

Entered December 21, 1979

JLR

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. 6714
Order No. R-6201

APPLICATION OF JAKE L. HAMON
FOR AN UNORTHODOX GAS WELL
LOCATION AND 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 November 28, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 21st day of December, 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, Jake L. Hamon, seeks approval of an unorthodox gas well location for his State E-8913 Well No. 2 to be drilled at a point 660 feet from the South line and 660 feet from the West line of Section 20, Township 20 South, Range 36 East, NMPM, to test the Morrow formation, North Osudo-Morrow Gas Pool, Lea County, New Mexico.
- (3) That all of said Section 20 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 no offset operator objected to the proposed unorthodox location.

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(6) That the applicant further seeks a finding that the drilling of said State E-8913 Well No. 2 is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

(7) That Jake L. Hamon is the operator of a 640-acre standard proration unit consisting of all of said Section 20 in the North Osudo-Morrow Gas Pool.

(8) That said 640-acre standard unit is dedicated to applicant's State E-8913 Well No. 1 located in Unit D of said Section 20.

(9) That the evidence presented demonstrated that said State E-8913 Well No. 1 cannot effectively and efficiently drain said 640-acre gas proration unit.

(10) That the evidence presented further demonstrated that the drilling and completion of applicant's said new well should result in production of approximately 690 million additional cubic feet of gas from said proration unit which would not otherwise be recovered from the proration unit.

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

(12) That said new well is to be drilled as an "infill" well on the existing 640-acre standard proration unit.

(13) That in order to permit the drainage of a portion of the reservoir covered by said 640-acre standard proration unit which cannot be effectively and efficiently drained by the existing well thereon, the subject application for unorthodox location, infill drilling, and simultaneous dedication should be approved.

(14) 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 applicant, Jake L. Hamon, is hereby authorized to drill his State E-8913 Well No. 2 at an unorthodox gas well

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location 660 feet from the South and West lines of Section 20, Township 20 South, Range 36 East, NMPM, as an infill well on an existing 640-acre standard proration unit being all of said Section 20, North Osudo-Morrow Gas Pool, Lea County, New Mexico. The authorization for infill drilling granted by this order is necessary to permit the drainage of a portion of the reservoir covered by the existing 640-acre proration unit which cannot efficiently and economically be drained by any existing well thereon.

(2) That said proration unit shall be simultaneously dedicated to applicant's proposed new well and to its State E-8913 Well No. 1 located in Unit D of said Section 20.

(3) 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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