

Entered February 28, 1979  
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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. 6429  
Order No. R-5938

APPLICATION OF ZIA ENERGY, INC.,  
FOR APPROVAL OF INFILL DRILLING,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 31, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of February, 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, Zia Energy, Inc. seeks a finding that the drilling of its Elliott State Well No. 2 to be located in Unit B of Section 34, Township 20 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

(3) That the applicant further seeks approval of a waiver of existing well-spacing requirements.

(4) That the standard spacing unit in the Eumont Gas Pool is 640 acres.

(5) That Zia Energy, Inc. is the operator of an 80-acre tract consisting of the N/2 NE/4 of said Section 34 in said Eumont Gas Pool.

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(6) That applicant's 80-acre tract is communitized with the S/2 NE/4 of said Section 34 forming an approved 160-acre non-standard proration unit for said pool.

(7) That said 160-acre non-standard proration unit is dedicated to the Warrior Inc. State "WEG" Well No. 1 located in Unit H of said Section 34.

(8) That production from said State "WEG" Well No. 1 declined from an average monthly rate of 10,506 MCF in 1956 to 970 MCF in 1973.

(9) That during 1974 said State "WEG" Well No. 1 was extensively worked over, being cleaned out, having additional zones perforated, and being acid fraced.

(10) That said workover was unsuccessful and in fact production declined to an average rate of 125 MCF per month or a figure equal to about 13 percent of its preworkover rate.

(11) That the evidence presented demonstrated that said State "WEG" Well No. 1 is no longer effectively and efficiently draining said dedicated 160-acre non-standard proration unit.

(12) That the evidence presented further demonstrated that the drilling and completion of applicant's said Elliott State Well No. 2 should result in the production of an additional 350,000 MCF of gas from applicant's acreage which would not otherwise be recovered from the proration unit.

(13) That such additional recovery from the non-standard proration unit will result in such unit being more efficiently and economically drained.

(14) That said Elliott State Well No. 2 is to be drilled as an "infill" well on the existing 160-acre non-standard proration unit.

(15) That in order to permit the drainage of a portion of the reservoir covered by said 160-acre non-standard proration unit which cannot be effectively and efficiently drained by the existing well thereon, the subject application for infill drilling should be approved as an exception to the standard well spacing requirements for said Eumont Gas Pool.

IT IS THEREFORE ORDERED:

(1) That the applicant, Zia Energy, Inc., is hereby authorized to drill its Elliott State Well No. 2 to be located in Unit B of

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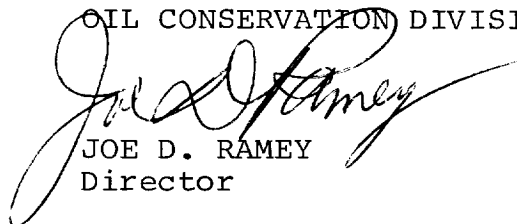
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Section 34, Township 20 South, Range 36 East, as an infill well on an existing 160-acre non-standard proration unit being the NE/4 of said Section 34, Eumont Gas Pool, Lea County, New Mexico. The authorization for infill drilling granted by this order is an exception to applicable well spacing requirements and is necessary to permit the drainage of a portion of the reservoir covered by the existing 160-acre non-standard proration unit which cannot efficiently and economically be drained by any existing well thereon.

(2) 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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