

**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. 10675
Order No. R-9860**

**APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR AN UNORTHODOX GAS 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 March 4, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 16th day of March, 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, Phillips Petroleum Company, seeks approval to drill its proposed Ranger Well No. 20 at an unorthodox gas well location 810 feet from the North line and 660 feet from the West line (Unit D) of Section 26, Township 12 South, Range 34 East, NMPM, West Ranger Lake-Devonian Gas Pool, Lea County, New Mexico.

(3) The applicant proposes to dedicate the N/2 of Section 26 to the above-described well forming a standard 320-acre gas spacing and proration unit for said pool.

(4) The proposed well is located within the West Ranger Lake-Devonian Gas Pool which is currently governed by Statewide Rules and Regulations which require standard 320-acre proration units with wells to be located no closer than 1980 feet from the nearest end boundary nor closer than 660 feet from the nearest side boundary of the proration unit nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary.

(5) According to applicant's evidence and testimony, Section 26 has previously been developed in the West Ranger Lake-Devonian Gas Pool by the Phillips Petroleum Company Ranger Well Nos. 15 and 16, located, respectively, in Units C and K.

(6) According to further evidence, the Ranger Well Nos. 15 and 16 cumulatively recovered 1.7 BCFG and 212 MBO and 2.39 BCFG and 265 MBO, respectively. Both wells have watered out in the Devonian formation and are no longer producing from the West Ranger Lake-Devonian Gas Pool.

(7) The applicant presented geologic evidence, based largely on 3-D seismic data, which indicates that the Devonian formation is extensively faulted in Section 26.

(8) The geologic evidence presented indicates that due to the presence of faults, a large portion of the NW/4 of Section 26 has been effectively isolated in the Devonian formation from the area that was drained and developed by the Ranger Well Nos. 15 and 16.

(9) Applicant's evidence indicates that a well at the proposed location should penetrate the Devonian formation at a structurally advantageous position above the gas-water contact and on the upthrust side of a fault traversing the NW/4 in a north-south direction.

(10) Further evidence indicates that the proposed well should drain and develop acreage within the NW/4 of Section 26 not previously drained and should allow the applicant the opportunity to recover additional gas reserves in the approximate amount of 1.0 BCFG and 120 MBO, thereby preventing waste.

(11) Due to the presence of a gas-water contact traversing approximately the eastern boundary of the proposed proration unit, the drainage area of the proposed well should be limited to approximately 100 acres generally located within the NW/4 of Section 26.

(12) The applicant is the operator of the affected acreage to the west of the proposed location in Section 27.

(13) The only other affected offset operator, Yates Petroleum Corporation and its various entities, have waived objection to the proposed unorthodox location.

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

(15) 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 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:

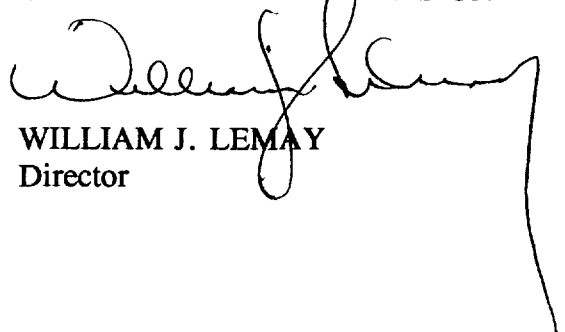
(1) The applicant, Phillips Petroleum Company, is hereby authorized to drill its Ranger Well No. 20 at an unorthodox gas well location 810 feet from the North line and 660 feet from the West line (Unit D) of Section 26, Township 12 South, Range 34 East, NMPM, West Ranger Lake-Devonian Gas Pool, Lea County, New Mexico.

(2) The N/2 of Section 26 shall be dedicated to the above-described well forming a standard 320-acre gas spacing and proration unit for said pool.

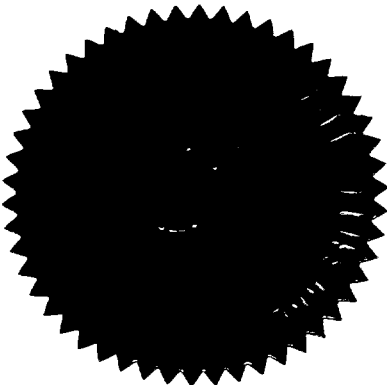
(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director



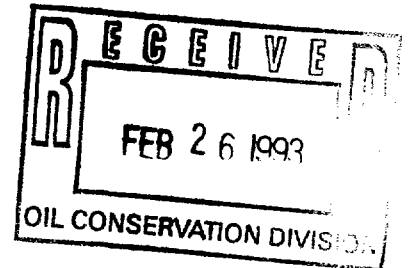
S E A L

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. 10675

**APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR APPROVAL OF AN UNORTHODOX
GAS WELL LOCATION, WEST RANGER-LAKE
DEVONIAN GAS POOL, LEA COUNTY, NEW
MEXICO**



PRE-HEARING STATEMENT

This pre-hearing statement is submitted by PHILLIPS
PETROLEUM COMPANY as required by the Oil Conservation
Division.

