

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. 11166
ORDER NO. R-10295*

**APPLICATION OF MANZANO OIL CORPORATION
FOR AN UNORTHODOX OIL WELL LOCATION,
CHAVES COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 15, 1994, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 9th day of January, 1995, the Division Director, having considered 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, Manzano Oil Corporation ("Manzano"), seeks approval of an unorthodox oil well location for its McClellan Federal Well No. 1 to be drilled 182 feet from the North line and 507 feet from the West line (Unit D) of Section 26, Township 13 South, Range 29 East, NMPM, to test the Devonian formation, Undesignated South Lone Wolf-Devonian Pool, Chaves County, New Mexico.

(3) The proposed well location is within one mile of the governing limits of the South Lone Wolf-Devonian Pool and is therefore subject to the Division's Statewide Rules and Regulations which require standard 40-acre spacing and proration units with wells to be located no closer than 330 feet from the outer boundary of the spacing unit.

(4) The NW/4 NW/4 of said Section 26 is to be dedicated to said well to form a standard 40-acre oil spacing and proration unit.

(5) The applicant presented a geological interpretation of the Devonian formation in the general area of the proposed well with information obtained from geophysical seismic data. The applicant is proposing to drill the subject well at a location appearing to be at a more structurally advantageous position than a well drilled at a standard oil well location thereon, thereby increasing the likelihood of obtaining commercial production.

(6) Additional evidence submitted by the applicant indicates that the N/2 of said Section 26 and the off-setting property to the north, in which the proposed well is crowding, comprising the S/2 of Section 23, Township 13 South, Range 29 East, NMPM, Chaves County, New Mexico, are two separate "Federal" leases both leased to Manzano.

(7) No other interested party or off-set operator appeared at the hearing in opposition to the subject application.

(8) Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Undesignated South Lone Wolf-Devonian 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 should otherwise prevent waste and serve to protect correlative rights.

IT IS THEREFORE ORDERED THAT:

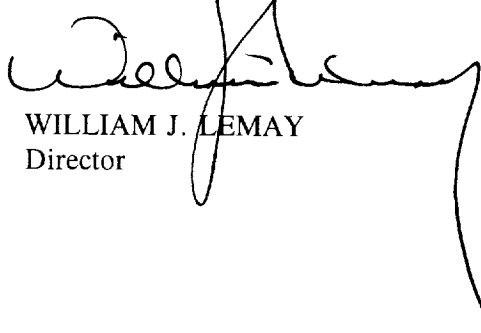
(1) The application of Manzano Oil Corporation to drill its proposed McClellan Federal Well No. 1 at an unorthodox oil well location 182 feet from the North line and 507 feet from the West line (Unit D) of Section 26, Township 13 South, Range 29 East, NMPM, to test the Devonian formation, Undesignated South Lone Wolf-Devonian Pool, Chaves County, New Mexico, is hereby approved.

(2) The NW/4 NW/4 of said Section 26 shall be dedicated to said well forming a standard 40-acre oil spacing and proration unit.

(3) Jurisdiction 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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