

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
NEARBORE	EXHIBIT NO. <u>4</u>
CASE NO. <u>9314</u>	
CASE NO. 7522 DE NOVO	
Order No. R-6933-A	

APPLICATION OF SANTA FE EXPLORATION
CO. FOR AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 25, 1982, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 30th day of June, 1982, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Santa Fe Exploration Co., seeks approval of an unorthodox gas well location 660 feet from the North line and 660 feet from the West line of Section 14, Township 20 South, Range 25 East, NMPM, to test the Permo Penn, Strawn, Atoka and Morrow formations, Eddy County, New Mexico.

(3) That the matter came on for hearing at 9 a.m. on March 31, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter and, pursuant to this hearing, Order No. R-6933 was issued on April 5, 1982, which granted, with restrictions, Santa Fe's application.

(4) That on April 7, 1982, application for Hearing De Novo was made by Chama Petroleum Company and the matter was set for hearing before the Commission.

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(5) That the matter came on for hearing de novo on June 25, 1982.

(6) That the evidence adduced at said hearing indicates that Findings (7), (8), and (9) in Division Order No. R-6933 entered April 5, 1982, should be deleted.

(7) That Findings (10), (11), and (18) of said Order No. R-6933 should be changed to read in their entirety as follows:

"(10) That an offset operator appeared at the hearing and opposed approval of the proposed unorthodox location without assessment of a penalty against production from the proposed well.

(11) That approval of the unorthodox location will improve applicant's geological prospect for encountering the Morrow formation in a thickened section of the Boyd Channel and will better enable it to produce the gas underlying the N/2 of the aforesaid Section 14.

(18) That approval to drill the proposed well at the unorthodox location described in Finding No. (2) above, subject to the Production Limitation Factor described in Finding No. (15) above, will not impair but will protect correlative rights, will not cause waste, and should be given."

(8) That Orders (1) and (2) of said Order No. R-6933 should be changed to read in their entirety as follows:

"(1) That the applicant, Santa Fe Exploration Co., is hereby authorized to drill a well to test the Permo Penn, Strawn, Atoka and Morrow formations at a point 660 feet from the North line and 660 feet from the West line of Section 14, Township 20 South, Range 25 East, NMPM, Eddy County, New Mexico, subject to a Production Limitation Factor of 0.71 applicable as described below, the N/2 of said Section 14 to be dedicated to said well.

(2) That in the absence of any Special Rules and Regulations prorating production from the subject well, the following Special Rules and Regulations for a non-prorated gas well shall apply:"

(9) That the remainder of Division Order No. R-6933 should be affirmed.

IT IS THEREFORE ORDERED

(1) That Findings (7), (8), and (9) in Division Order No. R-6933 entered April 5, 1982, are hereby deleted.

(2) That Findings (10), (11), and (18) in said Order No. R-6933 are changed to read in their entirety as follows:

"(10) That an offset operator appeared at the hearing and opposed approval of the proposed unorthodox location without assessment of a penalty against production from the proposed well.

(11) That approval of the unorthodox location will improve applicant's geological prospect for encountering the Morrow formation in a thickened section of the Boyd Channel and will better enable it to produce the gas underlying the N/2 of the aforesaid Section 14.

(18) That approval to drill the proposed well at the unorthodox location described in Finding No. (2) above, subject to the Production Limitation Factor, described in Finding No. (15) above, will not impair but will protect correlative rights, will not cause waste, and should be given."

(3) That Orders (1) and (2) in said Order No. R-6933 are changed to read in their entirety as follows:

"(1) That the applicant, Santa Fe Exploration Co., is hereby authorized to drill a well to test the Permo Penn, Strawn, Atoka and Morrow formations at a point 660 feet from the North line and 660 feet from the West line of Section 14, Township 20 South, Range 25 East, NMPM, Eddy County, New Mexico, subject to a Production Limitation Factor of 0.71 applicable as described below, the N/2 of said Section 14 to be dedicated to the well.

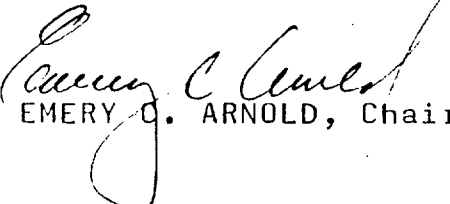
(2) That in the absence of any Special Rules and Regulations prorating production from the subject well, the following Special Rules and Regulations for a non-prorated gas well shall apply:"

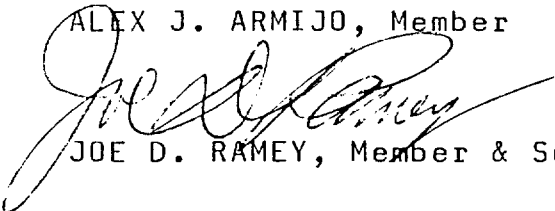
(4) That the remainder of said Order No. R-6933 is affirmed.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


EMERY C. ARNOLD, Chairman

ALEX J. ARMIJO, Member

JOE D. RAMEY, Member & Secretary

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