APPEARANCE OF PARTIES

APPLICANT

PHILLIPS PETROLEUM CO.
4001 Penbrook
Odessa, TX 79762
ATTN: Elizabeth Harris, Esq.

ATTORNEY

W. Thomas Kellahin
KELLAHIN AND KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

OPPOSITION OR OTHER PARTY
(Name, Address, and Phone)

ATTORNEY

N/A

Pre-Hearing Statement
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STATEMENT OF CASE

APPLICANT

Phillips Petroleum Company has previously produced to depletion its Ranger Lake Unit #15 Well, located in the N/2 of Section 26, Township 12 South, Range 34 East, Lea County, New Mexico

Because of significant faulting in the Devonian Formation in the West Ranger Lake-Devonian Gas Pool, the Ranger Lake Unit #15 Well did not adequately deplete and recover the gas underlying the N/2 of this Section.

The subject well of this Application is necessary as a replacement well to the Ranger Lake #15 Well. The unorthodox location is the optimum location within the N/2 of Section 26 to obtain additional gas recovery from this spacing unit which cannot be obtained at a standard location.

OPPOSITION OR OTHER PARTY

Pre-Hearing Statement
Case No. 10675
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PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Scott Balke Geologist	20 Minutes	4 Exhibits
Simone Guberlet Petroleum Engineer	15 Minutes	2 Exhibits

OPPOSITION OR OTHER PARTY

WITNESSES	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

None applicable at this time.

Respectfully Submitted,

By: 

W. Thomas Kellahin
KELLAHIN AND KELLAHIN
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285
ATTORNEYS FOR PHILLIPS
PETROLEUM COMPANY

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

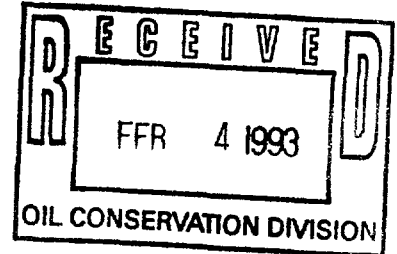
*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

February 4, 1993

William J. LeMay
Director
Oil Conservation Division
310 Old Santa Fe Trail, Room 219
Santa Fe, New Mexico 87501



HAND DELIVERED

RE: Ranger #20 Well
Application of Phillips Petroleum Company
for an Unorthodox Gas Well Location,
West Ranger Lake-Devonian Gas Pool,
Lea County, New Mexico

10075

Dear Mr. LeMay:

On behalf of Phillips Petroleum Company, please find enclosed our application for an unorthodox gas well location for its Ranger #20 Well which we request be set for hearing on the next available Examiner's docket now scheduled for March 4, 1993.

By copy of this letter, including the Application to all parties, we are notifying them by certified mail return-receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the Application. See Enclosure (1).

Our proposed advertisement to be used for the OCD docket and for the newspaper publication is attached as Enclosure (2).

In accordance with Division Memorandum 2-90, parties who may appear in this case are hereby requested to file a Pre-Hearing Statement with the Division, copy to

William J. LeMay
Oil Conservation Division
February 4, 1993
Page Two

Applicant, not later than 4:00 PM on Friday, February 26, 1993. A copy of the Pre-Hearing Statement form is attached as Enclosure (3).

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', with a stylized flourish at the end.

W. Thomas Kellahin

WTK/jcl

Enclosures

xc: With Application

Elizabeth A. Harris, Esq.

Phillips Petroleum - Odessa, TX

CERTIFIED MAIL - RETURN RECEIPT REQUESTED:

All parties shown on Exhibit "A" of the Application
with Enclosure (3) Sample Pre-Hearing Statement

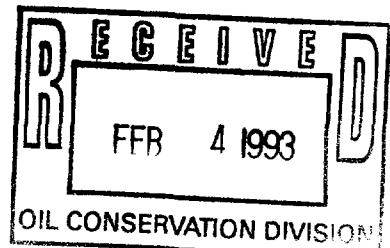
Enclosure (1)

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 PURPOSES OF CONSIDERING:

CASE NO. 10675

THE APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR APPROVAL OF AN UNORTHODOX
GAS WELL LOCATION, WEST RANGER-LAKE
DEVONIAN GAS POOL, LEA COUNTY,
NEW MEXICO



A P P L I C A T I O N

Comes now PHILLIPS PETROLEUM COMPANY, by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox gas well location for its Ranger #20 Well in the West Ranger Lake-Devonian Gas Pool, Lea County, New Mexico to be drilled at an unorthodox location 810 feet from the North Line (FNL) and 660 feet from the West Line (FWL) (Unit D) Section 26, Township 12 South, Range 34 East, NMPM, Eddy County, New Mexico and to be dedicated to a standard 320-acre gas spacing unit consisting of the N/2 of said Section 26.

