

*Entered July 19, 1971  
A.H.P.*

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION TO PERMIT PENROC OIL CORPORATION AND ALL OTHER INTERESTED PERSONS TO APPEAR AND SHOW CAUSE WHY THE INTENTIONAL DEVIATION OF PENROC OIL CORPORATION STATE WELL NO. 2, HAVING A SURFACE LOCATION 360 FEET FROM THE SOUTH LINE AND 330 FEET FROM THE EAST LINE OF SECTION 28, TOWNSHIP 17 SOUTH, RANGE 28 EAST, EMPIRE-ABO POOL, EDDY COUNTY, NEW MEXICO, TO A BOTTOM HOLE LOCATION 123 FEET FROM THE SOUTH LINE AND 149 FEET FROM THE EAST LINE OF SAID SECTION 28 SHOULD BE APPROVED AND WHY THE ALLOWABLE ASSIGNED TO SAID WELL SHOULD NOT BE REDUCED TO OFFSET ANY ADVANTAGE GAINED BY SAID BOTTOM-HOLE LOCATION OVER OTHER PRODUCERS.

CASE NO. 4503 (De Novo)  
Order No. R-4122-A

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing de novo at 9 a.m. on June 16, 1971, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 19th day of July, 1971, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That Penroc Oil Corporation is the owner and operator of the Penroc Oil Corporation State Well No. 2 having a surface location 360 feet from the South line and 330 feet from the East line of Section 28, Township 17 South, Range 28 East, NMPM, Empire-Abo Pool, Eddy County, New Mexico.
- (3) That the above-described well has its lowermost perforations at a location 129.70 feet from the South line and 153.41 feet from the East line of said Section 28.

-2-

CASE NO. 4503 (De Novo)

Order No. R-4122-A

(4) That Case 4503 was called by the Oil Conservation Commission on its own motion to permit Penroc Oil Corporation and all other interested persons to appear and show cause why the intentional deviation of the subject well should be approved and why the allowable assigned to said well should not be reduced to offset any advantage gained by said bottom-hole location over other producers.

(5) That after an examiner hearing, Commission Order No. R-4122, dated March 23, 1971, was entered in Case 4503 approving the intentional deviation of the Penroc Oil Corporation State Well No. 2 from a surface location 360 feet from the South line and 330 feet from the East line of Section 28, Township 17 South, Range 28 East, NMPM, Empire-Abo Pool, Eddy County, New Mexico, to a bottom-hole location having its lowermost perforations at 129.70 feet from the South line and 153.41 feet from the East line of said Section 28.

(6) That Amoco Production Company requested and was granted a hearing de novo of Case 4503 before the Oil Conservation Commission.

(7) That on December 22, 1970, Penroc Oil Corporation requested and was granted authority to set a deviation tool at approximately 3500 feet and deviate the well to the vertical or to a bottom-hole location 330 feet from the South line and 330 feet from the East line of said Section 28.

(8) That at the time the request to deviate was made, the operator of the subject well had reason to believe the well had deviated as much as 5 degrees in a west northwest direction.

(9) That the request to deviate as described above was made to keep the bottom-hole location of the subject well away from the bottom-hole location of a well previously drilled to the same formation in the same quarter-quarter section.

(10) That a misapprehension of the true subsurface location of the subject well at the time the request was made was the cause of the well being deviated to a location nearer the lease line than that requested.

(11) That the subject well encountered the pay section at a structurally lower position than it would have had it been bottomed at the vertical from its surface location or at a bottom-hole location 330 feet from the South and 330 feet from the East line of said Section 28.

-3-

CASE NO. 4503 (De Novo)

Order No. R-4122-A

(12) That no advantage was gained by the above-described bottom-hole location over other producers in the pool.

(13) That in order to afford Penroc Oil Corporation the opportunity to produce its just and equitable share of the oil in the Empire-Abo Pool, 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 to otherwise prevent waste and protect correlative rights, the intentional deviation of the subject well should be approved and no adjustment should be made to the allowable assigned to the well on account of said deviation.

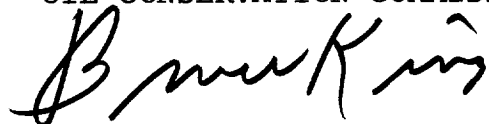
IT IS THEREFORE ORDERED:

(1) That the intentional deviation of the Penroc Oil Corporation State Well No. 2 from a surface location 360 feet from the South line and 330 feet from the East line of Section 28, Township 17 South, Range 28 East, NMPM, Empire-Abo Pool, Eddy County, New Mexico, to a bottom-hole location having its lowermost perforations at 129.70 feet from the South line and 153.41 feet from the East line of said Section 28 is hereby approved.

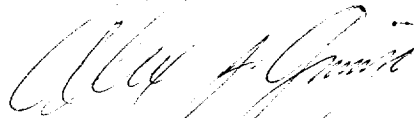
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



BRUCE KING, Chairman



ALEX J. ARMIÑO, Member



A. L. PORTER, Jr., Member & Secretary

S E A L

dr/