

Entered October 6, 1978
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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. 6332
Order No. R-5830

APPLICATION OF READING & BATES OIL
AND GAS COMPANY FOR AN UNORTHODOX
GAS WELL LOCATION AND A DUAL
COMPLETION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 27, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 6th day of October, 1978, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Reading & Bates Oil and Gas Company, seeks approval for the unorthodox location of a gas well to be drilled 330 feet from the North line and 1650 feet from the West line of Section 5, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico, and further seeks approval for the dual completion of said well to produce gas from the Yates formation and oil from the Upper Seven Rivers formation, all in the Jalmat Pool.
- (3) That the NW/4 of said Section 5 is currently dedicated to applicant's Federal Well No. 1-Y, located in Unit C of said Section 5, but said well has almost reached its economic limit of productivity and will soon be abandoned.
- (4) That the NW/4 of said Section 5 is to be dedicated to the well and to the aforesaid Federal Well No. 1-Y, at least until said Well No. 1-Y is plugged and abandoned.
- (5) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

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(6) That no offset operator objected to the proposed unorthodox location.

(7) That the dual completion of said well in the Yates formation and in the Upper Seven Rivers formation may enable the operator to recover more of the oil and gas underlying the NW/4 of said Section 5 than would otherwise be recovered, thereby preventing waste, and will not violate correlative rights of offsetting property owners provided that the well is limited to a single Jalmat well allowable.

(8) That 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:

(1) That the application of Reading & Bates Oil and Gas Company for an unorthodox gas well location is hereby approved for a well to be drilled at a point 330 feet from the North line and 1650 feet from the West line of Section 5, Township 23 South, Range 36 East, NMPM, Lea County, New Mexico.

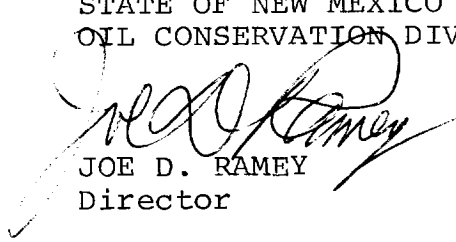
(2) That the applicant is further authorized to dually complete said well in such a manner as to produce gas from the Yates formation and oil from the Upper Seven Rivers formation, provided however, that only a single allowable shall be assigned to said well.

(3) That the NW/4 of said Section 5 shall be simultaneously dedicated to the above-described well and to applicant's Federal Well No. 1-Y, located in Unit C of said Section 5, at least until said Well No. 1-Y is plugged and abandoned.

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

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY
Director

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