

ARCHAEOLOGICAL SURVEY CONSULTANTS

CULTURAL RESOURCES EXAMINATION

on lands administered by the
Department of the Interior
Bureau of Land Management
Roswell District, New Mexico

ASC PERMIT NO.: 18-2920-93-G
ASC JOB NO.: 94-027; Enron Oil
& Gas Company Half "7" Fed.
Well No. 1 & Access Road R/W

1. **ABSTRACT:** intensive archaeological survey of the Enron Oil & Gas Company Half "7" Federal Well No. 1 (final well pad location: 400 ft. square, 3.67 acres; original well pad location: 400 ft. square, 3.67 acres), and access road R's/W (final: 150 ft. long x 150 ft. wide, 0.52 acres; cancelled access road R/W: 280 ft. long x 100 ft. wide, with a 150 ft. sq. delta, 0.81 acres). A total land surface of 8.67 acres was inspected for cultural remains [New Mexico State land surface, 8.60 acres; federal land surface, 0.07 acres].

The well pad was originally staked at 810 FSL, 660 FWL. Survey of the original location revealed that a previously recorded site (LA 86211) partially impinged on the location at 810 FSL, 660 FWL.

Consequently, the well pad was moved to 990 FSL, 990 FWL to avoid the site.

Archaeological survey of the Enron Oil & Gas Company Half "7" Federal Well No. 1 final location (@ 990 FSL, 990 FWL) and Access Road R/W did not reveal any cultural resources. Therefore, archaeological **CLEARANCE** for the Enron Oil & Gas Company Half "7" Federal Well No. 1 (final location @ 990 FSL, 990 FWL), and access road R/W is **RECOMMENDED**.

2. **LEGAL LOCATION:** T25S, R34E, Section 7, SW $\frac{1}{4}$ SW $\frac{1}{4}$ (990 FSL, 990 FWL). **ACCESS ROAD R/W LOCATION:** T25S, R34E, Section 7 (SW $\frac{1}{4}$ SW $\frac{1}{4}$; NW $\frac{1}{4}$ SW $\frac{1}{4}$). Lea County, New Mexico.

Map Reference: U.S.G.S. 7.5 minute series, BELL LAKE, NEW MEXICO, 1973.

