

Entered January 16, 1979
JDR

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. 6398
Order No. R-5893

APPLICATION OF TEXAS OIL & GAS
CORPORATION FOR AN UNORTHODOX GAS
WELL LOCATION, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 7, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 16th day of January, 1979, 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, Texas Oil & Gas Corporation, seeks approval of an unorthodox gas well location for its State Com Well No. 1 to be located 660 feet from the South line and 660 feet from the West line of Section 18, Township 21 South, Range 26 East, NMPM, to test the Wolfcamp and Pennsylvanian formations, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico.
- (3) That all of said Section 18 is to be dedicated to the well.
- (4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.
- (5) That certain offset operators objected to the proposed unorthodox location.

-2-

Case No. 6398

Order No. R-5893

(6) That said State Com Well No. 1 is being projected to a sole target horizon being a middle Morrow channel sand.

(7) That said channel sand is being produced from at least one other well in the Catclaw Draw-Morrow Gas Pool.

(8) That the evidence presented demonstrates that no more than 224 acres of said Section 18 may be presumed to be productive of gas from the target horizon.

(9) That the standard proration unit in the Catclaw Draw-Morrow Gas Pool is 640 acres.

(10) That to offset the advantage gained over the protesting offset operator, production from the well at the proposed unorthodox location should be limited from the Morrow formation.

(11) That such limitation should be based upon the presumed maximum number of productive acres within the target horizon in said Section 18 compared to the number of acres in a standard proration unit and may best be accomplished by assigning the well an acreage factor of 0.35 (224 acres divided by 640 acres).

(12) That approval of the subject application with the assignment of the acreage factor set out in Finding No. (11) above, 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 and Pennsylvanian formations is hereby approved for the Texas Oil & Gas Corporation State Com Well No. 1 to be located at a point 660 feet from the South line and 660 feet from the West line of Section 18, Township 21 South, Range 26 East, NMPM, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico.

(2) That all of said Section 18 shall be dedicated to the above-described well.

-3-

Case No. 6398

Order No. R-5893

(3) That said well is hereby assigned an acreage factor of 0.35 in the Morrow formation, and the operator of the well, upon completion and connection thereof to a gas pipeline, shall notify the gas purchaser of said acreage factor.

(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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY,
Director

S E A L

dr/