

Entered January 9, 1980
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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. 6761
Order No. R-6231

APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR AN UNORTHODOX GAS WELL
LOCATION AND APPROVAL OF INFILL
DRILLING, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 12, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 9th day of January, 1980, 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, Phillips Petroleum Company, seeks approval of an unorthodox gas well location 660 feet from the North line and 660 feet from the West line of Section 2, Township 24 South, Range 28 East, NMPM, to test the Atoka and Morrow formations, Malaga Field, Eddy County, New Mexico.

(3) That the W/2 of said Section 2 is to be dedicated to the well in both of the aforesaid formations, and in the Morrow formation, this would constitute simultaneous dedication of said lands to the subject well and to applicant's Malaga "A" Well No. 1, located in Unit L of said Section 2.

(4) That the applicant further seeks a finding that the drilling of said well is necessary to effectively and efficiently drain the Morrow formation underlying that portion of the pro-ration unit, being the W/2 of said Section 2, which cannot be so drained by the existing well.

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(5) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(6) That no offset operator objected to the proposed unorthodox location.

(7) That the evidence in this case indicates that the proposed well at the requested unorthodox location may recover some 200 million cubic feet of gas from the Morrow formation which cannot be produced by the existing well on the proration unit.

(8) 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 application of Phillips Petroleum Company for an unorthodox gas well location for the Atoka and Morrow formations is hereby approved for a well to be located at a point 660 feet from the North line and 660 feet from the West line of Section 2, Township 24 South, Range 28 East, NMPM, Malaga Field, Eddy County, New Mexico, as an infill well on an existing 320-acre proration unit being the W/2 of said Section 2. The authorization for infill drilling in the Morrow formation granted by this order is necessary to permit the drainage of a portion of the reservoir covered by the existing 320-acre proration unit which cannot efficiently and economically be drained by any existing well thereon.

(2) That the W/2 of said Section 2 shall be dedicated to the above-described well in each of the subject formations.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

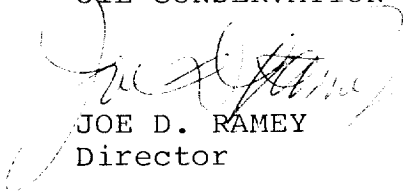
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DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY
Director

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