SASS SECTION DEVELOPMENT CORP
SECTION OF SECTION RO. R-6196, EDDY

SECTION S

CASE NO.

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APPlication,
Transcripts,
Small Exhibits,

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STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION STATE LAND OFFICE BLDG. SANTA FE, NEW MEXICO 26 March 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Petroleum Develop-) ment Corporation to amend Order) R-6196, Eddy County, New Mexico.

CASE 6849

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

APPEARANCES

For the Oil Conservation Division:

Ernest L. Padilla, Esq. Legal Counsel to the Division State Land Office Bldg. Santa Fe, New Mexico 87501

For the Applicant:

Brian T. McCabe, Esq. KEGEL, McCABE, & MONTEZ P. O. Box 2292 Santa Fe, New Mexico 87501

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CHARLES SANDERS

Direct Examination by Mr. McCabe

Cross Examination by Mr. Stamets

EXHIBITS

Applicant Exhibit A, Plat

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MR. STAMETS: We'll call next Case 6849.

MR. PADILLA: Application of Petroleum Development Corporation to amend Order No. R-6196, Eddy County, New Mexico.

MR. STAMETS: Call for appearances in this case.

MR. McCABE: My name is Brian McCabe. I'm from Santa Fe, New Mexico. I'm appearing for Petroleum Development Corporation. I have one witness.

(Witness sworn.)

CHARLES SANDERS

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

DIRECT EXAMINATION

BY MR. McCABE:

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

A. My name is Charles Sanders. I'm with Petroleum Development Corporation. I'm Vice President.

Have you previously testified before the Q. Oil Conservation Division?

| | A Yes, I have. Q Have you been accepted as an expert witness? A Yes, sir. MR. McCABE: Mr. Examiner, we'd like to tender Mr. Sanders as an expert witness. MR. STAMETS: The witness is considered qualified. Can you describe, Mr. Sanders, what the | |
|----------------------|--|------------|
| 9 10 11 | cause in 6849 is? In this case we we seek to amend Order A. In this case we we seek to amend Order | |
| 13 14 | unorthodox location in the East Busk now unorthodox location in the East Busk now dedicated to the north half of Section 13 in 19 South, 31 dedicated to the north half of Section 13 in 19 South, 31 | |
| 16 17 18 | We now seek approval for the ori- location, which will be located 90 feet south of the ori- | |
| 19 20 21 22 | section. Mr. Sanders, would you refer to Exhibit A, please, and describe for the Examiner what it is? A Exhibit A is a map of the Lusk Field a The north half of Section 13 is c | and ir- |
| . 2 | the surrounding area. The the surrounding area. The cled red. This was the proration unit which was approve cled red. This was the proration unit which was approve in the order that we referred to. | · |

SALLY W. BOYD, C.S.R.
Rt. 1 Box 199-B
Santa Fe, New Mexico 87501
Phone (503) 455-7409

The red arrow points out the proposed location for which we're seeking approval. The designation 1-A there was the well which we attempted to re-enter, but were unsuccessful.

Subsequent to the order, we did move a rig in. We tried to re-enter that well. We encountered difficulties in tying onto the casing at a depth of about 2000 feet and had to abandon the effort.

Mr. Sanders, if the Commission were to grant the application, will you tell me what the effect of that would be?

A. The proposed location, actually, we're already drilling. This was an expiring lease. The USGS gave us till March the 10th, 1980, to resume operations.

So we moved in a cable tool rig and started drilling.

We're now drilling below about 100 feet with a cable tool rig, waiting on a rotary rig, which will be available about May the 10th, 1980. This rig is drilling for us now in the same field.

The location is still the best geological location. Moving it 90 feet did not change that. We are able to use the same pad, so we'll have no additional ecological damage. We are no closer to the close north and west proration unit lines or section lines. We are 90 feet closer to the south line but we're still some 1890 feet from

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the south line of that proration unit.

Mr. Sanders, do you feel that if the Commission approves your application, that it would promote conservation, prevent waste, and otherwise protect correlative rights of the adjoining interest owners?

Yes, sir.

MR. McCABE: I have no further questions.

CROSS EXAMINATION

BY MR. STAMETS:

Mr. Sanders, in the original case which resulted in Order R-6196, did you present evidence to indicate that this was a superior location geologically?

Yes, sir, we did. We presented a contour map and also evidence of drainage patterns in the field to show that it is very rare for a well in this area to drain more than 320 acres.