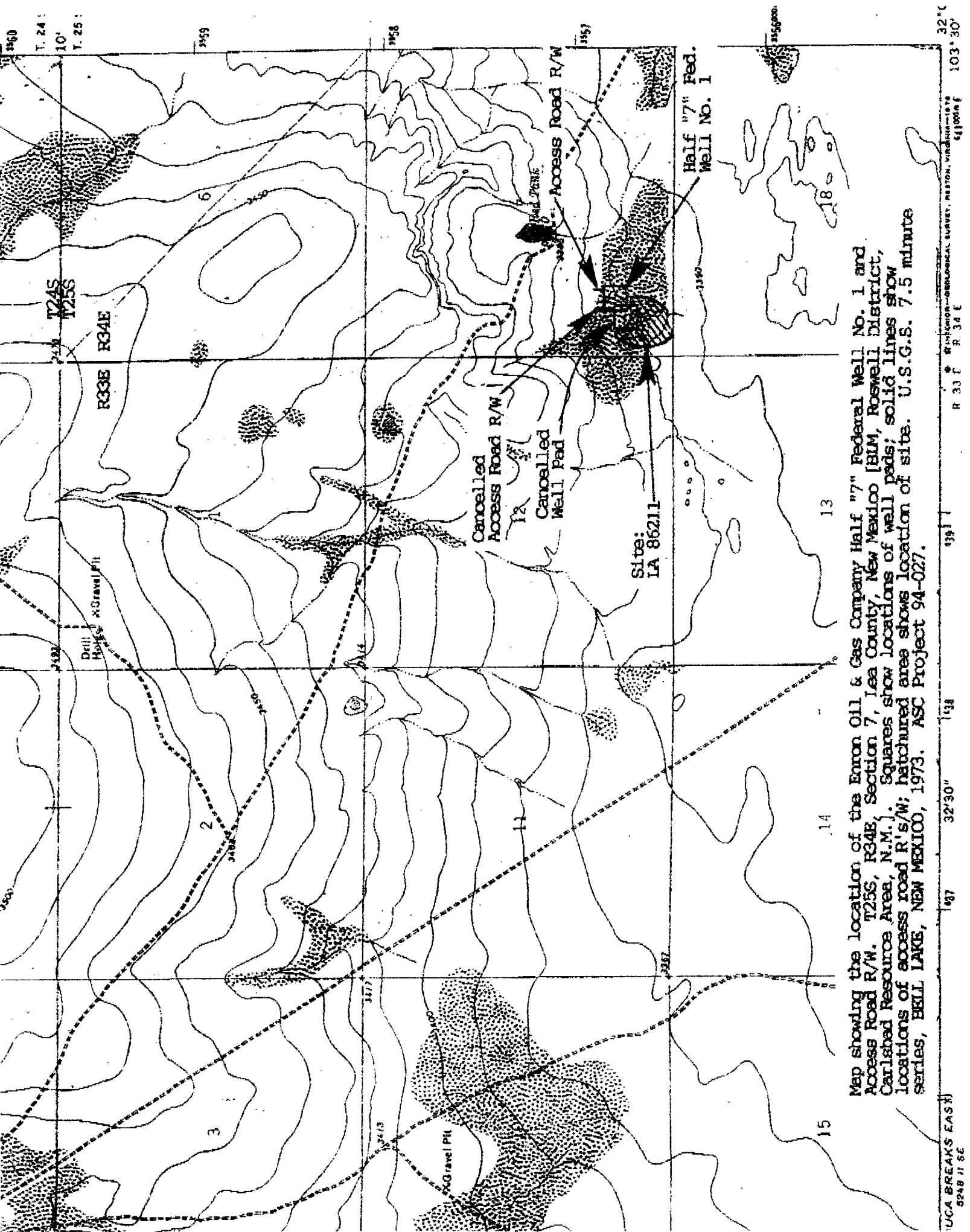
Land Status: New Mexico State Land Surface: T25S, R34E, Section 7 (S $\frac{1}{2}$ S $\frac{1}{2}$; NE $\frac{1}{4}$ SW $\frac{1}{4}$; SE $\frac{1}{4}$ NW $\frac{1}{4}$). BLM, Carlsbad Resource Area, New Mexico: T25S, R34E, Section 7 (NW $\frac{1}{4}$ N $\frac{1}{2}$; S $\frac{1}{2}$ NE $\frac{1}{4}$; N $\frac{1}{2}$ SE $\frac{1}{4}$; SW $\frac{1}{4}$ NW $\frac{1}{4}$; NW $\frac{1}{4}$ SW $\frac{1}{4}$).

3. **PROJECT DESCRIPTION:** well pad (final well pad location: 400 ft. square, 3.67 acres; original well pad location: 400 ft. square, 3.67 acres), and access road R's/W (final: 150 ft. long x 150 ft. wide, 0.52 acres; cancelled access road R/W: 280 ft. long x 100 ft. wide, with a 150 ft. sq. delta, 0.81 acres). A total land surface of 8.67 acres was inspected for cultural remains [New Mexico State land surface, 8.60 acres; federal land surface, 0.07 acres].

TOPOGRAPHY: situated ca. 6.5 miles SW of Antelope Ridge and 6.4 miles NE of Paduca Breaks, within an area draining 4.0 miles SE towards Woodley Flat, and 1200 ft. SW of Red Tank; the project is in undulating to inclined terrain, which slopes in a S/SE direction. The project area is at the interface of 2 soil zones; the area to the W/SW is marked by headward eroding arroyos; the development of coppice dunes at the margins of dune rise terrain further to the S/SW. The area to the N/NE is characterized by pseudo-coppice dunes, some arroyo cutting, shallow soils with a high caliche float. Indurated caliche is at a shallow depth. Shallow aeolian deposits overlay sterile caliche at a shallow depth; caliche float is characteristic. Soils: interface of Pyrite soils/Duneland terrain and Simona-Upton association, with most of the project in the latter soil assemblage. Permanent Water: Pecos River, ca. 27.0 miles WNW. Potential Water: Bell Lake, 7.42 miles NNW. Elevation: 3358 ft. to 3366 ft. Slope: 0.39° to 1.04°. Aspect: SE. Lithic Resources: only small gravel float in the project area. Vegetation: Grassland Formation, scrub-grass scrub disclimax community.

