

CASE NO.

6363

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
25 October 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Phoenix Resources Company) CASE
for an unorthodox gas well location,) 6363
Eddy County, New Mexico.)

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant: W. Thomas Kellahin, Esq.
KELLAHIN & FOX
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I N D E X

CHARLES E. WILLIAMS

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E X H I B I T S

Applicant Exhibit One, Plat	9
Applicant Exhibit Two, Structure Map	
Applicant Exhibit Three, Cross section	

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1 MR. NUTTER: Call Case Number 6363.

2 MS. TESCHENDORF: Case 6363. Application of
3 Phoenix Resources Company for an unorthodox gas well loca-
4 tion, Eddy County, New Mexico.

5 MR. KELLAHIN: Tom Kellahin of Kellahin and
6 Fox, appearing on behalf of the applicant and I have one
7 witness.

8 (Witness sworn.)

9
10 CHARLES E. WILLIAMS

11 being called as a witness and having been duly sworn upon
12 his oath, testified as follows, to-wit:

13
14 DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q Would you please state your name, by whom
17 you're employed, and in what capacity?

18 A I'm Charles E. Williams. I'm employed by
19 Phoenix Resources in Denver, Colorado.

20 Q And, Mr. Williams, in what capacity are you
21 employed by Phoenix Resources Company?

22 A As District Geologist.

23 Q Have you previously testified before the Oil
24 Conservation Division and had your qualifications as an
25 expert geologist accepted and made a matter of record?

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A. Yes, I have.

Q. Have you made a study of and are you familiar with the facts surrounding this particular application?

A. Yes, I have.

MR. KELLAHIN: We tender Mr. Williams as an expert.

MR. NUTTER: Mr. Williams is qualified.

Q. (Mr. Kellahin continuing.) Would you please refer to what I have marked, a land plat, as Exhibit Number One, identify it, located the proration unit which you would assign to this well, and the proposed unorthodox gas well location?

A. Okay. We're talking about the west half of Section 16, 19 South, 21 East, in Eddy County, and the proposed location that we're applying for is in the northwest northwest of Section 16. That would be 660 from the west line and 660 from the north line, of the west half of Section 16.

Q. Would you look in Section 17 immediately to the west and identify the status of the well located in the west half of that section?

A. That is designated as Phoenix Resources Gardner Draw Unit No. 3, and it is presently drilling.

Q. It is intended as a test of the Morrow?

A. Yes, it is.

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- 1 Q Okay.
- 2 Do you know what the current drilling depth
- 3 is?
- 4 A 6900 feet; presently in what is thought to
- 5 be the top of the Morrow.
- 6 Q What is the proration unit to be assigned to
- 7 that well?
- 8 A The west half of Section 17.
- 9 Q Now if you'll look counter-clockwise and
- 10 identify the well in Section 19, what is that well?
- 11 A That is the Phoenix Resources Gardner Draw
- 12 Unit No. 2, and the proration unit for that well is the
- 13 north half of Section 19.
- 14 Q What kind of well is that?
- 15 A That is designated as a Morrow well and we
- 16 IP'd it for a little over 3,000,000.
- 17 Q Is it currently producing?
- 18 A No, it's not.
- 19 Q Why is it not producing?
- 20 A There is no pipeline to the area at this time.
- 21 Q Okay. Would you look in Section 20 and ident-
- 22 ify first of all the well in the north half of Section 20?
- 23 A That is designated as the Phoenix Resources
- 24 Garner Draw Unit No. 1 Well, which was a Morrow discovery
- 25 in the early part of 1978 and that well was calculated for

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1 an open flow of a little over 13,000,000, and it also is
2 not producing.

3 Q Why is it not producing?

4 A No pipeline in the area.

5 Q What is the proration unit assigned to that
6 well?

7 A The north half of Section 20.

8 Q All right. In the south half of Section 20
9 there is a well symbol. What is that well?

10 A That is the third well which we drilled within
11 the Gardner Draw Unit and it is designated as No. 5, and
12 it was plugged and abandoned.

