

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS  
GOVERNOR

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SANTA FE, NEW MEXICO 87504  
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October 7, 1988

Foran Oil Company  
c/o Kellahin, Kellahin & Aubrey  
P.O. Box 2265  
Santa Fe, NM 87504-2265

Attention: W. Thomas Kellahin

Administrative Order NSL-2592

Dear Mr. Kellahin:

Reference is made to your application of October 5, 1988 on behalf of Foran Oil Company for a non-standard gas well location for your State "ET" Well No. 1 located 990 feet from the North line and 1650 feet from the West line (Unit C) of Section 36, Township 15 South, Range 27 East, NMPM, Diamond Mound Atoka-Morrow Gas Pool, Chaves County, New Mexico. The W/2 of said Section 36 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of General Rule 104 F(I), the above-described unorthodox gas well location is hereby approved.

Sincerely,

A handwritten signature in cursive script, appearing to read "William J. LeMay".

William J. LeMay  
Director

WJL/MES/ag

cc: Oil Conservation Division - Artesia  
New Mexico Oil & Gas Engineering Committee - Hobbs  
State Land Office - Santa Fe  
Case File No. 9491

REMARKS: This well was originally permitted and drilled at a standard gas well location for the Buffalo Valley-Pennsylvanian Gas Pool. On August 23, 1985, the Division issued a Nomenclature Order R-8021 which reclassified Section 36 to the Diamond Mound Atoka-Morrow Gas Pool and made the subject well an unorthodox well location.

KELLAHIN, KELLAHIN AND AUBREY

*Attorneys at Law*

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November 2, 1988

Telephone 982-4285  
Area Code 505

W. Thomas Kellahin  
Karen Aubrey

Jason Kellahin  
Of Counsel

HAND DELIVERED

*file*  
*11/23/88*

Mr. Michael E. Stogner  
Oil Conservation Division  
State Land Office  
310 Old Santa Fe Trail, Room 206  
Santa Fe, New Mexico 87503

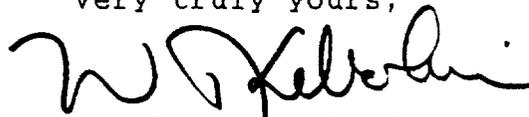
Re: Application of Foran Oil Company  
For Simultaneous Dedication  
NMOCD Case 9491

Dear Mr. Stogner:

Please find enclosed for your consideration a Proposed Order for Entry in the referenced case which was heard on September 28, 1988.

Please call me if I can be of assistance.

Very truly yours,

  
W. Thomas Kellahin

WTK/dm  
Encl.

cc: Foran Oil Company

STATE OF NEW MEXICO  
ENERGY MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION  
OF FORAN OIL COMPANY FOR SIMULTANEOUS  
DEDICATION, CHAVES COUNTY, NEW MEXICO

CASE 9491  
ORDER R-\_\_\_\_\_

FORAN PROPOSED ORDER  
OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 28, 1988 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this \_\_\_\_ day of November, 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, Foran Oil Company, seeks to simultaneously dedicate a standard 320-acre gas spacing and proration unit in the Diamond Mound Atoka-Morrow Gas Pool consisting of the W/2 of Section 36, T15S, R27E, to the existing State "ET" Well No. 1 located at a standard gas well location 990 feet from the North line and 1650 feet from the West line (Unit C) of said Section 36 and to a second well to be drilled at a standard gas well location in the SW/4 of said Section 36.
- (3) By Order R-6994 dated June 1, 1982, the Division abolished the Diamond Mound-Morrow Gas Pool and combined it with the Atoka formation to form the Diamond Mound Atoka-Morrow Gas Pool.

- (4) The State "ET" No. 1 well is currently perforated in the Morrow member of the Pool but is a low volume producer located in the NW/4 of said Section 36 and lacks the capacity to protect the SW/4 of the spacing unit from drainage from offsetting Morrow producing wells.
- (5) Foran Oil Company desires to drill a replacement Morrow well in the SW/4 of Section 36 in order to afford it the opportunity to better protect the subject spacing unit from drainage.
- (6) The drilling of a second well in the SW/4 will provide an opportunity to the owners of that spacing unit to produce hydrocarbons that might not otherwise be produced by the existing State "ET" Well No. 1.
- (7) Upon completion of a commercial well in the pool in the SW/4 of this section, Foran Oil Company further desires to recomplate the existing State "ET" well No. 1 in the Atoka member of the Diamond Mound Atoka-Morrow Gas Pool in an attempt to produce Atoka reserves that are not now being produced in the immediate area, thereby preventing waste.
- (8) In order to avoid gaining an unfair advantage over any offsetting operator with a single Morrow completion in a 320-acre spacing unit, Foran Oil Company should be precluded from producing the Morrow formation simultaneously with the proposed replacement well, with the exception of those test periods not to exceed 24 hours, necessary to evaluate the proposed second well.
- (9) In the event of a successful completion of the proposed second well in the subject spacing unit, Foran Oil Company should promptly commence to plug back the State "ET" Well No. 1 to a point above the top of the Morrow formation.
- (10) The simultaneous dedication of the W/2 of said Section 36 to the two wells, one of which will be completed in the Morrow formation and one completed in the Atoka formation, will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

- (1) The application of Foran Oil Company for the simultaneous dedication of the W/2 of Section 36, T15S, R27E, Diamond Mound Atoka-Morrow Gas Pool to the State "ET" Well No. 1 located in Unit C and a second well to be drilled to and completed in the Morrow formation of the same pool at a standard location in the SW/4 of said Section 36 is hereby APPROVED.
- (2) 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 herein above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

W.J. LeMay, Director