4. **EXAMINATION PROCEDURE:** straight and zig-zag transects, spaced no greater than 15 metres apart, with dogleash transects in the area of cultural material. Work Hrs. on Ground: 6.25. Area Delineation: staked by client. Visibility: ground, ca. 65% to 100% in denuded areas; weather, sunny.

*Exhibits 1 through 7
Complete Set*

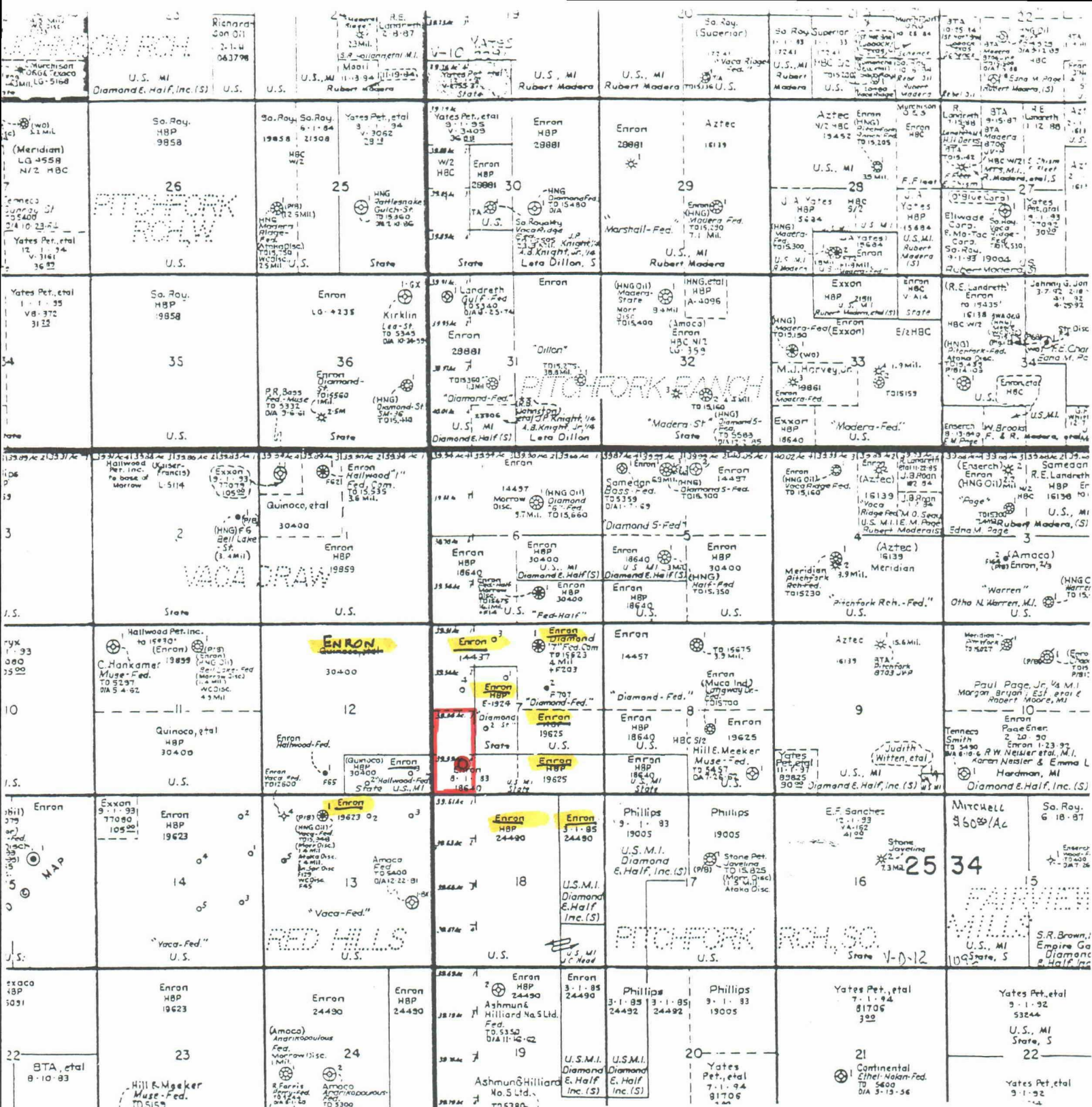


**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11027 Exhibit No. 1

Submitted by: Enron Oil & Gas Company

Hearing Date: July 21, 1994



BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico

Case No. 11027 Exhibit No. 2

Submitted by: Enron Oil & Gas Company

Hearing Date: July 21, 1994

t.etal
93
Tennec
3071
TOS555
D/A 10-1

34
Mitchell Ener.

OPERATOR'S COPY

Form 3160-3
(July 1992)

SUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)

FORM APPROVED
OMB NO. 1004-0136
Expires: February 28, 1995

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. NM 18640-A	
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR Enron Oil & Gas Company			7. UNIT AGREEMENT NAME	
3. ADDRESS AND TELEPHONE NO. P. O. Box 2267, Midland, Texas 79702			8. FARM OR LEASE NAME, WELL NO. Half 7 Federal #1	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 990' FSL & 660' FWL mlt At proposed prod. zone 990' FSL & 660' FWL met			9. AN WELL NO.	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 29 miles west from Jal			10. FIELD AND POOL, OR WILDCAT Red Hills Bone Spring	
13. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 330			11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec 7, T25S, R34E	
15. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. None			12. COUNTY OR PARISH Lea	
16. NO. OF ACRES IN LEASE 40			13. STATE NM	
17. PROPOSED DEPTH 12,600			14. NO. OF ACRES ASSIGNED TO THIS WELL 40	
18. ROTARY OR CABLE TOOLS Rotary			15. APPROX. DATE WORK WILL START* 6/1/94	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3366' GR			22. APPROX. DATE WORK WILL START*	

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14-3/4	11-3/4 H-40 ST&C	42#	650	250 Sx C1 C CIRCULATED
11	8-5/8 J-55 LT&C	32#	5200	1100 sx CIRCULATED
