

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. 10094
Order No. R-9325

APPLICATION OF CHEVRON U.S.A.
INC. FOR AN UNORTHODOX OIL 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 September 19 and October 3, 1990, at Santa Fe, New Mexico, before Examiners David R. Catanach and Jim Morrow, respectively.

NOW, on this 15th day of October, 1990, 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, Chevron U.S.A. Inc., seeks approval of an unorthodox oil well location for its Lea "YL" State Well No. 2 to be drilled 2230 feet from the South line and 2310 feet from the East line (Unit J) of Section 2, Township 17 South, Range 37 East, NMPM, Shipp-Strawn Pool, Lea County, New Mexico.
- (3) The W/2 SE/4 of said Section 2 is to be dedicated to the above-described well forming a standard 80-acre spacing and proration unit for said pool.
- (4) The proposed well is located within the Shipp-Strawn Pool and is therefore subject to the Special Rules and Regulations for said pool as promulgated by Division Order No. R-8062-A which require 80-acre spacing and proration units with wells to be located within 150 feet of the center of either quarter-quarter section or lot.

Case No. 10094
Order No. R-9325

(5) The applicant presented geologic evidence and testimony which indicates that a well drilled at the proposed location should penetrate the reefal mound within the Strawn formation in an area of greater net thickness and porosity than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(6) The affected offset operators, Pennzoil Exploration and Production Company and Amerind Oil Company, did not appear at the hearing in opposition to the application.

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

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Shipp-Strawn 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.

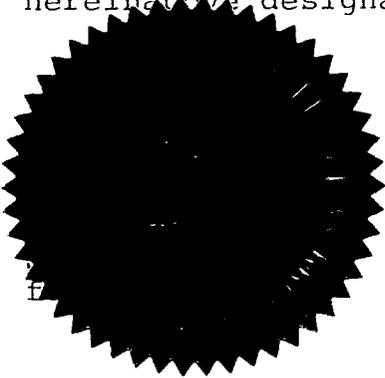
IT IS THEREFORE ORDERED THAT:

(1) The applicant, Chevron U.S.A. Inc., is hereby authorized to drill its Lea "YL" State Well No. 2 at an unorthodox oil well location 2230 feet from the South line and 2310 feet from the East line (Unit J) of Section 2, Township 17 South, Range 37 East, NMPM, Shipp-Strawn Pool, Lea County, New Mexico.

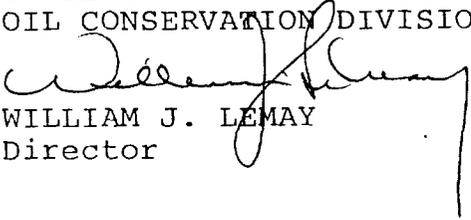
(2) The W/2 SE/4 of said Section 2 shall be dedicated to the above-described well forming a standard 80-acre spacing and proration unit for said pool.

(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