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. 9300
Order No. R-8608

APPLICATION OF TEXACO PRODUCING 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 January 20, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 8th day of March, 1988, 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, Texaco Producing Inc., seeks approval to drill its State "P" Well No. 13 at an unorthodox oil well location 1350 feet from the South line and 2410 feet from the East line (Unit J) of Section 32, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, to test the Strawn formation.

(3) The proposed well location is situated within one mile of the outer boundaries of the West Casey-Strawn and Shipp-Strawn Pools, which are both governed by Special Rules and Regulations (Division Orders Nos. R-8182 and R-8062, as amended, respectively) which require 80-acre spacing with wells to be located within 150 feet of the center of either quarter-quarter section, and is also located within one mile of the outer boundary of the East Lovington-Pennsylvanian Pool which is currently governed by Division Statewide Rule No. 104, which requires 40-acre spacing with wells to be

located no closer than 330 feet to the outer boundary of the proration unit.

(4) The applicant proposes to dedicate 80 acres consisting of the W/2 SE/4 of said Section 32 should the proposed well be determined to be an extension of the West Casey-Strawn or Shipp - Strawn Pool, or in the alternative, the applicant proposes to dedicate 40 acres consisting of the NW/4 SE/4 of said Section 32 should the proposed well be determined to be an extension of the East Lovington-Pennsylvanian Pool.

(5) By Order No. R-8603 entered in Case No. 9315 heard on February 17, 1988, the Division changed the vertical limits of the East Lovington-Pennsylvanian Pool to include only the Cisco and Canyon formations and redesignated said pool as the East Lovington-Upper Pennsylvanian Pool, and also extended the horizontal limits of the Shipp-Strawn Pool to include the SE/4 of Section 32 and the SW/4 of Section 33, Township 16 South, Range 37 East.

(6) By virtue of the above-described pool amendments, the proposed location is currently within the Shipp-Strawn Pool boundaries.

(7) The applicant testified that according to geophysical data utilized in this area, a well at the proposed unorthodox location should penetrate the Strawn formation at a more structurally advantageous position than a well drilled at a standard location, thereby reducing the inherent risk of drilling a dry hole or non-commercial well in this area.

(8) The applicant further testified that a well at the proposed unorthodox location should increase the ultimate recovery of oil underlying the proration unit, thereby preventing waste.

(9) 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 that no interest owner has objected to the proposed location.

(10) 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 wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Texaco Producing Inc., is hereby authorized to drill its State "P" Well No. 13 at an unorthodox oil well location 1350 feet from the South line and 2410 feet from the East line (Unit J) of Section 32, Township 16 South, Range 37 East, NMPM, Shipp-Strawn Pool, Lea County, New Mexico.

(2) The W/2 SE/4 of said Section 32 shall be dedicated to the above described well.

(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

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