the purpose of drilling the subject infill wells within the Teague-Blinebry Pool is to increase recovery of oil which may not otherwise be recovered by the existing wells.

(5) The applicant presented as evidence in this case the results of an engineering study designed to determine the feasibility and effectiveness of infill drilling within the Teague-Blinebry Pool. The data utilized in this study was obtained from the drilling of the C. E. Lamunyon Well No. 50, which was drilled by Chevron in 1989 as a pilot infill well. The results of the study indicate that:

- a) the average estimated ultimate recovery from the four wells directly offsetting the C. E. Lamunyon Well No. 50 is approximately 85,000 stock tank barrels of oil;

- b) the C. E. Lamunyon Well No. 50 is projected to ultimately recover approximately 55,000 stock tank barrels of incremental oil, or approximately 65 % of the recovery from the original 40-acre offset wells;
- c) the drainage areas of the four wells offsetting the C. E. Lamunyon Well No. 50 are all less than 20 acres.

(6) According to applicant's geologic and engineering evidence and testimony, the proposed wells are situated in areas not previously drained by offset wells, as determined from drainage calculations, and in areas that are structurally high in the reservoir.

(7) Applicant testified that the existing wells within the Teague-Blinbry Pool are nearing depletion.

(8) Applicant estimates that each of the subject wells, if drilled as proposed, may recover an additional 50,000-150,000 barrels of oil which would otherwise not be recovered by the existing wells.

(9) The applicant is the operator of all affected offset acreage.

(10) None of the proposed wells encroach upon offset acreage which is not operated by the applicant.

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

(12) Approval of the subject application will afford the applicant the opportunity to recover additional oil and gas reserves from the Teague-Blinbry Pool underlying each of the respective proration units which will not be recovered by existing wells, 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, Arch Petroleum Inc., is hereby authorized to drill its C. E. Lamunyon Well Nos. 51, 52, 53, 54, 55 and 56 and its Saltmount Well No. 3 at the following described unorthodox oil well locations within Sections 21, 22 and 28, Township 23 South, Range 37 East, NMPM, Teague-Blinbry Pool, Lea County, New Mexico:

<u>WELL NAME & NUMBER</u>	<u>WELL LOCATION</u>
C. E. Lamunyon Well No. 51	1300' FNL & 560' FEL (Unit A) Section 21
C. E. Lamunyon Well No. 52	1300' FNL & 2210' FWL (Unit C) Section 21
C. E. Lamunyon Well No. 53	1300' FSL & 330' FWL (Unit M) Section 22
C. E. Lamunyon Well No. 54	1300' FNL & 660' FWL (Unit D) Section 22
C. E. Lamunyon Well No. 55	2620' FNL & 330' FWL (Unit E) Section 22
C. E. Lamunyon Well No. 56	1300' FNL & 1300' FEL (Unit A) Section 28
Saltmount Well No. 3	990' FSL & 1300' FEL (Unit P) Section 21

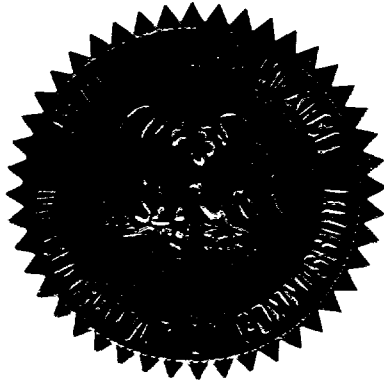
(2) The above-described wells shall be dedicated to existing 40-acre oil spacing and proration units in the Teague-Blinebry Pool as follows:

- a) the proposed C. E. Lamunyon Well No. 51 and the existing Well No. 42 shall be dedicated to the NE/4 NE/4 of Section 21;
- b) the proposed C. E. Lamunyon Well No. 52 and the existing Well No. 40 shall be dedicated to the NE/4 NW/4 of Section 21;
- c) the proposed C. E. Lamunyon Well No. 53 and the existing Well No. 20 shall be dedicated to the SW/4 SW/4 of Section 22;
- d) the proposed C. E. Lamunyon Well No. 54 and the existing Well No. 44 shall be dedicated to the NW/4 NW/4 of Section 22;
- e) the proposed C. E. Lamunyon Well No. 55 and the existing Well No. 30 shall be dedicated to the SW/4 NW/4 of Section 22;
- f) the proposed C. E. Lamunyon Well No. 56 and the existing Well Nos. 21 and 50 shall be dedicated to the NE/4 NE/4 of Section 28;
- g) the proposed Saltmount Well No. 3 and the existing Well No. 1 shall be dedicated to the SE/4 SE/4 of Section 21;

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

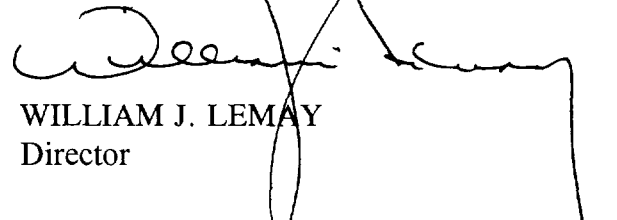
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director