Or for that matter, anywhere near 320 acres.

Well, I don't know what the case number is on that one, but we should incorporate that original --

Yes, sir.

-- case into this one. Do you have that?

Yes, sir, it was originally case Number

6731, Docket No. 42-79.

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We'll incorporate the record in that case in the case we're hearing today, so that will be a part of the record. It may be that we'll want to issue a new order for the unorthodox location rather than amending the original order.

Yes, sir.

In one case it's a re-entry and the second case it's a brand, new well.

Right, we did call this the No. 2, a different well designation, rather than the 2-Y, or something like that, 1-Y.

Okay.

So it is a separate well.

MR. STAMETS: Are there any questions of

Mr. Sanders?

MR. McCABE: Yes, sir.

Mr. Sanders, did you either prepare Exhibit A or was it prepared under your direction?

> Yes, sir. A.

> > MR. McCABE: We'd like to tender Exhibit

Α.

MR. STAMETS: Exhibit A will be admitted.

Any other questions of this witness? He may be excused.

Anything further in this case? The case

will be taken under advisement.

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C. S. R., DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing prepared by me to the best of my ability.

Song W. Boyd C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case 40. 6845. , Examiner

Oll Conservation Division

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Santa Fe. New Medico 87501
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CHARLES SANDERS

Direct Examination by Mr. McCabe Cross Examination by Mr. Stamets

EXHIBITS

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MR. STAMETS: We'll call next Case 6849. MR. PADILLA: Application of Petroleum

Development Corporation to amend Order No. R-6196, Eddy County, New Mexico.

MR. STAMETS: Call for appearances in

MR. McCABE: My name is Brian McCabe. I'm from Santa Fe, New Mexico. I'm appearing for Petroleum Development Corporation. I have one witness.

(Witness sworn.)

CHARLES SANDERS

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

DIRECT EXAMINATION

BY MR. McCABE:

this case.

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

My name is Charles Sanders. I'm with Petroleum Development Corporation. I'm Vice President.

Have you previously testified before the Oil Conservation Division?

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| A. | 4 | Yes, | I | h | ave. |
|----|---|------|----|---|------|
| Q. | | Have | УC | u | bee |

en accepted as an expert witness?

Yes, sir.

MR. McCABE: Mr. Examiner, we'd like to tender Mr. Sanders as an expert witness.

MR. STAMETS: The witness is considered qualified.

Can you describe, Mr. Sanders, what the Q. cause in 6849 is?

In this case we -- we seek to amend Order No. R-6196, which authorized the re-entry of a well at an unorthodox location in the East Lusk Morrow Gas Pool, to be dedicated to the north half of Section 13 in 19 South, 31 East.

We now seek approval for a new revised location, which will be located 90 feet south of the originally approved location for the re-entry in the same section.

Mr. Sanders, would you refer to Exhibit A, please, and describe for the Examiner what it is?

Exhibit A is a map of the Lusk Field and the surrounding area. The north half of Section 13 is circled red. This was the proration unit which was approved in the order that we referred to.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 195-8

Sants Fe. werico 87301

Phone (305) 435-7409

The red arrow points out the proposed location for which we're seeking approval. The designation 1-A there was the well which we attempted to re-enter, but were unsuccessful.

Subsequent to the order, we did move a rig in. We tried to re-enter that well. We encountered difficulties in tying onto the casing at a depth of about 2000 feet and had to abandon the effort.

Mr. Sanders, if the Commission were to grant the application, will you tell me what the effect of that would be?

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We're now drilling below about 100 feet with a cable tool rig, waiting on a rotary rig, which will be available about May the 10th, 1980. This rig is drilling for us now in the same field.

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Mr. Sanders, do you feel that if the Commission approves your application, that it would promote conservation, prevent waste, and otherwise protect correlative rights of the adjoining interest owners?

Yes, sir.

MR. McCABE: I have no further questions.

CROSS EXAMINATION

BY MR. STAMETS:

Mr. Sanders, in the original case which resulted in Order R-6196, did you present evidence to indicate that this was a superior location geologically?

Yes, sir, we did. We presented a contour map and also evidence of drainage patterns in the field to show that it is very rare for a well in this area to drain more than 320 acres.

Or for that matter, anywhere near 320 acres.

Well, I don't know what the case number is on that one, but we should incorporate that original --

Yes, sir.

