

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. 11271
ORDER NO. R-10361*

**APPLICATION OF MEDALLION PRODUCTION COMPANY FOR
COMPULSORY POOLING AND AN UNORTHODOX GAS 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 April 20, 1995 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 3rd day of May, 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, Medallion Production Company, seeks an order pooling all mineral interests from the surface to the base of the Atoka formation, underlying the following described acreage in Section 31, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico, and in the following manner: the E/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated North Vacuum Atoka-Morrow Gas Pool and Undesignated Shoe Bar-Atoka Gas Pool; the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; the W/2 SE/4 to form a standard 80-acre oil spacing and proration unit for any and all pools developed on 80-acre spacing within said vertical extent which presently includes only the Undesignated North Vacuum-Abo Pool; and the SW/4 SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated Vacuum-Grayburg

San Andres Pool and Undesignated Northeast Vacuum-Wolfcamp Pool. Said units are to be dedicated to a single well to be drilled 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 31 being a standard well location for 40, 80, and 160-acre spacing and proration units but an unorthodox gas well location for a 320-acre spacing unit.

(3) At the time of the hearing the applicant informed the Division that all mineral interests within the subject acreage had reached agreement and had pooled their interests and requested that the forced pooling provisions of this order be dismissed.

(4) Adequate geological evidence was presented by the applicant to support the drilling of this well at an unorthodox gas well location to the Undesignated North Vacuum Atoka-Morrow Gas Pool. Such evidence indicates that a well drilled at the proposed unorthodox gas well location should encounter a greater amount of gross sand thickness in the channel sand deposit than a well drilled at a standard gas well location thereon, thereby increasing the likelihood of obtaining commercial gas production from the Atoka-Morrow interval.

(5) No interested or affected offsetting party in this matter appeared at the hearing in opposition to the proposed unorthodox location.

(6) Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject 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) That portion of the application filed by Medallion Production Company in this matter for an order pooling all mineral interests from the surface to the base of the Atoka formation, underlying certain tracts of land in Section 31, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico, shall be dismissed.

IT IS ORDERED HOWEVER THAT:

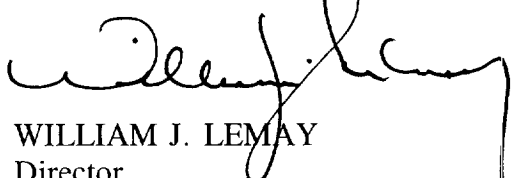
(2) Medallion Production Company is hereby authorized to drill a well to test the Undesignated North Vacuum Atoka-Morrow Gas Pool at an unorthodox gas well location 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 31.

(3) The E/2 of said Section 31 shall be dedicated to said well to form a standard 320-acre gas spacing and proration unit for said pool.

(4) Jurisdiction of this cause is 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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