

**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. 11402
Order No. R-10501**

**APPLICATION OF POGO PRODUCTION
COMPANY FOR TWO UNORTHODOX OIL
WELL LOCATIONS, EDDY COUNTY,
NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on 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, Pogo Production Company, seeks authority to drill its Cedar Canyon "28" Federal Well Nos. 1 and 2 at unorthodox oil well locations 230 feet from the North line and 2510 feet from the West line (Unit C) of Section 28, and 2410 feet from the North line and 2310 feet from the East line (Unit G) of Section 28, respectively, both in Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico, to test prospective pools/formations including but not necessarily limited to the Undesignated Cedar Canyon-Delaware, Undesignated Willow Lake-Delaware and Undesignated Pierce Crossing-Bone Spring Pools.

(3) The NE/4 NW/4 and the SW/4 NE/4 of Section 28 are to be dedicated, respectively, to the Cedar Canyon "28" Federal Well Nos. 1 and 2, thereby forming standard 40-acre oil spacing and proration units.

(4) According to applicant's evidence and testimony, the Cedar Canyon "28" Federal Well No. 1 was originally staked at a standard oil well location 330 feet from the North line and 2310 feet from the West line (Unit C) of Section 28, however, due to the presence of the Pecos River, the United States Bureau of Land Management (USBLM) requested that the applicant move the well to the proposed unorthodox location.

(5) According to further evidence and testimony, the Cedar Canyon "28" Federal Well No. 2 was originally staked at a standard oil well location 1980 feet from the North line and 2310 feet from the East line (Unit G) of Section 28, however, due to the presence of the Pecos River and an archaeologic site, the United States Bureau of Land Management (USBLM) requested that the applicant move the well to the proposed unorthodox location.

(6) Applicant testified that geologic conditions were not utilized as a factor in determining the proposed well locations.

(7) At the proposed unorthodox locations, the Cedar Canyon "28" Federal Well No. 1 encroaches 100 feet to the north and 200 feet to the east, and the Cedar Canyon "28" Federal Well No. 2 encroaches 100 feet to the south.

(8) Applicant's evidence indicates that the owners of the affected offset acreage to the proposed Cedar Canyon "28" Federal Well No. 1, being the SE/4 SW/4 and the SW/4 SE/4 of Section 21, and the NW/4 NE/4 of Section 28, are Phillips Petroleum Company, Pogo Production Company and Enron Oil & Gas Company.

(9) Applicant's evidence further indicates that the owners of the affected offset acreage to the proposed Cedar Canyon "28" Federal Well No. 2, being the NW/4 SE/4 of Section 28, are Pogo Production Company and Phillips Petroleum Company.

(10) The applicant presented as evidence in this case waivers of objection to both proposed unorthodox oil well locations from Phillips Petroleum Company and Enron Oil & Gas Company.

(11) No other 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 produce its just and equitable share of the oil in the affected pool(s), 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.

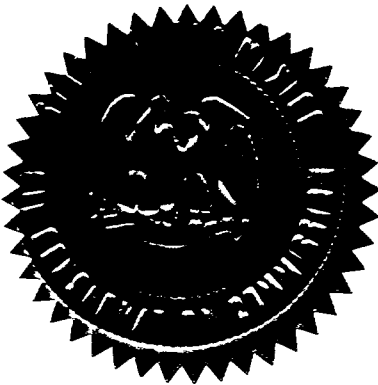
IT IS THEREFORE ORDERED THAT:

(1) The applicant, Pogo Production Company, is hereby authorized to drill its Cedar Canyon "28" Federal Well Nos. 1 and 2 at unorthodox oil well locations 230 feet from the North line and 2510 feet from the West line (Unit C) of Section 28, and 2410 feet from the North line and 2310 feet from the East line (Unit G) of Section 28, respectively, both in Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico, to test prospective pools/formations including but not necessarily limited to the Undesignated Cedar Canyon-Delaware, Undesignated Willow Lake-Delaware and Undesignated Pierce Crossing-Bone Spring Pools.

(2) The NE/4 NW/4 and the SW/4 NE/4 of Section 28 are to be dedicated, respectively, to the Cedar Canyon "28" Federal Well Nos. 1 and 2, thereby forming standard 40-acre oil spacing and proration units.

(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.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read "William J. Lemay", is written over the printed name and title.

WILLIAM J. LEMAY
Director