7-7/8	5-1/2 J-55 & N-80 ST&C	17#	12650	1400 sx TOC est at 4500'

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 11027 Exhibit No. 3

Submitted by: Enron Oil & Gas Company

Hearing Date: July 21, 1994



IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Betty Gildon TITLE Regulatory Analyst DATE 3/2/94
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY Tom Dutton TITLE AREA MANAGER DATE 6-8-94

*See Instructions On Reverse Side

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. 11027
Order No. R-_____

APPLICATION OF ENRON OIL & GAS COMPANY
FOR AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.

**ENRON OIL & GAS COMPANY'S
PROPOSED
ORDER OF THE DIVISION**

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 21, 1994, at Santa Fe, New Mexico, before Examiner Jim H. Morrow.

NOW, on this ____ day of July, 1994, 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, Enron Oil & Gas Company ("Enron") seeks approval to drill its Half 7 Federal Well No. 1 at an unorthodox oil well location 990 feet from the South and West lines (Unit M) of Section 7, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico, to test the Bone Spring formation.
- (3) The proposed well location is situated within one mile of the outer boundaries of the Red Hills-Bone Spring Pool, which is governed by Special Rules and Regulations (Division Order No. R-10109), which require 80-acre spacing with wells to be located within 150 feet of the center of either quarter-quarter section.
- (4) The applicant proposes to dedicate 80-acres consisting of the W/2 SW/4 of said Section 7 to this well.
- (5) Enron originally proposed this well at a standard location in the SW/4 SW/4 of said Section 7, but was required to move the location to avoid an archeological site.

(6) The applicant further testified that according to geological and engineering data utilized in this area, a well at the proposed unorthodox location should penetrate the Bone Spring formation at a thicker net sand position than a well drilled at a standard location in the NW/4 SW/4 of said Section 7, thereby reducing the inherent risk of drilling a dry hole or non-commercial well in this area.

