

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. 9061
Order No. R-8396

APPLICATION OF ARCO OIL AND GAS COMPANY
FOR AN UNORTHODOX OIL WELL LOCATION AND
SIMULTANEOUS DEDICATION, RIO ARRIBA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 7, 1987 and on February 4, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 12th day of February, 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, ARCO Oil & Gas Company, seeks approval of an unorthodox oil well location for its Chacon Federal Well No. 102 to be drilled 900 feet from the North line and 990 feet from the East line of Section 19, Township 24 North, Range 3 West, NMPM, West Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico and the simultaneous dedication of the previously approved non-standard oil proration unit (Division Administrative Order NSP-1387, dated May 11, 1983) consisting of the NE/4 and Lots 1 and 2 of said Section 19 comprising 191.55 acres, more or less, to this well and to the existing Chacon Federal Wells No. 101 (located 700 feet from the North line and 800 feet from the East line of said Section 19) and No. 8 (located 1825 feet from the North line and 1850 feet from the East line of said Section 19).

(3) A well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(4) No offset operator objected to the proposed unorthodox location and/or simultaneous dedication.

(5) The three above-described wells should be permitted to produce the allowable assigned to the aforementioned proration unit in any proportion.

(6) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent waste, and will not violate correlative rights.

IT IS THEREFORE ORDERED THAT:

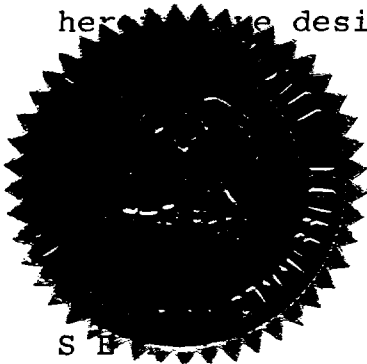
(1) ARCO Oil & Gas Company is hereby authorized to drill its Chacon Federal Well No. 102 at an unorthodox oil well location 900 feet from the North line and 990 feet from the East line of Section 19, Township 24 North, Range 3 West, NMPM, West Lindrith Gallup-Dakota Oil Pool, Rio Arriba County, New Mexico.

(2) The previously approved 191.55-acre, more or less, non-standard oil proration unit (Division Administrative Order NSP-1367, dated May 11, 1983) consisting of the NE/4 and Lots 1 and 2 of said Section 19 shall be simultaneously dedicated to the above-described well, and to the applicant's Chacon Federal Wells No. 101 (located 700 feet from the North line and 800 feet from the East line of said Section 19) and No. 8 (located 1825 feet from the North line and 1850 feet from the East line of said Section 19).

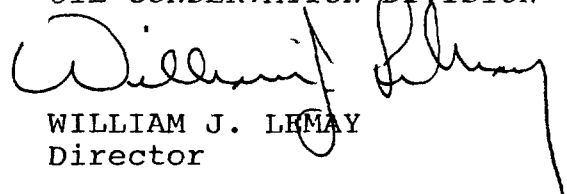
(3) All three of the above-described wells are hereby permitted to produce the allowable assigned to said proration unit in any proportion.

(4) 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 hereinafter designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director