

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. 10633
ORDER NO. R-9846*

APPLICATION OF CONOCO INC. FOR AN
UNORTHODOX OIL 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 December 17, 1992, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 16th day of February, 1993 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, Conoco Inc., seeks approval to drill its Barbara Federal Well No. 16 in the North Dagger Draw-Upper Pennsylvanian Pool at an unorthodox oil well location 1980 feet from the North line and 1530 feet from the West line (Unit F) of Section 18, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. The NW/4 of said Section 18 is to be dedicated to said well forming a standard 160-acre oil spacing and proration unit for said pool.

(3) The North Dagger Draw-Upper Pennsylvanian Pool is currently governed by special rules and regulations as promulgated by Division Order No. R-4691, as amended, which provides for 160-acre spacing and proration units with well locations no closer than 660 feet to the outer boundary of the spacing unit nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

(4) Division records indicate that the Rodger C. Hanks Barbara Federal Well No. 5, which was drilled in April/May, 1976 at a standard oil well location 1980 feet from the North and West lines (Unit F) of said Section 18, produced approximately 14,831 barrels of oil, 249,843 MCF of gas and 210,088 barrels of water from the North Dagger Draw-Upper Pennsylvanian Pool before being plugged and abandoned in 1979.

(5) The subject well Conoco Inc. proposes to drill is 210 feet east of the quarter-quarter section line that separates the SW/4 NW/4 (Unit E) and the SE/4 NW/4 (Unit F) of said Section 18 rather than the required 330 feet from internal subdivision boundaries, but is 660 feet off of the proration unit's southern boundary.

(6) The applicant presented geologic testimony which indicates that a well drilled at the proposed unorthodox location should penetrate productive intervals of the Canyon formation within the Upper Pennsylvanian oil pool at more favorable geologic points than a well drilled at standard locations in the proposed spacing unit and should be outside of the drainage effects of the old plugged and abandoned Barbara Federal Well No. 5 thereby increasing the likelihood of obtaining commercial production, and perhaps recover additional oil not drained by the previous well.

(7) All of said Section 18 is owned and operated by Conoco Inc. The Barbara Federal Lease in Section 18 comprises all but the NE/4 NE/4 (Unit A) and the SW/4 SW/4 (Unit M) of said Section 18; therefore approval of the proposed location should not adversely affect any interest owner.

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

(9) 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, 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, Conoco Inc., is hereby authorized to drill its Barbara Federal Well No. 16 at an unorthodox oil well location 1980 feet from the North line and 1530 feet from the West line (Unit F) of Section 18, Township 19 South, Range 25 East, NMPM, North Dagger Draw-Upper Pennsylvanian Pool, Eddy County, New Mexico.

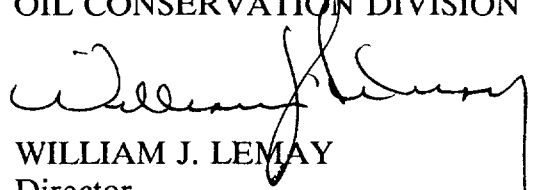
(2) The NW/4 of said Section 18 shall be dedicated to the above-described well forming a standard 160-acre oil spacing and proration unit for said pool.

(3) Jurisdiction of this cause is 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