

**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. 10797
Order No. R-9945**

**APPLICATION OF COLLINS AND WARE
INC. 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 August 12, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 19th day of August, 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, Collins and Ware, Inc., seeks approval to drill its Kaiser State Well No. 43 at an unorthodox gas well location 1000 feet from the South line and 400 feet from the West line (Unit M) of Section 13, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, to a depth of approximately 3,850 feet to test all formations and/or pools developed on 160-acre gas spacing.

(3) The applicant proposes to dedicate the SW/4 of Section 13 to the above-described well forming a standard 160-acre gas spacing and proration unit.

(4) Applicant's evidence and testimony indicate that the primary target within the subject well is the Wilson Yates-Seven Rivers Associated Pool.

(5) If completed in the Wilson Yates-Seven Rivers Associated Pool, the applicant further seeks authority to simultaneously dedicate the SW/4 of Section 13 to the proposed well and to two existing gas wells, the Kaiser State Well Nos. 10 and 14 located respectively, in Units N and L.

(6) The proposed well is located within the Wilson Yates-Seven Rivers Associated Pool which is currently governed by Special Rules and Regulations as promulgated by Division Order No. R-9645 and R-5353, as amended, which require standard 160-acre gas spacing and proration units with wells to be located within 150 feet of the center of the quarter-quarter section wherein located.

(7) The proposed unorthodox location is necessitated by a combination of topographic and geologic considerations.

(8) The subject well was originally staked at a standard gas well location 810 feet from the South line and 660 feet from the West line of Section 13.

(9) The applicant was precluded from drilling at this location due to the presence of electric power lines.

(10) Division records indicate that there is a plugged and abandoned well located 990 feet from the South and West lines of Section 13. The records further indicate that this well, the State Bty 4 Well No. 15, previously produced from the Yates-Seven Rivers formation.

(11) Geologic evidence presented by the applicant indicates that a well at the proposed unorthodox location should enable the applicant to maintain the structural position in the reservoir which would have been encountered at the originally proposed standard location.

(12) The affected offset acreage to the west is currently leased by the applicant.

(13) The only other affected offset operator, Warrior Inc., 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 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, Collins and Ware, Inc., is hereby authorized to drill its Kaiser State Well No. 43 at an unorthodox gas well location 1000 feet from the South line and 400 feet from the West line (Unit M) of Section 13, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, to a depth of approximately 3,850 feet to test all formations and/or pools developed on 160-acre gas spacing.

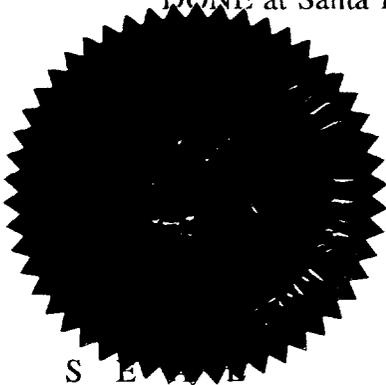
(2) The SW/4 of Section 13 shall be dedicated to the above-described well forming a standard 160-acre gas spacing and proration unit.

(3) In the event the above-described well is completed in the Wilson Yates-Seven Rivers Associated Pool, the applicant is hereby further authorized to simultaneously dedicate the SW/4 of Section 13 to the Kaiser State Well No. 43 and to the existing Kaiser State Well Nos. 10 and 14 located, respectively, in Units N and L.

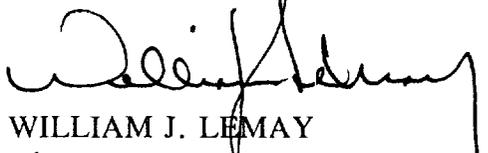
(4) The gas allowable assigned to the subject proration unit in the Wilson Yates-Seven Rivers Associated Pool may be produced from any of the aforesaid wells in any proportion.

(5) 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