

**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. 10892
Order No. R-10055**

**APPLICATION OF COLLINS & WARE,
INC. FOR AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 20, 1994, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 26th day of January, 1994, 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, Collins & Ware, Inc., seeks approval to drill its Butch Federal Well No. 1 at an unorthodox gas well location 360 feet from the North line and 660 feet from the East line (Unit A) of Section 29, Township 20 South, Range 28 East, NMPM, Undesignated South Burton-Yates Gas Pool, Eddy County, New Mexico.

(3) The applicant proposes to dedicate the NE/4 of Section 29 to the subject well forming a standard 160-acre gas spacing and proration unit for said pool.

(4) According to applicant's evidence and testimony, the subject well was originally staked at a standard gas well location 660 feet from the North and East lines (Unit A) of Section 29, however, due to the presence of sink holes, the United States Bureau of Land Management (BLM) would not approve the location.

(5) The applicant moved the proposed well location to the north for geologic reasons.

(6) The applicant presented geologic evidence and testimony which indicates that the sand thickness within the Yates formation decreases from east to west within the subject proration unit. In addition, the geologic evidence indicates a loss of structural position within the reservoir as you move from the northwest to the southeast of the subject proration unit.

(7) A well at the proposed location should afford the applicant the best opportunity to encounter commercial gas production within the Yates formation.

(8) The two affected offset operators, Yates Petroleum Corporation and Vision Energy Inc., were notified of the application but did not appear in protest.

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

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the 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:

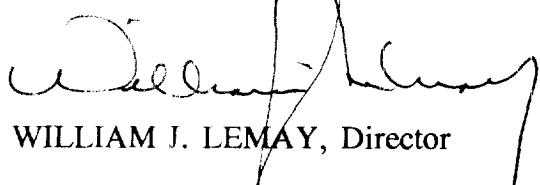
(1) The applicant, Collins & Ware, Inc., is hereby authorized to drill its Butch Federal Well No. 1 at an unorthodox gas well location 360 feet from the North line and 660 feet from the East line (Unit A) of Section 29, Township 20 South, Range 28 East, NMPM, Undesignated South Burton-Yates Gas Pool, Eddy County, New Mexico.

(2) The NE/4 of Section 29 shall be dedicated to the subject well forming a standard 160-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

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