

**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. 12937
ORDER NO. R-11851**

**APPLICATION OF PECOS RIVER OPERATING, INC. FOR AN
UNORTHODOX INFILL GAS WELL LOCATION, CHAVES COUNTY, NEW
MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on October 10, 2002, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 24th day of October, 2002, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Pecos River Operating, Inc., seeks approval of an unorthodox infill gas well location within the Pecos Slope-Abo Gas Pool for its proposed Helen Collins Federal Well No. 7 (API No. 30-005-63180) to be drilled 2192 feet from the South line and 1651 feet from the East line (Unit J) of Section 4, Township 7 South, Range 26 East, NMPM, Chaves County, New Mexico.

(3) The SE/4 of Section 4 is to be simultaneously dedicated to the proposed well and to the existing Pecos River Operating, Inc. Helen Collins Federal Well No. 6 (American Petroleum Institute No. 30-005-62139) located at a standard gas well location 660 feet from the South line and 1980 feet from the East line (Unit O).

(4) The proposed Helen Collins Federal Well No. 7 is located within the Pecos Slope-Abo Gas Pool. The Pecos Slope-Abo Gas Pool is currently governed by "*The Special Rules and Regulations for the Pecos Slope-Abo Gas Pool*" as contained within Division Order No. R-9976-C, which require standard 160-acre gas spacing and

proration units with wells to be located no closer than 660 feet to the outer boundary of the quarter section, nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

(5) In addition, Rule No. (5) of "*The Special Rules and Regulations for the Pecos Slope-Abo Gas Pool*" provides that location exceptions shall only be granted after notice and hearing.

(6) This application was originally filed for administrative approval on August 23, 2002. By letter dated September 4, 2002, the Division notified Pecos River Operating, Inc. that the application would be set for hearing before a Division examiner.

(7) This case was styled such that in the absence of objection, this matter would be taken under advisement.

(8) The evidence in this case demonstrates that the proposed unorthodox gas well location is necessitated by a combination of topographic and geologic factors.

(9) The affected offset acreage, being the NE/4 of Section 4, is currently operated by the applicant.

(10) The interest ownership between the NE/4 and SE/4 of Section 4 is not common.

(11) The applicant has provided notice of this application to those interest owners within the NE/4 of Section 4 that do not own an interest in the SE/4 of Section 4. As of the hearing date, the applicant has received waivers of objection to its application from all parties except Thornton Operating Corporation.

(12) Thornton Operating Corporation has not advised the Division that it objects to the application.

(13) Approval of the subject application will afford Pecos River Operating, Inc. the opportunity to produce the hydrocarbons in the Pecos Slope-Abo Gas Pool underlying the SE/4 of Section 4, and will not violate correlative rights.

(14) The application should be approved.

IT IS THEREFORE ORDERED THAT:

(1) The application of Pecos River Operating, Inc., for approval of an unorthodox infill gas well location within the Pecos Slope-Abo Gas Pool for its proposed

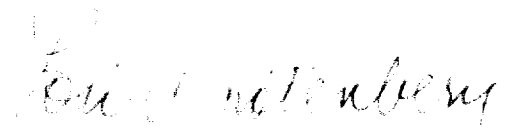
Helen Collins Federal Well No. 7 (American Petroleum Institute No. 30-005-63180) to be drilled 2192 feet from the South line and 1651 feet from the East line (Unit J) of Section 4, Township 7 South, Range 26 East, NMPM, Chaves County, New Mexico, is hereby approved.

(2) The SE/4 of Section 4 shall be simultaneously dedicated in the Pecos Slope-Abo Gas Pool to the proposed well and to the existing Pecos River Operating, Inc. Helen Collins Federal Well No. 6 (American Petroleum Institute No. 30-005-62139) located at a standard gas well location 660 feet from the South line and 1980 feet from the East line (Unit O).

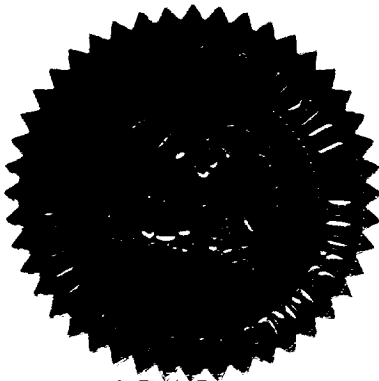
(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director



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