

**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. 11386
Order No. R-10468**

**APPLICATION OF AMERADA HESS
CORPORATION FOR AN UNORTHODOX
GAS WELL LOCATION AND A NON-
STANDARD GAS SPACING AND
PRORATION UNIT, LEA COUNTY,
NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 21, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 27th day of September, 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, Amerada Hess Corporation, seeks approval to drill its North Bell Lake Federal Well No. 3 at an unorthodox gas well location 1930 feet from the North line and 660 feet from the East line (Unit H) of Irregular Section 6, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico, to test the Undesignated North Bell Lake-Ellenburger Gas Pool.

(3) The applicant proposes to dedicate all of Irregular Section 6 to the subject well forming a non-standard 628.62-acre gas spacing and proration unit for said pool.

(4) The subject well is located within one mile of the North Bell Lake-Ellenburger Gas Pool which is currently governed by special rules and regulations as promulgated by Division Order No. R-10427, which require standard 640-acre spacing and proration units with wells to be located no closer than 1650 feet from the outer boundary of the proration unit nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary.

(5) The North Bell Lake Federal Well No. 3 is located within the Bell Lake Federal Unit, a Federal exploratory unit which is currently operated by Conoco Inc. and sub-operated by Amerada Hess Corporation.

(6) The applicant recently drilled the discovery well for the North Bell Lake-Ellenburger Gas Pool, being the Bell Lake Federal Well No. 2 located in Section 5, Township 23 South, Range 34 East, NMPM.

(7) Utilizing 3-D seismic data, the applicant has identified the offset proposed unorthodox location as being potentially productive in the Ellenburger formation.

(8) The applicant's geologic evidence and testimony indicates that a well at the proposed unorthodox gas well location should penetrate the Ellenburger formation approximately 70 feet higher structurally than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial gas production.

(9) According to further testimony, a well drilled at the proposed unorthodox gas well location should ultimately recover more gas from the proposed proration unit in the Ellenburger formation than a well drilled at a standard location thereon.

(10) The proposed non-standard gas proration unit is necessitated by a variation in the legal subdivision of the United States Public Lands Survey.

(11) Conoco Inc., as operator and interest owner within the Bell Lake Federal Unit, signed a waiver of objection to the proposed unorthodox location.

(12) Kaiser-Francis Oil Company, the only other interest owner within the Bell Lake Federal Unit, did not appear in opposition to the application.

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

(14) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Ellenburger formation underlying Irregular Section 6, 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:

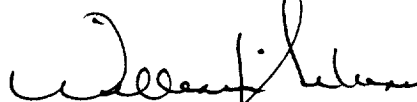
(1) The applicant, Amerada Hess Corporation, is hereby authorized to drill its North Bell Lake Federal Well No. 3 at an unorthodox gas well location 1930 feet from the North line and 660 feet from the East line (Unit H) of Irregular Section 6, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico, to test the Undesignated North Bell Lake-Ellenburger Gas Pool.

(2) All of Irregular Section 6 shall be dedicated to the above-described well forming a non-standard 628.62-acre gas spacing and proration unit, also hereby approved, for the North Bell Lake-Ellenburger Gas 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

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