

Entered October 30, 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. 6683
Order No. R-6131

APPLICATION OF READ & STEVENS, INC.
FOR AN UNORTHODOX WELL LOCATION AND
A NON-STANDARD OIL PRORATION UNIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 2, 1979,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of October, 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, Read and Stevens, Inc., seeks
approval of an unorthodox oil well location 330 feet from the
North line and 100 feet from the West line of Section 6, Town-
ship 11 South, Range 37 East, NMPM, to test the Devonian
formation, Dickinson-Devonian Pool, Lea County, New Mexico.

(3) That the applicant further seeks approval of a 49.33-
acre non-standard oil proration unit comprising Lots 4 and 5
of Section 6, Township 11 South, Range 37 East, NMPM, to be
dedicated to said well.

(4) That the entire non-standard proration unit may reason-
ably be presumed productive of oil from the Dickinson-Devonian
Pool and that the entire non-standard oil proration unit can be
efficiently and economically drained and developed by the afore-
said well.

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(5) That the proposed unorthodox location is projected to be high on a Devonian structure.

(6) That the Dickinson-Devonian Pool is a water drive reservoir.

(7) That a well drilled at the proposed unorthodox location is necessary for the maximum efficient recovery of the hydrocarbons underlying the proposed non-standard proration unit.

(8) That an offset owner with interest in the N/2 of Section 1, Township 11 South, Range 36 East, has objected to the proposed unorthodox location in said Section 6.

(9) That a well at the proposed location is at a standard location relative to the North and South lines of the non-standard proration unit.

(10) That a well at the proposed location is 70 percent closer to the West line of said proration unit than permitted by Division Rules and Regulations.

(11) That a well at the proposed location will have an area of drainage in the Devonian formation which extends 5.9 net acres outside the proration unit more than a well located at a standard location thereon.

(12) 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 Devonian formation.

(13) That such limitation should be based upon the variation of the location from a standard location and the 5.9 net-acre encroachment described in Finding No. (11) above, and may best be accomplished by assigning a well at the proposed location a non-standard location penalty factor of 0.72 (100 percent North/South factor plus 30 percent East/West factor plus 85 percent net-acre factor divided by 3).

(14) That approval of the subject application subject to the above limitation will afford the applicant the opportunity to produce its just and equitable share of the oil 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.

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IT IS THEREFORE ORDERED:

(1) That an unorthodox oil well location for the Devonian formation is hereby approved for a Read and Stevens, Inc. well to be located at a point 330 feet from the North line and 100 feet from the West line of Section 6, Township 11 South, Range 37 East, NMPM, Dickinson-Devonian Pool, Lea County, New Mexico.

(2) That a 49.33-acre non-standard oil proration unit comprising Lots 4 and 5 of said Section 6 is hereby established and shall be dedicated to the above-described well.

(3) That said well is hereby assigned a non-standard location penalty factor of 0.72 in the Devonian formation, subject to a non-standard acreage factor of 1.23, for a combined allowable factor of 0.89.

(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

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