

**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. 11238
Order No. R-10351**

**APPLICATION OF MARBOB ENERGY
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 April 6, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 13th day of April, 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) The applicant, Marbob Energy Corporation, seeks approval to drill its White Fang Federal Well No. 1 at an unorthodox oil well location 1353 feet from the North line and 1914 feet from the West line (Unit F) of Section 33, Township 13 South, Range 29 East, NMPM, South Lone Wolf-Devonian Pool, Chaves County, New Mexico.

(3) The SE/4 NW/4 of Section 33 is to be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit for said pool.

(4) The proposed well is located within the South Lone Wolf-Devonian Pool which is currently governed by Statewide Oil Rules and Regulations which require standard 40-acre oil spacing and proration units with wells to be located no closer than 330 feet from the outer boundary of the spacing unit.

(5) The applicant presented geologic evidence and testimony in support of its proposed unorthodox location.

(6) The geologic evidence presented indicates that the SE/4 NW/4 of Section 33 is traversed by a northeast-southwest trending fault in the Devonian formation.

(7) The Marathon Federal Well No. 2, located at a standard oil well location 1650 feet from the North line and 1980 feet from the West line, is situated on the downthrown side of this fault. This well, which was drilled during June, 1992 by Marathon Oil Company, produced from the South Lone Wolf-Devonian Pool from August, 1992 to approximately June, 1994. Prior to being temporarily abandoned in November, 1994, the Marathon Federal Well No. 2 cumulative produced approximately 17,745 barrels of oil from the subject pool.

(8) Applicant's geologic evidence and testimony indicates that the proposed White Fang Federal Well No. 1 is located on the upthrown side of the fault at one of the highest structural positions in the reservoir within this quarter-quarter section.

(9) The applicant's further evidence and testimony indicates that the proposed unorthodox location is necessary in order to effectively drain that portion of the SE/4 NW/4 not previously drained by the aforesaid Marathon Federal Well No. 2.

(10) Applicant estimates that a well drilled at the proposed unorthodox oil well location should recover between 300-500 thousand barrels of "attic" oil within the South Lone Wolf-Devonian Pool.

(11) Due to the subject well's close proximity to the outer boundary of the proration unit, the Division expressed some concern about the possible bottomhole location of this wellbore.

(12) Applicant testified that any wellbore drift in this area should be in a southerly direction away from the outer boundary of the spacing unit.

(13) There are currently no other wells within the NW/4 of Section 33 producing from the subject pool.

(14) The NE/4 NW/4, being the affected offset acreage, is currently operated by the applicant, and, according to applicant's testimony, the interest ownership between the NE/4 NW/4 and the proposed proration unit is common.

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

(16) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the 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 will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

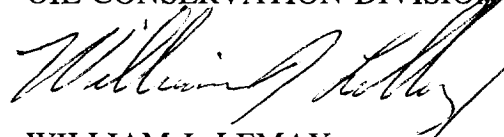
(1) The applicant, Marbob Energy Corporation, is hereby authorized to drill its White Fang Federal Well No. 1 at an unorthodox oil well location 1353 feet from the North line and 1914 feet from the West line (Unit F) of Section 33, Township 13 South, Range 29 East, NMPM, South Lone Wolf-Devonian Pool, Chaves County, New Mexico.

(2) The SE/4 NW/4 of Section 33 shall be dedicated to the subject well forming a standard 40-acre oil 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

By M.E.S.

S E A L