

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8639
Order No. R-4139-B

APPLICATION OF ZIA ENERGY, INC.
FOR AN UNORTHODOX GAS WELL LOCATION
AND SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on July 2, 1985, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 8th day of August, 1985, 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, Zia Energy Inc., seeks approval of an unorthodox gas well location for its Penroc Oil Corporation CSO-Federal Well No. 2, to be recompleted in the Jalmat Gas Pool located 1650 feet from the North line and 2310 feet from the West line of Section 20, Township 22 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico.

(3) The applicant further seeks to simultaneously dedicate its existing Cities Federal Wells No. 1 and 2 located in the NW/4 SW/4 and the SW/4 SW/4, respectively, in said Section 20 with the CSO-Federal Well No. 2 in Finding No. (2) above, all dedicated to a previously approved non-standard proration and spacing unit comprising the SW/4, the E/2 NW/4, and the SW/4 NW/4 of the subject section.

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(4) Division Order No. R-4139, dated May 6, 1971, approved the subject non-standard proration unit.

(5) Division Order No. R-4139-A, dated March 13, 1985, approved the simultaneous dedication of the Cities Federal Well No. 1 and Cities Federal Well No. 2 to the subject non-standard proration unit previously approved by Division Order No. R-4139.

(6) A well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(7) No offset operator objected to the proposed unorthodox location and simultaneous dedication.

(8) Approval of the subject 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) Zia Energy, Inc. is hereby authorized to recomplete its Penroc Oil Corporation CSO-Federal Well No. 2 at an unorthodox location 1650 feet from the North line and 2310 feet from the West line of Section 20, Township 22 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico.

(2) Upon adoption of a common lease name and sequential well numbers a previously approved 280-acre proration and spacing unit comprising the SW/4, the E/2 NW/4, and the SW/4 NW/4 of said Section 20, shall be simultaneously dedicated to the above-described well and to the applicant's Federal Wells Nos. 1 and 2 located in the NW/4 SW/4 and the SW/4 SW/4, respectively, of subject Section 20.

(3) The allowable for the subject proration unit may be produced from all three wells on the unit in any proportion.

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

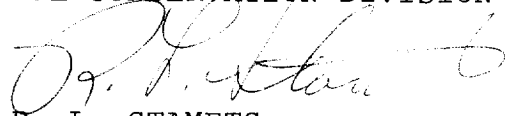
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DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read "R. L. Stamets", is written over the printed name.

R. L. STAMETS
Director

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