In support thereof, Applicant states:

1. Applicant, Phillips Petroleum Company ("Phillips"), has 100% of the working interest for all of Section 26, T12S, R34E, N.M.P.M, Lea County, New Mexico.

2. Applicant proposes to test for production in the West Ranger Lake-Devonian Gas Pool by drilling its Ranger #20 Well to an anticipated depth of 13,400 feet, at an unorthodox gas well location 810 feet FNL and 660 feet FWL of said Section 26 to be dedicated to a standard 320-acre gas spacing unit consisting of the N/2 of said Section 26.

3. The proposed well will be located within the current boundaries of the West Ranger Lake-Devonian Gas Pool which was established by Division Order R-3182 effective February 1, 1967 and is subject to the Division general statewide rules including well spacing of 320-acres.

4. The only currently producing well in the pool is the Ranger #17 Well which is at an unorthodox well location 860 feet FSL and 660 feet FWL and was approved by Division Administrative Order NSL-3117, dated June 8,

1992 and dedicating a spacing unit consisting of the S/2 of said Section 26.

5. The West Ranger Lake-Devonian Gas Pool is a retrograde gas condensate reservoir with the hydrocarbons in a gaseous phase at reservoir conditions.

6. The proposed well would be at unorthodox location because it is 660 feet from the west end of the spacing unit rather than the required 1980 feet and would require an exception to General Rule 104.

7. The standard locations within this spacing unit are either too close to the Ranger #15 Well, a plugged and abandoned well in this spacing unit, which is located in Unit C of Section 26 or are located in separate fault blocks which would not have the ability to produce the Devonian reserves underlying the NW/4 of said Section 26.

8. A well at the proposed unorthodox location is located in a separate fault block as determined through interpretation of 3D Seismic data and should penetrate productive intervals of the Devonian formation at a more favorable geologic point than a well drilled at any standard location in the proposed spacing unit thereby recovering reserves which might not otherwise be

produced.

9. The proposed well should be outside of the drainage affects of any existing Devonian well in the pool thereby increasing the likelihood of obtaining commercial production which might otherwise be recovered and thus preventing waste.

10. The portion of the Devonian reservoir in which the Ranger #20 Well will be located is separated from the Devonian reservoir underlying offsetting spacing units by fault blocks which should preclude uncompensated drainage from offsetting spacing units and thereby protect correlative rights.

11. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the hydrocarbons in the Devonian 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.

12. In accordance with Division Rule 1207, Applicant has notified those affected parties towards

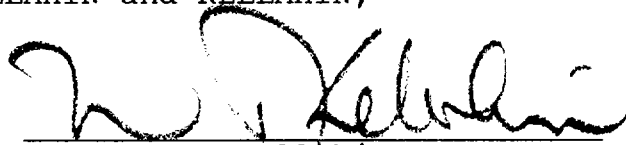
whom the proposed location encroaches, with the names and addresses of those parties set forth on Exhibit A.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

Respectfully Submitted,

KELLAHIN and KELLAHIN,

BY:

A handwritten signature in dark ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

W. Thomas Kellahin

P. O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

Elizabeth A Harris, Esq.
Phillips Petroleum Company
4001 Penbrook
Odessa, Texas 79762
ATTORNEYS FOR APPLICANT

EXHIBIT "A"
TO THE APPLICATION OF PHILLIPS PETROLEUM COMPANY FOR
APPROVAL OF AN UNORTHODOX GAS WELL LOCATION,
WEST RANGER-LAKE DEVONIAN GAS POOL,
LEA COUNTY, NEW MEXICO

OFFSETTING INTEREST OWNERS

Yates Petroleum Company
105 South Fourth Street
Artesia, New Mexico 88210
ATTN: Randy Patterson

Yates Drilling Company
105 South Fourth Street
Artesia, New Mexico 88210
ATTN: Randy Patterson

ABO Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
ATTN: Randy Patterson

Myco Industries, Inc.
105 South Fourth Street
Artesia, New Mexico 88210
ATTN: Randy Patterson

Enclosure (2)

Proposed notification/advertisement for OCD docket

Case _____: Application of Phillips Petroleum Company for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval of an unorthodox gas well location 810 feet from the North line and 660 feet from the West line (Unit D) of Section 26, Township 12 South, Range 34 East, NMPM, West Ranger Lake-Devonian Gas Pool. The N/2 of said Section 26 is to be dedicated to said well, forming a standard 320 acre gas spacing unit. Said unit is located approximately 10 miles west of Tatum, New Mexico.

