

**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. 10857
Order No. R-10014**

**APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR AN UNORTHODOX GAS 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 November 4, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 9th day of November, 1993, 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, Phillips Petroleum Company, seeks approval to drill its proposed Lone Ranger Well No. 21 at an unorthodox gas well location 2260 feet from the South line and 450 feet from the East line (Unit I) of Section 27, Township 12 South, Range 34 East, NMPM, West Ranger Lake-Devonian Gas Pool, Lea County, New Mexico.

(3) The applicant proposes to dedicate the E/2 of Section 27 to the above-described well forming a standard 320-acre gas spacing and proration unit for said pool.

(4) The proposed well is located within the West Ranger Lake-Devonian Gas Pool which is currently governed by Statewide Rules and Regulations which require standard 320-acre proration units with wells to be located no closer than 1980 feet from the nearest end boundary nor closer than 660 feet from the nearest side boundary of the proration unit nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary.

(5) According to applicant's evidence and testimony, Section 27 has previously been developed in the West Ranger Lake-Devonian Gas Pool by the Exxon Corporation N. M. "CH" State Well No. 1 located 760 feet from the South line and 1980 feet from the East line (Unit O), which was drilled in 1969 and which cumulatively produced 282,522 barrels of oil and 2.4 BCFG before being plugged and abandoned in 1973 due to high water cut.

(6) The applicant presented geologic evidence, based largely on 3-D seismic data, which indicates that the Devonian formation is extensively faulted in Section 27.

(7) The geologic evidence presented indicates that due to the presence of faults, a large portion of the E/2 of Section 27 has been effectively isolated in the Devonian formation from the area that was drained and developed by the aforesaid N. M. "CH" State Well No. 1.

(8) The geologic evidence further indicates that the subject well should penetrate the Devonian formation in the area isolated from previous drainage from the aforesaid N. M. "CH" State Well No. 1.

(9) Applicant's evidence further indicates that a well at the proposed location should penetrate the Devonian formation at a more structurally advantageous position above the gas-water contact than a well drilled at a standard location thereon.

(10) The applicant is the operator of the affected offset acreage to the east of the proposed location in Section 26.

(11) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(12) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil and gas in the affected 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:

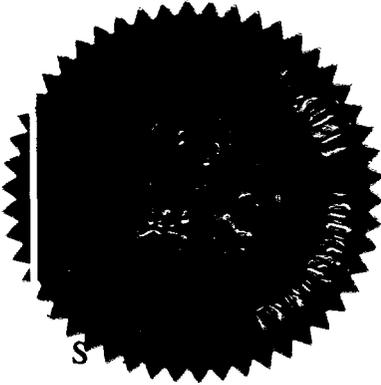
(1) The applicant, Phillips Petroleum Company, is hereby authorized to drill its Lone Ranger Well No. 21 at an unorthodox gas well location 2260 feet from the South line and 450 feet from the East line (Unit I) of Section 27, Township 12 South, Range 34 East, NMPM, West Ranger Lake-Devonian Gas Pool, Lea County, New Mexico.

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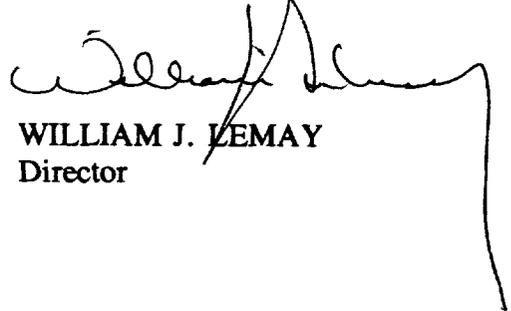
(2) The E/2 of Section 27 shall be dedicated to the above-described well forming a standard 320-acre gas spacing and proration unit for said pool.

(3) Jurisdiction of this cause is hereby 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