13 Q It was a dry hole in the Morrow?

14 A Dry hole in the Morrow.

15 Q All right, sir. Would you please refer to
16 what we've marked as Exhibit Number Two?

17 A Exhibit Number Two is a structure map on top
18 of the Morrow Formation.

19 Q Okay. Would you identify the two red dots,
20 one in Section 18 -- sorry -- Section 19 and the other one
21 in Section 20? What do those represent?

22 A The one in Section 20 was the Gardner Draw
23 Unit No. 1 Well, which was a discovery, and the one in the
24 north half of Section 19 was also a Morrow well.

25 Q I note that there are some logs on the far

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1 right margin of your plat. Would you identify those logs?

2 A. That is correct.

3 Q. What wells are represented by those logs?

4 A. The Gardner Draw No. 1 Well and the Gardner
5 Draw No. 2 Well.

6 Q. And the logs of those two wells were used to
7 draw your Morrow contour?

8 A. That is correct.

9 Q. What other wells were used to establish your
10 contour?

11 A. The two wells to the south, which were dry
12 holes, and this plat, this map is actually smaller portion
13 of other Morrow Wells that are outside the mapped area; it
14 was projected into this area.

15 Q. Would you direct your attention to Section 16
16 and principally to the west half of the section, and describe
17 the significance of this plat as it affects the west half
18 of that section?

19 You've indicated a possible permeability
20 barrier.

21 A. That is true. The Gardner Draw No. 5 Well,
22 which was our third well drilled, encountered a Morrow Sands
23 that was tested and proven to be tight. This was also
24 noted in the samples. We have a location presently permitted
25 in the southwest quarter of Section 16 which falls below

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1 what we are calling a permeability barrier, which we saw in
2 the Gardner Draw No. 5.

3 We are asking an exception location in the
4 northwest northwest quarter to get as high or higher than
5 the well we encountered in our No. 5 Well.

6 Q Would a standard location within the west
7 half of Section 16 pose a greater or lesser risk of a dry
8 hole than the requested unorthodox location?

9 A It would pose a greater risk.

10 Q Greater risk?

11 A Greater risk.

12 Q In your opinion, Mr. Williams, will a well
13 located as proposed be the most economic and efficient
14 location from which to drain this proration unit?

15 A Yes, it will.

16 Q The -- would you direct your attention to
17 Exhibit Number Three and identify it?

18 A It is a two-well cross section datumed on the
19 top of the Morrow. The well on the left, designated "A",
20 is the discovery well, and the -- that's the Gardner Draw
21 Unit No. 1 Well, and the one on the right, "A" prime, is
22 the dry hole, designated Gardner Draw No. 5.

23 And you can see that the sands, the Lower
24 Morrow Sands perforated in the No. 1 are thought to be
25 equivalent to the sand encountered in No. 5 that was tested

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1 tight.

2 Q In relation to your proposed location, Mr.
3 Williams, what conclusion do you draw from this exhibit?

4 A That our location -- you were talking about
5 the standard location to the south, but we would like the
6 northern location anywhere north and west of what we think
7 is the permeability barrier, would be more suitable and a
8 more optimum location and would not -- would be of less
9 risk for a dry hole, as we encountered in the No. 5 Well.

10 Q In your opinion, Mr. Williams, will approval
11 of this application be in the best interests of conservation
12 the prevention of waste, and the protection of correlative
13 rights?

14 A Yes, it would.

15 Q Were Exhibits One through Three prepared by
16 you directly or compiled under your direction and super-
17 vision?

18 A Yes, they were.

19 MR. KELLAHIN: We move the introduction of
20 Exhibits One, Two, and Three.

21 MR. NUTTER: Applicant's Exhibits One through
22 Three will be admitted in evidence.

23 MR. KELLAHIN: That concludes our examination.
24
25

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Williams, I was looking here at your Exhibit Number Two, and I see you've got a Well No. 3 in Section 17, which is currently drilling.

You've also got a location over in Section 18, your No. 4. Do you propose to drill that in the immediate future, or will this No. 6 you're talking about now be drilled next?

