

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. 10270
ORDER NO. R-9479

**APPLICATION OF ORYX ENERGY COMPANY
FOR COMPULSORY POOLING, NON-STANDARD
GAS PRORATION UNIT AND AN UNORTHODOX
GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 21, 1991, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 27th day of March, 1991, 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, Oryx Energy Company, seeks an order pooling all mineral interests from the top of the Wolfcamp to the base of the Morrow formation, underlying Lots 3 and 4, the E/2 SW/4 and SE/4 (S/2 equivalent) of Section 19, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico, forming a non-standard 326.81-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated Red Lake-Morrow Gas Pool and Undesignated North Turkey Track-Morrow Gas Pool.

(3) The applicant further seeks to have dedicated to said unit a well to be drilled at an unorthodox gas well location 990 feet from the South and East lines (Unit P) of said Section 19.

(4) At the time of the hearing the applicant requested that the compulsory pooling portion of this case be dismissed.

(5) Based on the geological testimony presented at the hearing a well at the proposed unorthodox location should penetrate a thicker portion of the Lower Morrow interval than a well drilled at a standard location thereon, thereby increasing the chances of intersecting a gas bearing zone within the Morrow formation.

(6) No offset operator objected to the proposed unorthodox gas well location.

(7) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected formation, 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 application of Oryx Energy Company for an unorthodox gas well location to test the Morrow formation is hereby approved for a well to be drilled 990 feet from the South and East lines (Unit P) of Section 19, Township 18 South, Range 28 East, NMPM, Undesignated Red Lake Atoka-Morrow Gas Pool or Undesignated North Turkey Track-Morrow Gas Pool, Eddy County, New Mexico.

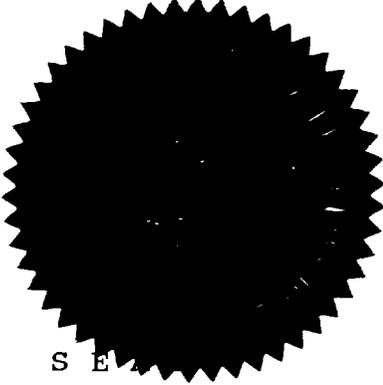
(2) Lots 3 and 4, the E/2 SW/4 and SE/4 (S/2 equivalent) of said Section 9 shall be dedicated to the above-described well forming a non-standard 326.81-acre gas spacing and proration unit for either pool.

(3) The compulsory pooling portion of this case is hereby dismissed.

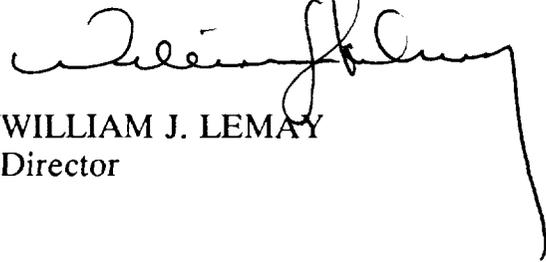
(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



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WILLIAM J. LEMAY
Director

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