(7) The applicant further testified that a well at the proposed unorthodox location should be less affected by drainage from offsetting wells than a well at a standard location in the NW/4 SW/4 of Section 7 and would increase the ultimate recovery of oil underlying the proration unit, thereby preventing waste.

(8) The applicant presented evidence which indicates that the working and royalty interest ownership in the proposed proration unit and in all affected offset acreage is common and no interest owner has objected to this proposed location.

(9) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject 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 well, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Enron Oil & Gas Company, is hereby authorized to drill its Half 7 Federal Well No. 1 at an unorthodox oil well location 990 feet from the South and West lines (Unit M) of Section 7, Township 25 South, Range 34 East, NMPM, Undesignated Red Hills-Bone Spring Pool, Lea County, New Mexico.

(2) The W/2 SW/4 of said Section 7 shall be dedicated to the above described well.

(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

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11027 Exhibit No. 7

Submitted by: Enron Oil & Gas Company

Hearing Date: July 21, 1994

**Enron Oil & Gas Company
Half "7" Federal No. 1
Unorthodox Location Hearing**

The preferred drill site is in the south half of the 80 acre dedication unit. The north half orthodox location is within the drainage radius of the Diamond "7" Federal No. 4. (north offset)

Volumetric Drainage Areas and Radii

Well Name	Net Pay (Ft)	Decline EUR (MBO)	Drainage Acres	Drainage Radius (Ft)
Diamond "7" Federal No. 4	64	178.5	111.9	1,246
Diamond "7" State No. 2	81	116.4	57.6	894
Hallwood "12" Federal No. 3	105	144.1	55.0	873

Reservoir and Fluid properties used in volumetric calculations.

POROSITY - 12.5%

FORMATION VOLUME FACTOR - 1.867

OIL SATURATION - 60.0%

RECOVERY FACTOR - 8.0%

**BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico**

Case No. 11027 Exhibit No. 5

Submitted by: Enron Oil & Gas Company

Hearing Date: July 21, 1994

ARCHAEOLOGICAL SURVEY CONSULTANTS

CULTURAL RESOURCES EXAMINATION

on lands administered by the
Department of the Interior
Bureau of Land Management
Roswell District, New Mexico

ASC PERMIT NO.: 18-2920-93-G
ASC JOB NO.: 94-027; Enron Oil
& Gas Company Half "7" Fed.
Well No. 1 & Access Road R/W

1. **ABSTRACT:** intensive archaeological survey of the Enron Oil & Gas Company Half "7" Federal Well No. 1 (final well pad location: 400 ft. square, 3.67 acres; original well pad location: 400 ft. square, 3.67 acres), and access road R's/W (final: 150 ft. long x 150 ft. wide, 0.52 acres; cancelled access road R/W: 280 ft. long x 100 ft. wide, with a 150 ft. sq. delta, 0.81 acres). A total land surface of 8.67 acres was inspected for cultural remains [New Mexico State land surface, 8.60 acres; federal land surface, 0.07 acres].

The well pad was originally staked at 810 FSL, 660 FWL. Survey of the original location revealed that a previously recorded site (LA 86211) partially impinged on the location at 810 FSL, 660 FWL.

Consequently, the well pad was moved to 990 FSL, 990 FWL to avoid the site.

Archaeological survey of the Enron Oil & Gas Company Half "7" Federal Well No. 1 final location (@ 990 FSL, 990 FWL) and Access Road R/W did not reveal any cultural resources. Therefore, archaeological **CLEARANCE** for the Enron Oil & Gas Company Half "7" Federal Well No. 1 (final location @ 990 FSL, 990 FWL), and access road R/W is **RECOMMENDED**.

2. **LEGAL LOCATION:** T25S, R34E, Section 7, SW $\frac{1}{4}$ SW $\frac{1}{4}$ (990 FSL, 990 FWL). **ACCESS ROAD R/W LOCATION:** T25S, R34E, Section 7 (SW $\frac{1}{4}$ SW $\frac{1}{4}$; NW $\frac{1}{4}$ SW $\frac{1}{4}$). Lea County, New Mexico.

Map Reference: U.S.G.S. 7.5 minute series, BELL LAKE, NEW MEXICO, 1973.