A The No. 6 will be our next well.

Q It will? And do you have any intent to drill a well in the east half of Section 17?

A Yes, we do.

Q If No. 6 is productive, anyway?

A Right.

Q Now, there was one small discrepancy, you may be able to correct it for me, you had mentioned that the calculated absolute open flow on the No. 1 was 13,000,000 and yet on the cross section, Exhibit Number Three, it shows it to be 11.6-million.

A That is correct. These maps were made by different people. I mean the cross section and this map. The map was prepared by me and the cross section by another person, and I believe they got -- that was not a calculated open flow on the cross section. That was just a DST and

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1 after perf, perforations.

2 Q Okay. Now, how far away is the pipeline and
3 when do you expect that this production in here would be
4 connected?

5 A Well, we had hoped -- well, the pipeline,
6 from what I understand, they're going to try to use the
7 one from the old South Hope Field, and bring that in to our
8 area here, and what the plans are for that, I can't tell
9 you.

10 Q How far is this from the nearest existing
11 line?

12 A Our wells?

13 Q Uh-huh.

14 A Approximately six miles.

15 Q So you'll have to establish some production
16 before they're ready to come over to you?

17 A That's correct. This is all being handled
18 by another department.

19 MR. NUTTER: Are there any further questions
20 of Mr. Williams? He may be excused.

21 Do you have anything further, Mr. Kellahin?

22 MR. KELLAHIN: No, sir.

23 MR. NUTTER: Does anyone have anything they
24 wish to offer in Case Number 6363?

25 We'll take the case under advisement.

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd CSR
Sally W. Boyd, C.S.R.

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I do hereby certify that the foregoing is
a correct and true transcript of the proceedings in
the Examiner hearing of Case No. 6363,
heard by me on 10/25 1978.
[Signature], Examiner
Oil Conservation Division

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. 6363
Order No. R-5852

APPLICATION OF PHOENIX RESOURCES
COMPANY FOR AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 25, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 14th day of November, 1978, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Phoenix Resources Company, seeks approval of an unorthodox gas well location 660 feet from the North line and 660 feet from the West line of Section 16, Township 19 South, Range 21 East, NMPM, to drill through the Pennsylvanian formation, Eddy County, New Mexico.
- (3) That the W/2 of said Section 16 is to be dedicated to the well.
- (4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.
- (5) That no offset operator objected to the proposed unorthodox location.

-2-

Case No. 6363
Order No. R-5852

(6) That 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 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:

(1) That an unorthodox gas well location for the Pennsylvanian formation is hereby approved for the Phoenix Resources Company for a well to be located at a point 660 feet from the North line and 660 feet from the West line of Section 16, Township 19 South, Range 21 East, NMPM, Eddy County, New Mexico.

(2) That the W/2 of said Section 16 shall be dedicated to the above-described well.

(3) That 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.