-- case into this one. Do you have that?

Yes, sir, it was originally case Number 6731, Docket No. 42-79.

will be taken under advisement.

| Q. We'll incorporate the record in that case |
|--|
| in the case we're hearing today, so that will be a part of |
| the record. It may be that we'll want to issue a new order |
| for the unorthodox location rather than amending the ori- |
| ginal order. |
| k Yes, sir. |
| Q In one case it's a re-entry and the |
| second case it's a brand, new well. |
| A Right, we did call this the No. 2, a |
| different well designation, rather than the 2-Y, or some- |
| thing like that, 1-Y. |
| Q Okay. |
| A so it is a separate well. |
| MR. STAMETS: Are there any questions of |
| Mr. Sanders? |
| MR. McCABE: Yes, sir. |
| Mr. Sanders, did you either prepare Ex- |
| hibit A or was it prepared under your direction? |
| A. Yes, sir. |
| MR. McCABE: We'd like to tender Exhibit |
| $oldsymbol{A_{oldsymbol{s}}}$ |
| MR. STAMETS: Exhibit A will be admitted |
| Any other questions of this witness? He may be excused. |
| Anything further in this case? The case |

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C. S. R., DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing prepared by me to the best of my ability.

> i do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. _______ heard by me on ______19 ...

> > , Examiner

Oil Conservation Division

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LARRY KEHOE

ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87501 (505) 827-2434

April 17, 1980

| Ar. Brian McCabe Kegel & McCulloh Attorneys at Law 1231 Paseo De Paralta Santa Fe, New Mexico | Re: | CASE NO. 6849 ORDER NO. R-6196-1 Applicant: | opment Corporation |
|---|----------------------|---|--------------------|
| | | | |
| Dear Sir: Enclosed herewith are to Division order recently | wo copies entered | of the above-refe in the subject cas | erenced se. |

JOE D. RAMEY
Director

JDR/fd
Copy of order also sent to:

Hobbs OCD X
Artesia OCD X
Aztec OCD

Other____

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. 6849 Order No. R-6196-A

APPLICATION OF PETROLEUM DEVELOPMENT CORPORATION TO AMEND ORDER NO. R-6196, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 26, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 15th day of April, 1980, 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, Petroleum Development Corporation, seeks to amend Order No. R-6196 which authorized re-entry of a well at an unorthodox location in the Lusk-Morrow Gas Pool to be dedicated to the N/2 of Section 13, Township 19 South, Range Bl East, Eddy County, New Mexico.
- (3) That the applicant was unable to successfully re-enter the old well as approved in said Order No. R-6196.
- (4) That the applicant now seeks approval to drill a new well at an unorthodox gas well location 750 feet from the North line and 660 feet from the West line of said Section 13, 90 feet South of the attempted re-entry.
- (5) That the N/2 of said Section 13 is to be dedicated to the well.

-2-Case No. 6849 Order No. R-6196-A

- (6) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.
- (7) That no offset operator objected to the proposed unprthodox location.
- (8) That rather than amend said Order No. R-6196 a new order should be entered authorizing the drilling of a new well at the proposed unorthodox gas well location.
 - (9) That Order No. R-6196 should be superseded.
- (10) 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 Morrow formation is hereby approved for a well to be located at a point 750 feet from the North line and 660 feet from the West line of Section 13, Township 19 South, Range 31 East, NMPM, Lusk-Morrow Gas Pool, Eddy County, New Mexico.
- (2) That the N/2 of said Section 13 shall be dedicated to the above-described well.
- (3) That Division Order No. R-6196 entered November 21, 1979, is hereby superseded.
- (4) 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 herein-

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY

Director

e e Ed/



PETROLEUM DEVELOPMENT CORPORATION

9720-B CANDELARIA, NE ALBUQUERQUE, NEW MEXICO 87112 TELEPHONE (505) 293-4044

January 29, 1980

Mr. J. D. Ramey, Secretary-Director New Mexico Oil & Gas Commission PO Box 2088 Santa Fe, New Mexico 87501 Case 6849

RE: Order #6196

Dear Mr. Ramey:

Petroleum Development Corporation hereby requests to be placed on the docket for Examiner Hearing on February 27, 1980, to consider our application to amend order #6196 (approval for unorthodox location) to move the location 90' south to the following location:

660' FWL & 750' FNL of Section 13, T19S, R31E Eddy County, New Mexico

This move is necessitated by the failure of the re-entry attempt at the original location and the decision to drill a new hole for a Morrow Sand test. The new well will be designated the Llano-McKay Federal #2.