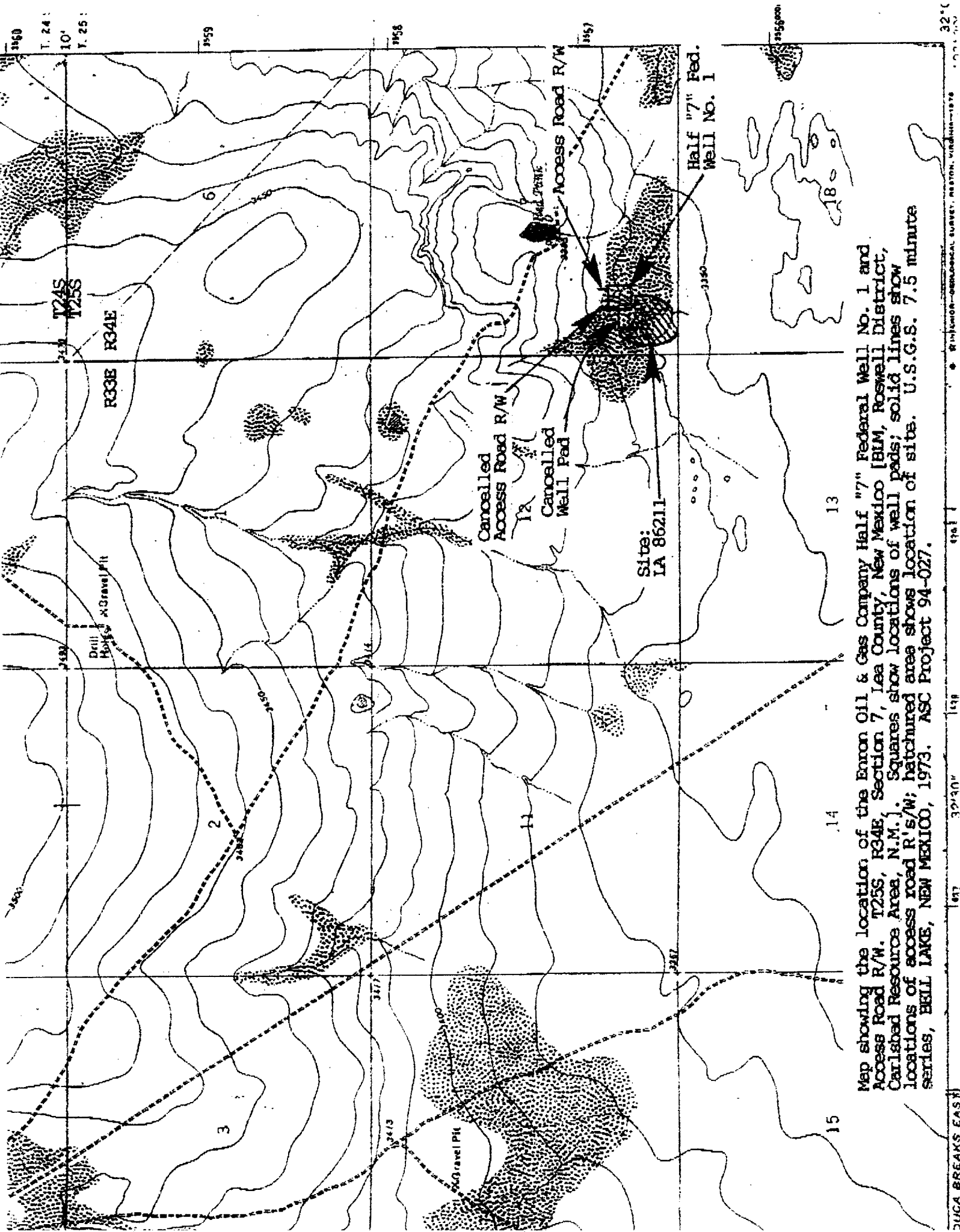
Land Status: New Mexico State Land Surface: T25S, R34E, Section 7 (S $\frac{1}{4}$ S $\frac{1}{4}$; NE $\frac{1}{4}$ SW $\frac{1}{4}$; SE $\frac{1}{4}$ NW $\frac{1}{4}$). BLM, Carlsbad Resource Area, New Mexico: T25S, R34E, Section 7 (N $\frac{1}{4}$ N $\frac{1}{4}$; S $\frac{1}{4}$ NE $\frac{1}{4}$; N $\frac{1}{4}$ SE $\frac{1}{4}$; SW $\frac{1}{4}$ NW $\frac{1}{4}$; NW $\frac{1}{4}$ SW $\frac{1}{4}$).