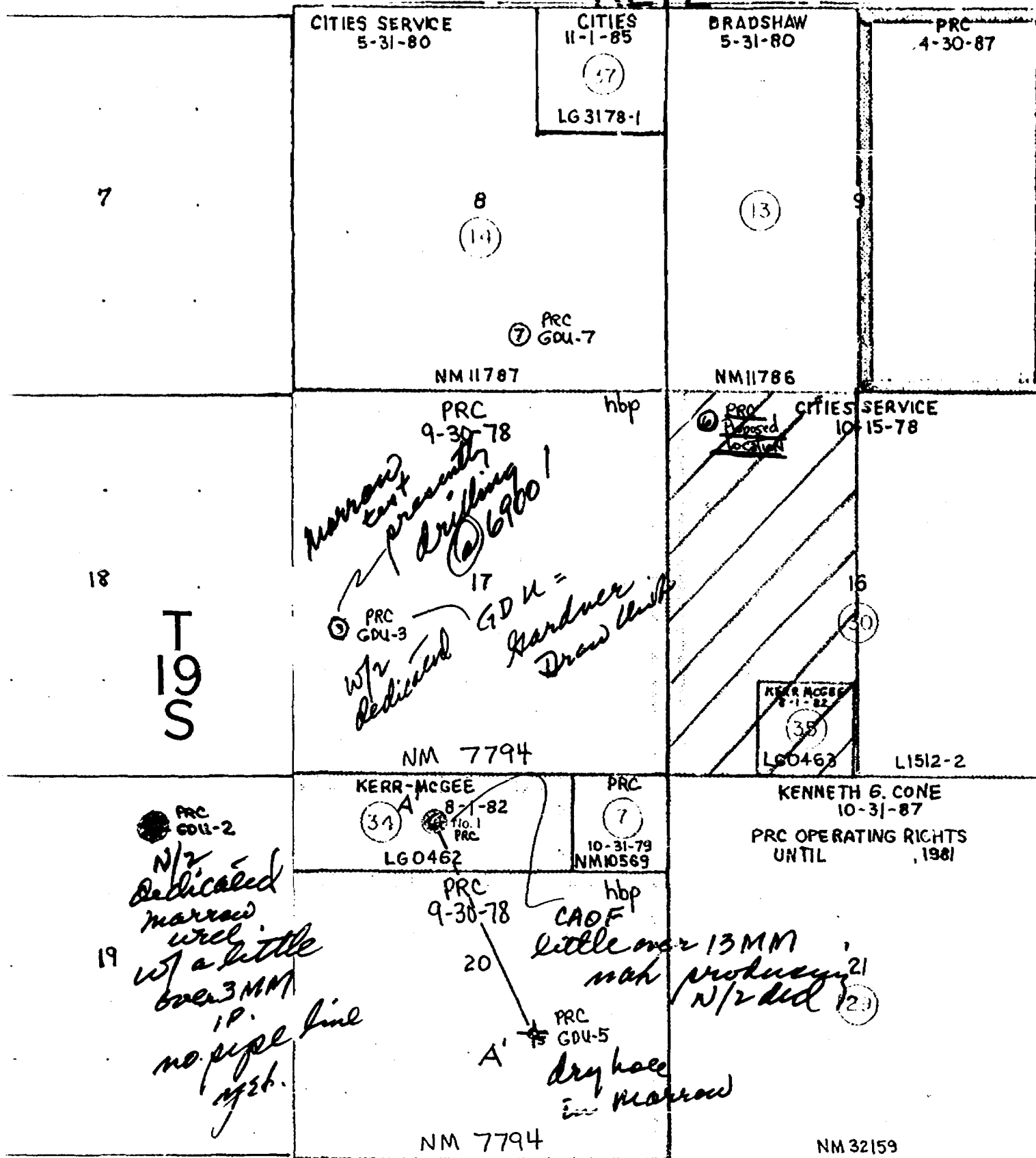


STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY,
Director

dr/

R2|E



PHOENIX RESOURCES
COMPANY
denver colorado

LAND PLAT

EDDY COUNTY
NEW MEXICO

BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

Phoenix EXHIBIT NO. 1

CASE NO. 6363

- CASE 6361: Application of Continental Oil Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Buffalo-Pennsylvanian Gas Pool, Lea County, New Mexico, to provide for 320-acre spacing rather than 160 acres. In the absence of objection, this pool will be placed on the standard 320-acre spacing for Wolfcamp and Pennsylvanian gas pools rather than the present 160-acre spacing.
- CASE 6362: Application of Continental Oil Company for an unorthodox gas well location and a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 294.9-acre non-standard gas proration unit comprising the S/2 of partial Section 19, Township 17 South, Range 29 East, Eddy County, New Mexico, to be dedicated to a well to be drilled 660 feet from the South line and 3300 feet from the East line of said Section 19 to test the Morrow formation.
- CASE 6363: Application of Phoenix Resources Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 560 feet from the North and West lines of Section 16, Township 19 South, Range 21 East, Eddy County, New Mexico, to be drilled to the Mississippian formation, the W/2 of said Section 16 to be dedicated to the well.
- CASE 6364: Application of Adobe Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Ellenburger formation underlying the NW/4 SE/4 of Section 23, Township 20 South, Range 38 East, Lea County, New Mexico, to be dedicated to a proposed oil well to be drilled at a standard location thereon. Applicant seeks the pooling of the SE/4 of said Section 23 in the event said drilling results in a gas well. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6365: Application of Michael P. Grace II for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 25, Township 21 South, Range 26 East, Burton Flat Field, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6366: Application of Phillips Petroleum Company for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of a pressure maintenance project, all mineral interests in the East Vacuum Grayburg-San Andres Unit encompassing 7,025 acres, more or less, underlying all or portions of the following lands in Lea County, New Mexico: Section 24, Township 17 South, Range 34 East; Sections 18 thru 29 and 31 thru 35, Township 17 South, Range 35 East; and Sections 4 and 5, Township 18 South, Range 35 East.
- The unitized interval would be the Grayburg-San Andres Formation between the depths of 4,050 feet and 5,050 feet in Exxon's NM State "K" Well No. 19, located in Unit P of Section 28, Township 17 South, Range 35 East.
- Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of a fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.
- CASE 6367: Application of Phillips Petroleum Corporation for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project on its East Vacuum Grayburg-San Andres Unit, Lea County, New Mexico, by the injection of water into the Grayburg-San Andres formation; and the establishment of an administrative procedure for approval of injection and producing wells at unorthodox locations.

