

Entered March 16, 1979

JGR

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. 6434
Order No. R-5955

APPLICATION OF AMERADA HESS
CORPORATION 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 February 28, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 16th day of March, 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, Amerada Hess Corporation, seeks a finding that the drilling of its State "O" Well No. 5 to be located in Unit H of Section 30, Township 19 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain a portion of the reservoir covered by 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.

-2-

Case No. 6434

Order No. R-5955

(5) That Amerada Hess Corporation is the operator of a 160-acre non-standard proration unit consisting of the NE/4 of said Section 30 in said Eumont Gas Pool.

(6) That said 160-acre non-standard proration unit is dedicated to the applicant's State "O" Well No. 1 located in Unit B of said Section 30.

(7) That the evidence presented demonstrated that said State "O" Well No. 1 cannot as effectively and efficiently drain said dedicated 160-acre non-standard proration unit as would a new well to be drilled thereon (said State "O" Well No. 5) which may be completed and stimulated using modern techniques and processes.

(8) That the evidence presented further demonstrated that the drilling and completion of applicant's said State "O" Well No. 5 should result in the production of an additional 480,000 MCF of gas from said non-standard proration unit which would not otherwise be recovered.

(9) That such additional recovery will result in such unit being more efficiently and economically drained.

(10) That said State "O" Well No. 5 is to be drilled as an "infill" well on the existing 160-acre non-standard proration unit.

(11) 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, Amerada Hess Corporation, is hereby authorized to drill its State "O" Well No. 5 to be located in Unit H of Section 30, Township 19 South, Range 37 East, NMPM, as an infill well on an existing 160-acre non-standard proration unit being the NE/4 of said Section 30, 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.

-3-

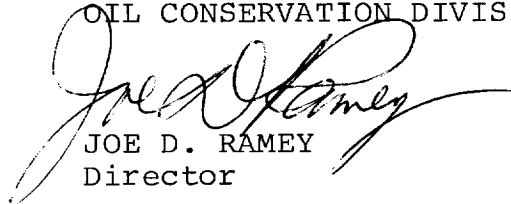
Case No. 6434

Order No. R-5955

(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

S E A L

fd/