

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9105
Order No. R-8418

APPLICATION OF SAGE ENERGY COMPANY
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 March 18, 1987, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 25th day of March, 1987, 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, Sage Energy Company, seeks approval of an unorthodox oil well location to be drilled 560 feet from the South line and 1100 feet from the West line of Section 29, Township 14 South, Range 34 East, NMPM, to test the Pennsylvanian formation, Lea County, New Mexico.

(3) The subject well is within the horizontal limits of the West Tres Papalotes-Pennsylvanian Pool and as such is subject to the Special Rules and Regulations for said pool as promulgated by Division Order No. R-4286 dated April 17, 1972, which require well locations to be within 150 feet of the center of a governmental quarter-quarter section.

(4) The applicant proposes to dedicate a 160-acre standard proration unit to the well consisting of the SW/4 of said Section 29.

(5) The applicant testified that a well at said unorthodox location would better enable the applicant to produce the remaining recoverable reserves underlying the proration unit.

(6) At the time of the hearing the applicant requested authority to simultaneously dedicate the SW/4 of said Section 29 to the above described well and to its John Etcheverry Jr. Well No. 1 located 1980 feet from the South line and 660 feet from the West line of said Section 29, also producing from the West Tres-Palalotes Pennsylvanian Pool.

(7) No offset operator objected to the proposed unorthodox location or simultaneous dedication.

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil 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 application of Sage Energy Company for an unorthodox oil well location for the Pennsylvanian formation is hereby approved for a well to be located 560 feet from the South line and 1100 feet from the West line (Unit M) of Section 29, Township 14 South, Range 34 East, NMPM, West Tres Papalotes-Pennsylvanian Pool, Lea County, New Mexico.

(2) A 160-acre standard proration unit consisting of the SW/4 of said Section 29 shall be simultaneously dedicated to the above described well and to the applicant's John Etcheverry Jr. Well No. 1 located in Unit L of said Section 29.

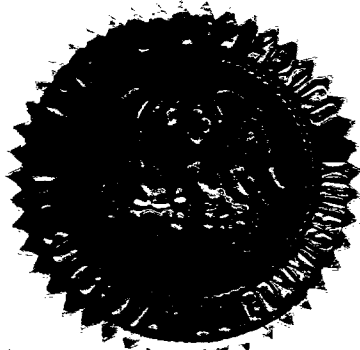
(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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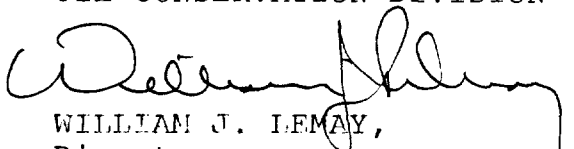
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DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY,
Director