

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. 8860
Order No. R-8199

APPLICATION OF PENNZOIL 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 19, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 31st day of March, 1986, 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, Pennzoil Company, seeks approval of an unorthodox oil well location 1310 feet from the South line and 1980 feet from the West line of Section 3, Township 17 South, Range 37 East, NMPM, to test the Strawn formation, Undesignated Shipp-Strawn Pool, Lea County, New Mexico.
- (3) The proposed location is less than one-half mile from the Shipp-Strawn Pool boundary and is also less than one mile from the Humble City-Strawn Pool boundary.
- (4) Both the permanent field rules for the Humble City-Strawn Pool and the temporary field rules for the Shipp-Strawn Pool provide for 80-acre spacing units and for wells to be located within 150 feet of the center of one of the two quarter-quarter sections comprising the spacing unit, and also permit a well to be drilled on each quarter-quarter section of the spacing unit.

(5) The proposed well is therefore subject to 80-acre spacing rules and this application is, in effect, request for exception to whichever field rules are applicable after the well is successfully completed.

(6) The E/2 SW/4 of said Section 3 is to be dedicated to the well.

(7) Geologic evidence presented at the hearing indicates that a well at said unorthodox location will better enable applicant to produce the oil underlying the proration unit.

(8) No offset operator objected to the proposed unorthodox location.

(9) 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, 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 Pennzoil Company for an unorthodox oil well location for the Strawn formation is hereby approved for a well to be located at a point 1310 feet from the South line and 1980 feet from the West line of Section 3, Township 17 South, Range 37 East, NMPM, Undesignated Strawn Pool, Lea County, New Mexico.

(2) The E/2 SW/4 of said Section 3 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.



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A handwritten signature in cursive script, appearing to read "R. L. Stamets", is written over the typed name.

R. L. STAMETS,
Director