

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. 10811
Order No. R-9986

**APPLICATION OF GIANT EXPLORATION AND PRODUCTION COMPANY FOR AN
UNORTHODOX OIL WELL LOCATION, SANTA FE COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 23, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 13th day of October, 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, Giant Exploration and Production Company, seeks approval for an unorthodox oil well location 1300 feet from the South line and 1000 feet from the West line (Unit M) of Section 10, Township 20 North, Range 9 East, NMPM, Santa Fe County, New Mexico, to test the Pennsylvanian formation.
- (3) The proposed test can properly be classified a "rank wildcat", therefore this well will be subject to the Division's Statewide Rules and Regulations which require standard 40-acre spacing and proration units with wells to be located no closer than 330 feet from the outer boundary of the spacing unit.
- (4) The SW/4 SW/4 of said Section 10 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit.

(5) Evidence submitted by the applicant at the hearing indicates the general area to have rugged topography. In 1989 the applicant shot a geophysical seismic line along a county/two track road that follows a natural wash through the proposed 40-acre tract. This road bed was utilized to minimize surface disturbance. The applicant proposes to drill this well along this line so that geological data obtained from the wellbore can directly be tied back to the line thereby providing Giant a more complete geophysical analysis of the subsurface in the area should production be encountered.

(6) The subject 40-acre tract is included in a single 9,575-acre United States Government lease administered by the U. S. Bureau of Land Management in which Giant is the mineral lessor. The direct offsetting 40-acre tracts to the north, northeast, and east are part of said lease. No other mineral interests will be affected by this unorthodox location. Correlative rights therefore appear to be protected.

(7) Approval of this application is in the best interest of conservation, will serve to prevent waste and promote prudent development in this wildcat area.

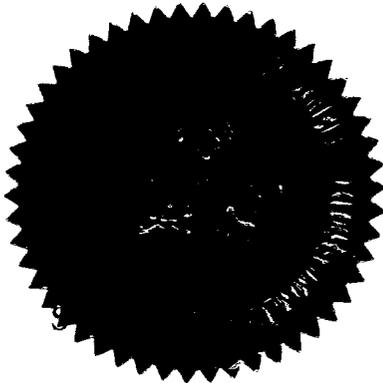
IT IS THEREFORE ORDERED THAT:

(1) The application of Giant Exploration and Production Company for an unorthodox oil well location 1300 feet from the South line and 1000 feet from the West line (Unit M) of Section 10, Township 20 North, Range 9 East, NMPM, to test the Pennsylvanian formation in an area to be considered "rank wildcat", Santa Fe County, New Mexico, is hereby approved.

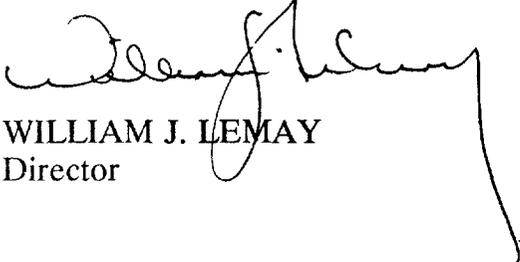
(2) The SW/4 SW/4 of said Section 10 shall be dedicated to said well forming a standard 40-acre oil spacing and proration unit.

(3) Jurisdiction of this cause 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