

**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. 11239
Order No. R-10352**

**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 Havasu Federal Well No. 1 at an unorthodox oil well location 2588 feet from the South line and 2309 feet from the East line (Unit J) of Section 11, Township 13 South, Range 27 East, NMPM, to test the Devonian formation, Chaves County, New Mexico.

(3) The NW/4 SE/4 of Section 11 is to be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit.

(4) The proposed well is not located within the boundaries of or within one mile of the boundaries of any existing Devonian pool. The proposed well is therefore subject to 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 based upon 3-D seismic in support of its proposed unorthodox location.

(6) With the aid of geophysical data, the applicant has identified a Devonian structure which comprises approximately 160 acres consisting of the SE/4 NW/4, SW/4 NE/4, NE/4 SW/4 and NW/4 SE/4 of Section 11. The structure is bounded by faults on the south, east and west sides.

(7) The center and highest position in this Devonian structure is located approximately within the center of Section 11.

(8) The geologic evidence and testimony indicates that a well at the proposed unorthodox oil well location should penetrate the Devonian structure at a higher and more structurally advantageous position than a well drilled at a standard oil well location thereon, thereby increasing the likelihood of obtaining commercial oil production.

(9) Applicant further contends that if the Devonian structure is analogous to other Devonian structures in this general area, the Havasu Federal Well No. 1 may be capable of draining the entire structure.

(10) Applicant testified that if the subject well proves productive, it may seek the promulgation of special rules and regulations including 160-acre oil spacing.

(11) The applicant is the operator of the affected offset acreage, being the SW/4 NE/4 of Section 11, and, according to applicant's testimony, the interest ownership between the SW/4 NE/4 and the proposed proration unit is common.

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

(13) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Devonian formation, 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 Havasu Federal Well No. 1 at an unorthodox oil well location 2588 feet from the South line and 2309 feet from the East line (Unit J) of Section 11, Township 13 South, Range 27 East, NMPM, to test the Devonian formation, Chaves County, New Mexico.

(2) The NW/4 SE/4 of Section 11 shall be dedicated to the subject 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

A handwritten signature in black ink, appearing to read "William J. Lemay / by MES".

WILLIAM J. LEMAY
Director

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