Sincerely,

Charles W. Sanders

Vice President

CWS/pb

CASE 6846: Application of Doyle Hartman for two compulsory poolings, two non-standard gas proration units, and two unorthodox well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying two 80-acre non-standard gas proretion units, the first being the S/2 NE/4 of Section 13, Township 21 South, Range 36 East, to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the North line and 2310 feet from the East line of said Section 13, and the second being the N/2 NE/4 of said Section 13 to be dedicated to a well to be drilled at an unorthodox location 1330 feet from the North line and 2310 feet from the East line of said Section 13. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designtion of applicant as operator of the wells and a charge for risk involved in drilling said

CASE 6834: (Continued and Readvertised)

Application of Conoco Inc. for a dual completion and unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its SEMU Burger Well No. 107 at an unorthodox location 2615 feet from the South and East lines of Section 19, Township 2C South, Range 38 East, to produce oil from the Blinebry Oil and Gas and Drinkard Pools.

CASE 6837: (Continued from March 12, 1980, Examiner Hearing)

Application of Curtis Little for compulsory pooling, Rio Arriba County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the W/2 of Section 7, Township 25 North, Range 3 West, 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 6847:

Application of Tenneco Oil Company for dual completions and downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete, in such a manner as to produce gas from the Dakota formation and commingled Chacra and Messaverde production through parallel strings of tubing, ten proposed wells to be located as follows: in Township 29 Morth, Range 10 West: Unit G, Section 19; Unit A, Section 30; and Unit D, Section 30; in Township 29 North, Range 11 West: Unit G, Section 24; Unit O, Section 24; Unit A, Section 25; Unit D, Section 25; Unit M, Section 25; and Unit P, Section 25.

CASE 6818: (Continued from March 12, 1980, Examiner Hearing)

Application of Tenneco Oil Company for an NGPA determination, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its State

HL 11 Well No. 1 located in Unit N of Section 11, Township 19 South, Range 29 East.

CASE 6849: (This is the same matter as was previously designated Case No. 6813.)

Application of Petroleum Development Corporation to amend Order No. R-6196, Eddy County, New Nexico. Applicant, in the above-styled cause, seeks to amend Order No. R-6196 which authorized re-entry of a well at an unorthodox location in the Lusk-Morrow Gas Pool to be dedicated to the N/2 of Section 13, Township 19 South, Range 31 East. Applicant now seeks approval for a new revised location 750 feet from the North line and 660 feet from the West line of said Section 13.

CASE 6848: Application of Petroleum Development Corporation for pool contraction and creation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Querecho Plains-Bone Spring Pool to comprise the Upper Bone Spring formation only, from 8390 feet to 8680 feet on the log of its McKay West Federal Well No. 1 located in Unit F of Section 34, Township 18 South, Range 32 East, and the creation of the Querecho Plains-Lower Bone Spring Pool to comprise said formation from 8680 feet to the base of the Bone Spring underlying the NW/4 of said Section 34.

CASE 6826: (Continued from March 12, 1980, Examiner Hearing)

Application of Tahoe Oil and Cattle Company for compulsory pooling, Lea County, New Hexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Penrose Skelly Pool underlying the SE/4 SE/4 of Section 25, Township 21 South, Range 36 East, to be dedicated to its Bromlee Well No. 1 located thereon. Also to be considered will be the cost of recompleting 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 rink involved in recompleting said well.

Docket No. 8-80

Dockets Nos. 9-80 and 10-80 are tentatively set for April 9 and 23, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 26, 1980