Dockets Nos. 35-78 and 36-78 are tentatively set for hearing on November 8 and 21, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 25, 1978

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 6290: (Continued from September 13, 1978, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit R. A. Crane, Jr., Great American Insurance Co., and all other interested parties to appear and show cause why the Donella Well No. 1 located in Unit P of Section 3, Township 29 North, Range 15 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6339: (Continued from October 11, 1978, Examiner Hearing)

Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 22, Township 23 South, Range 28 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6355: Application of Amoco Production Company for two unorthodox well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the unorthodox locations of its South Matrix Unit Well No. 32 located 1535 feet from the North line and 330 feet from the East line and its South Matrix Unit Well No. 34 located 1650 feet from the North line and 2310 feet from the West line, both in Section 22, Township 24 South, Range 37 East, Fowler-Upper Yeso Pool, Lea County, New Mexico, the S/2 NE/4 and the E/2 NW/4 of Section 22 to be dedicated, respectively, to the wells.

CASE 6356: Application of Amoco Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation through the perforated interval from 8391 feet to 9100 feet in its State "E" Tract 18 Well No. 21 located in Unit B of Section 2, Township 17 South, Range 36 East, Lovington-Abo Pool, Lea County, New Mexico.

CASE 6357: Application of Enserch Exploration, Inc., for pool creation and special pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order creating a new oil pool in the Pennsylvanian formation for its Lambirth Well No. 4 located in Unit O of Section 31, Township 5 South, Range 33 East, Roosevelt County, New Mexico, and for promulgation of special pool rules, including provision for 80-acre spacing and special well location requirements.

CASE 6358: Application of Jake L. Hamon for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation through the perforated interval from 12,997 feet to 13,036 feet in his State K-33 Well No. 2 located in Unit N of Section 30, Township 16 South, Range 36 East, East Shoe Bar-Devonian Pool, Lea County, New Mexico.

CASE 6359: Application of Getty Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup and Dakota production in the wellbore of its Jicarilla "C" Well No. 27 located in Unit E of Section 33, Township 25 North, Range 5 West. Applicant further seeks provision for administrative approval for downhole commingling of the Gallup and Dakota formations in others of its wells on its Jicarilla "B" and Jicarilla "C" leases in Sections 5 and 6, Township 24 North, Range 5 West, and Sections 21, 22, 27, 28 and 31 thru 34, Township 25 North, Range 5 West, all in Rio Arriba County, New Mexico.

CASE 6368: Application of Getty Oil Company for the amendment of Order No. R-5388, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5388 to provide an administrative procedure to permit the downhole commingling of Pictured Cliffs and Chacra production in wells on its Jicarilla "B" and "C" Leases in Sections 21, 22, 27, 28, and 31 thru 34, Township 25 North, Range 5 West, and Sections 5 and 6, Township 24 North, Range 5 West, all in Rio Arriba County, New Mexico.

