

**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. 11385
Order No. R-10467**

**APPLICATION OF TEXACO EXPLORATION
AND PRODUCTION INC. FOR AN UNORTHODOX
LOCATION, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

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

NOW, on this 27th 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, Texaco Exploration and Production, Inc., seeks approval to drill its Dow "B-28" Federal Well No. 1 at an unorthodox location 1028 feet from the South line and 1227 feet from the East line (Unit P) of Section 28, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico, to test for oil in the Devonian formation and to test for gas in the Morrow formation.

(3) The applicant proposes to dedicate the SE/4 SE/4 of Section 28 to the subject well in the Devonian formation forming a standard 40-acre oil spacing and proration unit, and also proposes to dedicate the S/2 of Section 28 to the subject well in the Undesignated East Cedar Lake-Morrow Gas Pool forming a standard 320-acre gas spacing and proration unit for said pool.

(4) According to applicant's geologic evidence and testimony, the primary objective within the aforesaid Dow "B-28" Federal Well No. 1 is the Devonian formation.

(5) The applicant, utilizing 3-D seismic data, has identified a Devonian structure centered approximately within the western portion of the SE/4 SE/4 of Section 28.

(6) This Devonian structure, according to applicant's evidence, is bounded on the north, east and west by a system of faults.

(7) Applicant's geologic evidence and testimony indicates that the proposed unorthodox location is necessary in order to:

- a) maintain a safe distance away from the faults located on the east and west sides of this Devonian structure;
- b) maintain the highest structural position possible within this Devonian structure while staying approximately within the center of the fault block.

(8) The applicant has targeted the Morrow formation as a secondary objective within the proposed well.

(9) Although there is Morrow production within Section 33 immediately to the south of the proposed Dow "B-28" Federal Well No. 1, the applicant characterized its chances of making a well in the Morrow formation as poor.

(10) The affected offset acreage in the Devonian formation, being the SW/4 SE/4 of Section 28, is owned and operated by the applicant.

(11) The applicant is also the operator of the N/2 of Section 33 and the S/2 of Section 27, being the affected offset acreage in the Morrow formation.

(12) The applicant notified all interest owners in the W/2 of Section 34, being additional affected offset acreage in the Morrow formation.

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

(14) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil and gas in the Devonian and Morrow formations underlying the SE/4 SE/4 and S/2 of Section 28, 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:

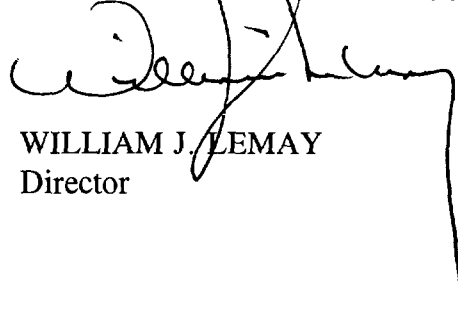
(1) The applicant, Texaco Exploration and Production, Inc., is hereby authorized to drill its Dow "B-28" Federal Well No. 1 at an unorthodox oil and gas well location 1028 feet from the South line and 1227 feet from the East line (Unit P) of Section 28, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico, to test for oil in the Devonian formation and to test for gas in the Morrow formation.

(2) The SE/4 SE/4 and S/2 of Section 28 shall be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit in the Devonian formation and a standard 320-acre gas spacing and proration unit in the Undesignated East Cedar Lake-Morrow Gas Pool.

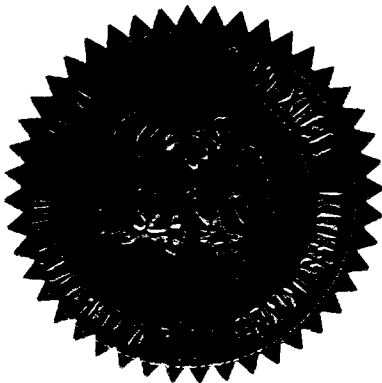
(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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