

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. 10405
ORDER NO. R-9624

**APPLICATION OF AMERADA HESS
CORPORATION 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 October 31, 1991, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 15th day of January, 1992 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, Amerada Hess Corporation, seeks an exception to the provisions of Division Order No. R-69-D, which, in part, promulgated "Special Operating Procedures" for the Bagley Siluro-Devonian Pool. At this time the applicant seeks authorization for an unorthodox oil well location to be drilled 1830 feet from the North line and 1980 feet from the East line (Unit G) of Section 2, Township 12 South, Range 33 East, NMPM, Lea County, New Mexico. Said well is to be dedicated to a previously approved 80-acre non-standard oil spacing and proration unit comprising the SW/4 NE/4 and NW/4 SE/4 of said Section 2 (Order No. R-69-D).

(3) The applicant originally filed this application for administrative review pursuant to Division General Rule 104.F(3) and (4).

(4) After thorough review of said request, and of the regulations applicable in this matter, including Division Order Nos. R-69, R-69-A, R-69-B, R-69-C, R-69-D and Memorandum 4-86, it was determined that administrative approval could not be granted.

(5) At this time the records in the application indicate the following:

- a. the pool has essentially been developed on 40-acre spacing within this general area;
- b. the regulations affecting this pool were issued in 1951 and over the years the situation may have changed whereby such stringent procedures for various reasons may no longer be warranted; and,
- c. the geological and engineering data submitted appears to indicate that the well would recover additional oil which might not otherwise be produced, exhibits good conservation measures, and would prevent waste.

(6) Other than Amerada Hess Corporation there is only one other off-setting operator and proper notice pursuant to General Rule 1207.A(5) was made.

(7) No interested party appeared at the hearing in opposition to this application.

IT IS THEREFORE ORDERED THAT:

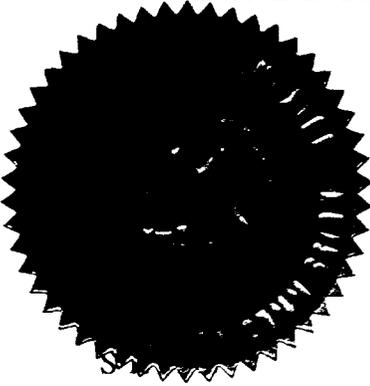
(1) The application of Amerada Hess Corporation for an unorthodox oil well location in the Bagley Siluro-Devonian Pool to be drilled 1830 feet from the North line and 1980 feet from the East line (Unit G) of Section 2, Township 12 South, Range 33 East, NMPM, Lea County, New Mexico, is hereby approved.

(2) Said well is to be dedicated to a previously approved 80-acre non-standard oil spacing and proration unit comprising the SW/4 NE/4 and NW/4 SE/4 of said Section 2 (Division Order No. R-69-D).

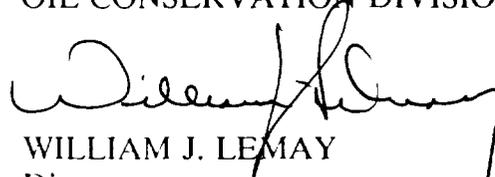
(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



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OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director