CASE 6360: Application of Continental Oil Company for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 228-acre non-standard gas proration unit comprising the SW/4 and S/2 SE/4 of Section 12, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's Lockhart A-18 Wells Nos. 3 and 4, located in Units K and M, respectively, of said Section 18.

JASON W. KELLAHIN
ROBERT E. FOX
W. THOMAS KELLAHIN
KAREN AUBREY

KELLAHIN and FOX
ATTORNEYS AT LAW
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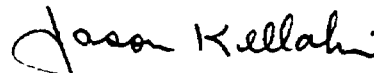
October 6, 1978

Mr. Joe Ramey, Director
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Ramey:

Enclosed please find the application of Phoenix Resources Company for approval of an unorthodox well location in the Gardner Draw Unit Area, Eddy County, New Mexico. We would appreciate this being set for the next available hearing.

Yours very truly,


Jason W. Kellahin

CC: Miss Barbara Pisanko

JWK:kfm

Enclosure

BEFORE THE
NEW MEXICO ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF PHOENIX RESOURCES COMPANY
FOR AN UNORTHODOX WELL LOCATION,
EDDY COUNTY, NEW MEXICO

Case 6363

A P P L I C A T I O N

Comes now Phoenix Resources Company and applies to the Oil Conservation Division, Energy and Minerals Department, for approval of an unorthodox well location in the Gardner Draw Unit Area, and in support thereof would show the Division:

1. Applicant proposes to drill its Gardner Draw Unit well at a location 660 feet from the North line, and 660 feet from the West line of Section 16, Township 19 South, Range 21 East, N.M.P.M., Eddy County, New Mexico, as a Mississippian test, at a total depth of approximately 7,200 feet.
2. Applicant proposes to dedicate the West half of Section 16 to the well in the event the well is completed for production from any formation requiring the dedication of 320 acres as a drilling and proration unit.
3. Approval of the proposed unorthodox well location is in the interests of conservation, will result in the production of hydrocarbons that would not otherwise be recovered, and will prevent waste. The correlative rights of other interest owners will not be impaired.

WHEREFORE Applicant prays that this application be set for hearing before the Division's duly appointed examiner, and

that after notice and hearing as required by law the Division enter its order approving the unorthodox well location as prayed for.

Respectfully submitted,

PHOENIX RESOURCES COMPANY

By Jason Kellahin
Kellahin & Fox
P. O. Box 1769
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ATTORNEYS FOR APPLICANT

Phoenix Resources Co.

now-old ^{gas well} loc Eddy
well to be drilled through the

Sec 16 - 195 - 21E

660 FNL 660 FWL

Mississippian Chester
7200

Red. W/r of Sec Gas.

Barbara Pisanko
Phoenix

303 778-7171 Denver

(Kellaburn is
flowing appl.)

DRAFT

dr/

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. 6363

ORDER NO. R- 5852

APPLICATION OF PHOENIX RESOURCES COMPANY

FOR AN UNORTHODOX GAS WELL LOCATION,

EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 25,
19 78, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter

NOW, on this 11 day of November, 19 78, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

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

(2) That the applicant, Phoenix Resources Company,
seeks approval of an unorthodox gas well location 660
feet from the North line and 660 feet from the
West line of Section 16, Township 19 South
Range 21 East, NMPM, to drill through the Permian
formation, pool, Eddy
County, New Mexico.

(3) That the W/2 of said Section 16 is to be
dedicated to the well.

(4) That a well at said unorthodox location will better
enable applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox
location.

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(6) That 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 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:

(1) That an unorthodox gas well location for the Permianian
the Phoenix Resources Company for a well ~~Mississippian~~
formation is hereby approved for ~~a well~~ to be located at a point 660
feet from the North line and 660 feet from the West
line of Section 16, Township 19 South, Range 21 East
NMPM, Pool, Eddy County,
New Mexico.

(2) That the W/2 of said Section 16 shall be dedicated to the above-described well.

(3) That 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.