

**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. 11177
Order No. R-10299**

**APPLICATION OF ENRON OIL &
GAS COMPANY FOR AN UNORTHODOX
OIL 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 January 5, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 10th day of January, 1995, 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) Division Case Nos. 11177 and 11182 were consolidated at the time of the hearing for the purpose of testimony.
- (3) The applicant, Enron Oil & Gas Company, seeks authority to drill its Hallwood "1" Federal Well No. 3 at an unorthodox oil well location 1430 feet from the South line and 1830 feet from the East line (Unit J) of Section 1, Township 25 South, Range 33 East, NMPM, Undesignated Red Hills-Bone Spring Pool, Lea County, New Mexico.
- (4) The W/2 SE/4 of Section 1 is to be dedicated to the subject well forming a standard 80-acre oil spacing and proration unit.

(5) The subject well is located within one mile of the outer boundary of the Red Hills-Bone Spring Pool and is therefore subject to the Special Rules and Regulations for said pool as promulgated by Division Order No. R-10109, which require standard 80-acre spacing and proration units with wells to be located within 150 feet of the center of either quarter-quarter section or lot.

(6) According to applicant's evidence and testimony, the proposed unorthodox location within the NW/4 SE/4 of Section 1 is necessitated by the presence of an archaeological site.

(7) According to further engineering and geologic evidence and testimony presented by the applicant, the SW/4 SE/4 of Section 1 is not a suitable quarter-quarter section in which to drill the subject well for the following reasons:

- a) the drainage areas of the Hallwood "1" Federal Well No. 2, located in Unit P of Section 1, and the Hallwood "12" Federal Well No. 8, located in Unit B of Section 12, which are both completed in the Red Hills-Bone Spring Pool, both extend into the SW/4 SE/4 of Section 1;
- b) the drainage area of the Hallwood "1" Federal Well No. 3, if drilled in the SW/4 SE/4 of Section 1, will overlap the drainage areas of the above-described wells.

(8) The applicant should recover more oil and gas reserves from the W/2 SE/4 of Section 1 if the Hallwood "1" Federal Well No. 3 is drilled in the NW/4 SE/4.

(9) The subject well is encroaching only on acreage contained within the proposed proration unit.

(10) The applicant is the operator of all acreage offsetting the proposed proration unit.

(11) No other 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 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:

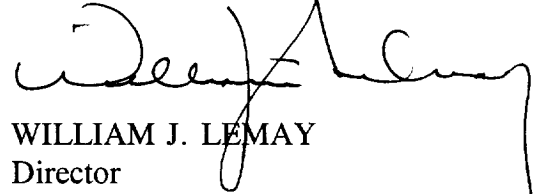
(1) The applicant, Enron Oil & Gas Company, is hereby authorized to drill its Hallwood "1" Federal Well No. 3 at an unorthodox oil well location 1430 feet from the South line and 1830 feet from the East line (Unit J) of Section 1, Township 25 South, Range 33 East, NMPM, Undesignated Red Hills-Bone Spring Pool, Lea County, New Mexico.

(2) The W/2 SE/4 of Section 1 shall be dedicated to the subject well forming a standard 80-acre spacing and proration unit for said pool.

(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

S E A L