3. **PROJECT DESCRIPTION:** well pad (final well pad location: 400 ft. square, 3.67 acres; original well pad location: 400 ft. square, 3.67 acres), and access road R's/W (final: 150 ft. long x 150 ft. wide, 0.52 acres; cancelled access road R/W: 280 ft. long x 100 ft. wide, with a 150 ft. sq. delta, 0.81 acres). A total land surface of 8.67 acres was inspected for cultural remains [New Mexico State land surface, 8.60 acres; federal land surface, 0.07 acres].

TOPOGRAPHY: situated ca. 6.5 miles SW of Antelope Ridge and 6.4 miles NE of Paduca Breaks, within an area draining 4.0 miles SE towards Woodley Flat, and 1200 ft. SW of Red Tank; the project is in undulating to inclined terrain, which slopes in a S/SE direction. The project area is at the interface of 2 soil zones; the area to the W/SW is marked by headward eroding arroyos; the development of coppice dunes at the margins of dune rise terrain further to the S/SW. The area to the N/NE is characterized by pseudo-coppice dunes, some arroyo cutting, shallow soils with a high caliche float. Indurated caliche is at a shallow depth. Shallow aeolian deposits overlay sterile caliche at a shallow depth; caliche float is characteristic. Soils: interface of Pyrobe soils/Duneland terrain and Simona-Upton association, with most of the project in the latter soil assemblage. Permanent Water: Pecos River, ca. 27.0 miles WNW. Potential Water: Bell Lake, 7.42 miles NW. Elevation: 3358 ft. to 3366 ft. Slope: 0.39° to 1.04°. Aspect: SE. Lithic Resources: only small gravel float in the project area. Vegetation: Grassland Formation, scrub-grass scrub disclimax community.

4. **EXAMINATION PROCEDURE:** straight and zig-zag transects, spaced no greater than 15 metres apart, with dogleash transects in the area of cultural material. Work Hrs. on Ground: 6.25. Area Delineation: staked by client. Visibility: ground, ca. 65% to 100% in denuded areas; weather, sunny.

Exhibits 1 through 7



Map showing the location of the Exxon Oil & Gas Company Half "7" Federal Well No. 1 and Access Road R/W. T25S, R34E, Section 7, Lea County, New Mexico [BLM, Roswell District, Carlsbad Resources Area, N.M.]. Squares show locations of well pads; solid lines show locations of access road R's/W; hatched area shows location of site. U.S.G.S. 7.5 minute series, HELL LAKE, NEW MEXICO, 1973. ASC Project 94-027.

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11027 Exhibit No. 1

Submitted by: Enron Oil & Gas Company

Hearing Date: July 21, 1994

Hearing Date: July 21, 1994

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>			5. LEASE DESIGNATION AND SERIAL NO. NM 18640-A	
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR Enron Oil & Gas Company			7. UNIT AGREEMENT NAME	
3. ADDRESS AND TELEPHONE NO. P. O. Box 2267, Midland, Texas 79702			8. FARM OR LEASE NAME, WELL NO. Half 7 Federal #1	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 990' FSL & 660' FWL <i>mt</i> At proposed prod. zone 990' FSL & 660' FWL <i>mt</i>			9. API WELL NO.	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 29 miles west from Jal			10. FIELD AND POOL, OR WILDCAT Red Hills Bone Spring	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 330 330		16. NO. OF ACRES IN LEASE 40	17. NO. OF ACRES ASSIGNED TO THIS WELL 40	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. None		19. PROPOSED DEPTH 12,600	20. ROTARY OR CABLE TOOLS Rotary	
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 3366' GR			22. APPROX. DATE WORK WILL START* 6/1/94	