Enclosure (3)

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.

**APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR APPROVAL OF AN UNORTHODOX
GAS WELL LOCATION, WEST RANGER-LAKE
DEVONIAN GAS POOL, LEA COUNTY, NEW
MEXICO**

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by
_____ as required by the Oil Conservation
Division.

APPEARANCE OF PARTIES

APPLICANT

PHILLIPS PETROLEUM CO.
4001 Penbrook
Odessa, TX 79762
ATTN: Elizabeth Harris, Esq.

ATTORNEY

W. Thomas Kellahin
KELLAHIN AND KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

OPPOSITION OR OTHER PARTY
(Name, Address, and Phone)

ATTORNEY

Pre-Hearing Statement
Case No. _____
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STATEMENT OF CASE

APPLICANT

OPPOSITION OR OTHER PARTY

Pre-Hearing Statement
Case No. _____
Page 3

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
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OPPOSITION OR OTHER PARTY

WITNESSES	EST. TIME	EXHIBITS
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PROCEDURAL MATTERS

None applicable at this time.

Respectfully Submitted,

By: _____
Attorney in fact or
Opposition or other party
with address and phone

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. 10675
Order No. R- 986090-5.

APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR AN UNORTHODOX GAS WELL
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

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NOW, on this _____ day of March, 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, Phillips Petroleum Company, seeks approval to drill its proposed Ranger Well No. 20 at an unorthodox gas well location 810 feet from the North line and 660 feet from the West line (Unit D) of Section 26, Township 12 South, Range 34 East, NMPM, West Ranger Lake-Devonian Gas Pool, Lea County, New Mexico.

(3) The applicant proposes to dedicate the N/2 of Section 26 to the above-described well forming a standard 320-acre gas spacing and proration unit for said pool.

(4) The proposed well is located within the West Ranger Lake-Devonian Gas Pool which is currently governed by Statewide Rules and Regulations which require standard 320-acre proration units with wells to be located no closer than 1980 feet from the nearest end boundary nor closer than 660 feet from the nearest side boundary of the proration unit nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary.

(5) According to applicant's evidence and testimony, Section 26 has previously been developed in the West Ranger Lake-Devonian Gas Pool by the Phillips Petroleum Company Ranger Well Nos. 15 and 16, located, respectively, in Units C and K.

(6) According to further evidence, the Ranger Well Nos. 15 and 16 cumulatively recovered 1.7 BCFG and 212 MBO and 2.39 BCFG and 265 MBO, respectively. Both wells have watered out in the Devonian formation and are no longer producing from the West Ranger Lake-Devonian Gas Pool.

(7) The applicant presented geologic evidence, based largely on 3-D seismic data, which indicates that the Devonian formation is extensively faulted in Section 26.

(8) The geologic evidence presented indicates that due to the presence of faults, a large portion of the NW/4 of Section 26 has been effectively isolated in the Devonian formation from the area that was drained and developed by the Ranger Well Nos. 15 and 16.

(9) Applicant's evidence indicates that a well at the proposed location should penetrate the Devonian formation at a structurally advantageous position above the gas-water contact and on the upthrust side of a fault traversing the NW/4 in a north-south direction.

(10) Further evidence indicates that the proposed well should drain and develop acreage within the NW/4 of Section 26 not previously drained and should allow the applicant the opportunity to recover additional gas reserves in the approximate amount of 1.0 BCFG and 120 MBO, thereby preventing waste.

(11) Due to the presence of a gas-water contact traversing approximately the eastern boundary of the proposed proration unit, the drainage area of the proposed well should be limited to approximately 100 acres generally located within the NW/4 of Section 26.

(12) The applicant is the operator of the affected acreage to the west of the proposed location in Section 27.

(13) The only other affected offset operator, Yates Petroleum Corporation and its various entities, have waived objection to the proposed unorthodox location.

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

(15) 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 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, Phillips Petroleum Company, is hereby authorized to drill its Ranger Well No. 20 at an unorthodox gas well location 810 feet from the North line and 660 feet from the West line (Unit D) of Section 26, Township 12 South, Range 34 East, NMPM, West Ranger Lake-Devonian Gas Pool, Lea County, New Mexico.

(2) The N/2 of Section 26 shall be dedicated to the above-described well forming a standard 320-acre gas spacing and proration unit for said 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