

Subscribed May 22, 1975
A.L.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. 5472
Order No. R-5032

APPLICATION OF MESA PETROLEUM CO.
FOR AN UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 14, 1975, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 22nd day of May, 1975, 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, Mesa Petroleum Co., seeks approval of a gas well location 660 feet from the North line and 660 feet from the East line of Section 6, Township 26 South, Range 33 East, NMPM, to test the Wolfcamp, Pennsylvanian, and Devonian formations, Red Hills Field, Lea County, New Mexico.

(3) That said well would be within one mile of the Red Hills-Wolfcamp Gas Pool, for which Special Pool Rules have been promulgated, including a provision for 640-acre spacing units, and well locations no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

(4) That with respect to the Pennsylvanian and Devonian formations, said well as a gas well should be located in accordance with Commission Rule 104 B and C, which provides for 320-acre spacing units, and well locations 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.

(5) That the aforesaid proposed location 660 feet from the North line and 660 feet from the East line of Section 6, Township 26 South, Range 33 East, NMPM, is in exception to the Special Pool Rules for the Red Hills-Wolfcamp Gas Pool and Rule 104 B and C of the Commission Rules and Regulations.

(6) That there are at present no wells producing from the Red Hills-Pennsylvanian Gas Pool nor from the Devonian formation in the Red Hills Field, and a well completed in either or both of said formations at the proposed location will therefore not impinge upon any existing well.

(7) That a well at the proposed location will have an area of drainage in the Wolfcamp formation which extends 73 net acres into Section 32, Township 25 South, Range 33 East, NMPM, and Section 5, Township 26 South, Range 33 East, NMPM, more than permitted under a standard location for the Red Hills-Wolfcamp Gas Pool.

(8) That a well at the proposed location will better enable the applicant to produce the gas underlying Section 6, Township 26 South, Range 33 East, NMPM, in the Wolfcamp formation, and underlying the E/2 of said Section 6 in the Pennsylvanian and Devonian formations, and will not impair correlative rights if the permitted production from the Wolfcamp formation is limited.

(9) That such limitation should be based upon the 73 net acre encroachment described in Finding No. (7) above, and may best be accomplished by assigning a well at the proposed location a ratable take factor of 0.89 (640 minus 73, divided by 640).

(10) That approval of the subject application subject to the above limitation 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:

(1) That an unorthodox gas well location for the Wolfcamp, Pennsylvanian, and Devonian formations is hereby approved for a well to be located at a point 660 feet from the North line and 660 feet from the East line of Section 6, Township 26 South, Range 33 East, NMPM, Red Hills Field, Lea County, New Mexico.

(2) That all of said Section 6 shall be dedicated to the above-described well in the Wolfcamp formation and the E/2 of said Section 6 shall be dedicated to the well in the Pennsylvanian and Devonian formations.

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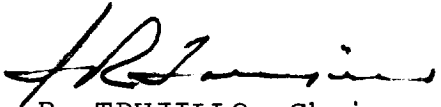
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(3) That said well is hereby assigned a ratable take factor of 0.89 in the Wolfcamp formation, and the operator of the well, upon completion and connection thereof to a gas pipeline, shall notify the gas purchaser of the ratable take factor.

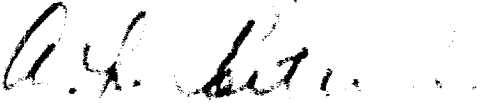
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


I. R. TRUJILLO, Chairman


PHIL R. LUCERO, Member


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

S E A L

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