

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. 9512
Order No. R-4984-A

APPLICATION OF ARCO OIL AND GAS
COMPANY TO REINSTATE DIVISION
ORDER NO R-4984, SIMULTANEOUS
DEDICATION, AND AN UNORTHODOX GAS
WELL LOCATION, LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 9, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 30th day of November, 1988, 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) By Order No. R-4984, dated March 11, 1975, the Division authorized the applicant in said case, Atlantic Richfield Company, to form a standard 640-acre gas proration unit in the Jalmat Gas Pool consisting of Section 14, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico. Said order further authorized the simultaneous dedication of said proration unit to the existing McDonald "WN" Well Nos. 11 and 27, located at unorthodox locations respectively in Units D and O of said Section 14.

(3) By letter dated June 18, 1976, the Division further authorized Atlantic Richfield Company to drill its McDonald "WN" Well No. 28 at an unorthodox gas well location in Unit F of said Section 14, and further authorized the simultaneous dedication of Section 14 to the McDonald "WN" Well Nos. 11, 27, and 28.

(4) By Administrative Order No. NSP-1535, dated June 7, 1988, the Division authorized the formation of a 160-acre non-standard gas proration unit comprising the NE/4 of said Section 14, said non-standard unit to be dedicated to the McDonald "WN" Well No. 31 which was drilled at a standard 160-acre gas well location.

(5) By Administrative Order No. NSP-1536 (L)(SD), dated June 7, 1988, the Division authorized the formation of a 480-acre non-standard gas proration unit comprising the W/2 and SE/4 of said Section 14, said non-standard unit to be simultaneously dedicated to the McDonald "WN" Well No. 11 located at a standard location, and the McDonald "WN" Well Nos. 27 and 28 located at unorthodox locations.

(6) The applicant, ARCO Oil and Gas Company, seeks to reinstate said Division Order No. R-4984 and in effect reform the standard 640-acre gas proration unit consisting of said Section 14, said unit to be simultaneously dedicated to the existing McDonald "WN" Well Nos. 11, 27, 28, said wells being at orthodox or approved unorthodox locations as described above, and the McDonald "WN" Well No. 31 located at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of said Section 14.

(7) The evidence presented indicates that the McDonald "WN" Well No. 31, which was drilled to and completed in the Jalmat Gas Pool in July, 1988, was drilled at said unorthodox location in order to penetrate the Yates formation at a structurally advantageous position.

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

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(9) No offset operator objected to the proposed un-orthodox gas well location or the reinstatement of Division Order No. R-4984.

(10) Approval of the subject application will cause to simplify the status of the subject acreage currently governed by numerous Division Orders and will not result in the violation of correlative rights.

(11) Division Order No. R-4984 should be reinstated and Division Order Nos. NSP-1535 and NSP-1536 should be superseded.

IT IS THEREFORE ORDERED THAT:

(1) The application of Arco Oil & Gas Company for the reinstatement of Division Order No. R-4984 is hereby approved.

(2) The 640-acre standard gas proration unit consisting of Section 14, Township 22 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, and approved by said order No. R-4984, shall be simultaneously dedicated to the applicant's McDonald "WN" Well Nos. 11, 27, and 28, located at standard or previously approved non-standard gas well locations in said Section 14, and to the applicant's McDonald "WN" Well No. 31 located at a non-standard gas well location, also hereby approved, 660 feet from the North and East lines (Unit A) of said Section 14.

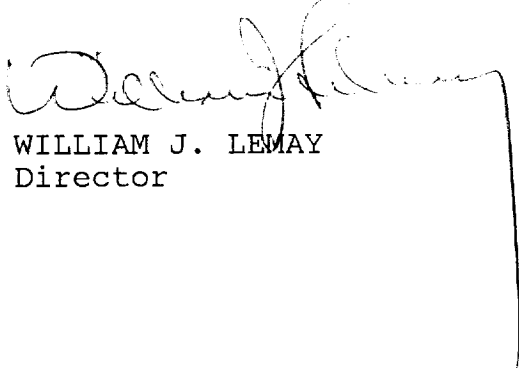
(3) Division Order Nos. NSP-1535 and NSP-1536 are hereby superseded by this order.

(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



WILLIAM J. LEMAY
Director

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