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
14-3/4	11-3/4 H-40 ST&C	42#	650	250 Sx C1 C CIRCULATED
11	8-5/8 J-55 LT&C	32#	5200	1100 sx CIRCULATED
7-7/8	5-1/2 J-55 & N-80 ST&C	17#	12650	1400 sx TOC est at 4500'

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 11027 Exhibit No. 3

Submitted by: Enron Oil & Gas Company

Hearing Date: July 21, 1994



IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED Berry Gilson TITLE Regulatory Analyst DATE 3/2/94
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY Tom Parker TITLE AREA MANAGER DATE 6-8-94

*See Instructions On Reverse Side

Enron Oil & Gas Company
Half "7" Federal No. 1
Unorthodox Location Hearing

The preferred drill site is in the south half of the 80 acre dedication unit. The north half orthodox location is within the drainage radius of the Diamond "7" Federal No. 4. (north offset)

Volumetric Drainage Areas and Radii

Well Name	Net Pay (Ft)	Decline EUR (MBO)	Drainage Acres	Drainage Radius (Ft)
Diamond "7" Federal No. 4	64	178.5	111.9	1,246
Diamond "7" State No. 2	81	116.4	57.6	894
Hallwood "12" Federal No. 3	105	144.1	55.0	873

Reservoir and Fluid properties used in volumetric calculations.

POROSITY - 12.5%

FORMATION VOLUME FACTOR - 1.867

OIL SATURATION - 60.0%

RECOVERY FACTOR - 8.0%

BEFORE THE
OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Case No. 11027 Exhibit No. 5

Submitted by: Enron Oil & Gas Company

Hearing Date: July 21, 1994

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. 11027
Order No. R-_____

APPLICATION OF ENRON OIL & GAS COMPANY
FOR AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.

**ENRON OIL & GAS COMPANY'S
PROPOSED
ORDER OF THE DIVISION**

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 21, 1994, at Santa Fe, New Mexico, before Examiner Jim H. Morrow.

NOW, on this ____ day of July, 1994, 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, Enron Oil & Gas Company ("Enron") seeks approval to drill its Half 7 Federal Well No. 1 at an unorthodox oil well location 990 feet from the South and West lines (Unit M) of Section 7, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico, to test the Bone Spring formation.

(3) The proposed well location is situated within one mile of the outer boundaries of the Red Hills-Bone Spring Pool, which is governed by Special Rules and Regulations (Division Order No. R-10109), which require 80-acre spacing with wells to be located within 150 feet of the center of either quarter-quarter section.

(4) The applicant proposes to dedicate 80-acres consisting of the W/2 SW/4 of said Section 7 to this well.

(5) Enron originally proposed this well at a standard location in the SW/4 SW/4 of said Section 7, but was required to move the location to avoid an archeological site.

(6) The applicant further testified that according to geological and engineering data utilized in this area, a well at the proposed unorthodox location should penetrate the Bone Spring formation at a thicker net sand position than a well drilled at a standard location in the NW/4 SW/4 of said Section 7, thereby reducing the inherent risk of drilling a dry hole or non-commercial well in this area.

(7) The applicant further testified that a well at the proposed unorthodox location should be less affected by drainage from offsetting wells than a well at a standard location in the NW/4 SW/4 of Section 7 and would increase the ultimate recovery of oil underlying the proration unit, thereby preventing waste.

(8) The applicant presented evidence which indicates that the working and royalty interest ownership in the proposed proration unit and in all affected offset acreage is common and no interest owner has objected to this proposed location.

(9) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject 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 well, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Enron Oil & Gas Company, is hereby authorized to drill its Half 7 Federal Well No. 1 at an unorthodox oil well location 990 feet from the South and West lines (Unit M) of Section 7, Township 25 South, Range 34 East, NMPM, Undesignated Red Hills-Bone Spring Pool, Lea County, New Mexico.

(2) The W/2 SW/4 of said Section 7 shall be dedicated to the above described well.

(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

**BEFORE THE
OIL CONSERVATION DIVISION**
Santa Fe, New Mexico

Case No. 11027 Exhibit No. 7

Submitted by: Enron Oil & Gas Company

Hearing Date: July 21, 1994