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

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

- CASE 6838: Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the Amendment of Order No. R-111-A to extend the boundaries of the Potash-Oil Area by the inclusion of certain lands in Sections 11, 12, and 13, Township 19 South, Range 30 East, and Sections 7 and 18, Township 19 South, Range 31 East.
- CASE 6839: Application of Kimbell Oil Company for downhole commingling, Rio Arriba County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the downhole commingling of Otero-Chacra and South Blanco-Pictured Cliffs production in the wellbore of its Salazar Well No. 4-26 to be located in Unit D of Section 26, Township 25 North, Range 6 West.
- CASE 6840: Application of Union Texas Petroleum for downhole commingling, San Juan County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the downhole commingling of Fruitland and Pictured Cliffs production in the wellbore of its Johnston Federal Well No. 11Y located in Unit N of Section 7, Township 31 North, Range 9 West.
- CASE 6841: Application of CIG Exploration, Inc. for two non-standard gas proration units, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of two non-standard gas proration units in Township 10 South, Range 28 East, the first being 219.6 acres comprising Lots 1 thru 8 of Section 1 and the second being 219.92 acres comprising Lots 1 thru 8 of Section 2, for the Wolfcamp, Pennsylvanian, and Mississippian formations, each unit to be dedicated to a well to be drilled at a standard location thereon.
- CASE 6842: Application of ARCO Oil and Gas Company for an unorthodox gas well location, simultaneous dedication, and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its W. C. Roach Well No. 6, 660 feet from the North line and 1980 feet from the West line of Section 21, Township 20 South, Range 37 East, Eumont Gas Pool, to be simultaneously dedicated with its W. C. Roach Well No. 1 in Unit D to the W/2 of said Section 21. Also sought are findings that the proposed well is necessary to effectively and efficiently drain that portion of the provation unit which cannot be so drained by the existing unit well.
- CASE 6843: Application of Yates Petroleum Corporation for two compulsory poolings, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Yeso formation underlying two 40-acre proration units, the first being the SE/4 SE/4 and the second being the SW/4 SE/4 of Section 6, Township 19 South, Range 25 East, Penasco Draw Field, each unit to be dedicated to a wall to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the Jesignation of applicant as operator of the wells and a charge for risk involved in drilling said wells.
- CASE 6844: Application of Arrowhead Oil Corporation for two exceptions to Order No. R-111-A and an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the casing-cementing rules of Order No. R-111-A to complete its Creek Federal Well No. 3 at an unorthodox location 250 feet from the North line and 2350 feet from the East line and its Creek Federal Well No. 4 to be drilled in Unit G, both in Section 23, Township 18 South, Range 30 East, by setting surface casing at a depth of approximately 600 feet and production casing at total depth. The production casing would have cement circulated back to the potash zone in the salt
- CASE 6845: Application of Marathon Oil 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 800 feet from the North line and 200 feet from the East line of Section 30, Township 21 South, Range 23 East, Indian Basin-Upper Pennsylvanian Gas Pool, all of Section 30 or that portion thereof which may be reasonably presumed productive of gas from said pool to be dedicated to the well.

ROUGH

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. ____6849

APPLICATION OF PETROLEUM DEVELOPMENT CORPORATION TO AMEND ORDER NO. R-6196, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

This cause came on for hearing at 9 a.m. on March 26 BY THE DIVISION: 19 80 , at Santa Fe, New Mexico, before Examiner Richard L. Stamets. NOW, on this_______, 19 80____, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

- (1) That due public notice having been given as required FINDS: by law, the Division has jurisdiction of this cause and the subject matter thereof.
 - (2) That the applicant, Petroleum Development Corporation, seeks to amend Order No. R-6196 which authorized re-entry of a well at an unorthodox location in the Lusk-Morrow Gas Pool to be dedicated to the N/2 of Section 13, Township 19 South, Range 31 East, Eddy County, New Mexico.

(3) that the applicant was unable to successfully re-enter the oldwell as approved in said Order R-6196

Case No. 6813 Order No. R-

That the applicant now seeks approval that a new revised an unorthoch, gas well location 750 feet from the North line and 660 feet from the West line of said Section 13, 96 feet South of the proposed re-entry

- That the N/2 of said Section 13 is to be dedicated to the well.
- That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.
- That no offset operator objected to the proposed unorthodox location.

- 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 righ ts.
- (7) That rather then amend said Order No R-6146 drilling of a new well at the proposed un orthodox gos well location, and superseding

(8) That Order No R-6196 Should be superseded.

| -2- Case No. Order No. R- |
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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 Morrow |
| formation is hereby approved for a well to be located at a point 750 |
| feet from the North line and 660 feet from the West |
| line of Section 13 , Township 19 South , Range 31 East |
| NMPM, Lusk-Morrow Gas Pool, Eddy County, |
| New Mexico. |
| (2) That the $N/2$ of said Section 13 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 |
| |
| (3) That Division Order No R-6196 entired |
| (3) That Division Order No R-6196 entend. November 21, 1979, is here by superseded. |