

Entered October 13, 1971
A. J. P.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 4585
Order No. R-4205

APPLICATION OF PENNZOIL UNITED,
INC. FOR AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 1, 1971, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 13th day of October, 1971, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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 the applicant, Pennzoil United, Inc., seeks an exception to Rule 104 C II of the Commission Rules and Regulations to drill a gas well in the South Carlsbad-Strawn Gas Pool at an unorthodox gas well location 1980 feet from the South line and 990 feet from the West line of Section 6, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico; that the S/2 of said Section 6 would be dedicated to said well.

(3) That a standard location for the subject pool would require the well to be no closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1980 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

-2-

CASE NO. 4585

Order No. R-4205

(4) That the evidence indicates that the entire S/2 of said Section 6 is productive of gas from the Strawn formation.

(5) That the entire S/2 of said Section 6 can be efficiently and economically drained and developed by the subject well.

(6) That there is evidence that a well at the proposed unorthodox location would penetrate a thicker pay section and encounter it structurally higher than a well at an orthodox location.

(7) That the evidence indicates that a well at the proposed unorthodox location should recover more gas than a well at an orthodox location.

(8) That due to the unorthodox location of the above-described well, the correlative rights of some offset operators will be impaired if unrestricted production by the subject well is permitted.

(9) That to offset the advantage to be gained over offset operators, the subject well to be drilled in the S/2 of Section 6 should be assigned a ratable-take factor of 82 percent in the South Carlsbad-Strawn Gas Pool.

(10) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the subject South Carlsbad-Strawn Gas Pool, will prevent the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights, provided the above-described ratable-take factor is assigned to the subject well.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pennzoil United, Inc., is hereby granted an exception to the well location requirements of Rule 104 C II of the Commission Rules and Regulations and is hereby authorized to drill a gas well in the South Carlsbad-Strawn Gas Pool at an unorthodox gas well location 1980 feet from the South line and 990 feet from the West line of Section 6, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, to be dedicated to a standard unit comprising the S/2 of said Section 6.

-3-

CASE NO. 4585

Order No. R-4205

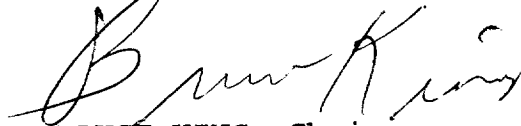
PROVIDED HOWEVER, that said well is assigned a ratable-take factor of 82% in the subject pool.

PROVIDED FURTHER, that in the event said pool be prorated, the subject well shall be assigned an acreage factor for proration purposes of 0.82.

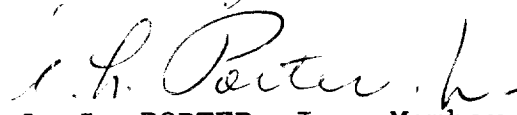
That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


BRUCE KING, Chairman


ALEX J. ARMILLO, Member


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

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