

**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. 9834
Order No. R-539-A

APPLICATION OF TEXACO INC. FOR
A NON-STANDARD GAS PRORATION UNIT,
TWO UNORTHODOX GAS WELL LOCATIONS
AND SIMULTANEOUS DEDICATION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 13, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 9th day of January, 1990, 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-539, dated November 8, 1954, the Division, upon the application of The Texas Company, established a 160-acre non-standard Eumont gas proration unit comprising the E/2 NE/4 of Section 26, and the W/2 NW/4 of Section 25, Township 19 South, Range 36 East, NMPM, Lea County, New Mexico, said unit to be dedicated to the William Weir Well No. 1, located 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 25.

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(3) By Order No. NSP-165, dated July 16, 1955, the Division, upon the application of The Texas Company, further established a 160-acre non-standard Eumont gas proration unit comprising the SE/4 SW/4, NE/4 SE/4, and the S/2 SE/4 of Section 23, Township 19 South, Range 36 East, NMPM, Lea County, New Mexico, said unit to be dedicated to the William Weir Well No. 2, located 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 23.

(4) The applicant, Texaco Inc., seeks to consolidate the two 160-acre non-standard gas proration units as described above to form a 320-acre non-standard Eumont gas proration unit comprising the SE/4 SW/4, NE/4 SE/4, and S/2 SE/4 of Section 23, the W/2 NW/4 of Section 25, and the E/2 NE/4 of Section 26, all in Township 19 South, Range 36 East, NMPM, Lea County, New Mexico, said unit to be simultaneously dedicated to the existing William Weir Well Nos. 1 and 2, both located respectively at unorthodox gas well locations as described above.

(5) The Eumont Gas Pool is currently a prorated gas pool subject to The General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended.

(6) The evidence presented indicates that the William Weir Well No. 1 is currently capable of gas production in excess of its assigned gas allowable and that the William Weir Well No. 2 is currently classified as a marginal gas well.

(7) The proposed acreage consolidation and simultaneous dedication will allow the applicant to more fully utilize the gas allowable assigned to said non-standard unit, resulting in greater gas production.

(8) Testimony indicates that the interest ownership among the two 160-acre tracts is common.

(9) No offset operator and/or interest owner appeared at the hearing in opposition to the application.

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(10) The entire 320-acre non-standard unit may reasonably be presumed productive of gas from the Eumont Gas Pool and said unit can be efficiently and economically drained and developed by the aforesaid William Weir Well Nos. 1 and 2.

(11) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Eumont Gas 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.

(12) Division Order Nos. R-539 and NSP-165 should be superseded by this order.

IT IS THEREFORE ORDERED THAT:

(1) A 320-acre non-standard gas spacing and pro-ration unit comprising the SE/4 SW/4, NE/4 SE/4, and S/2 SE/4 of Section 23, the W/2 NW/4 of Section 25, and the E/2 NE/4 of Section 26, all in Township 19 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, is hereby established and simultaneously dedicated to Texaco Inc.'s William Weir Well Nos. 1 and 2, both located respectively at unorthodox gas well locations 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 25, and 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 23.

(2) Division Order Nos. R-539 and NSP-165 are hereby superseded by this order.

(3) 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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