

Entered January 22, 1981

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. 7074
Order No. R-6565
NOMENCLATURE

APPLICATION OF ENSERCH EXPLORATION,
INC., FOR POOL CREATION, AN UNORTHODOX
GAS WELL LOCATION, AND NON-STANDARD
PRORATION UNIT, CHAVES COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 29, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 22nd day of January, 1981, 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, Enserch Exploration, Inc., is the owner and operator of its J. G. O'Brien Well No. 2, located 660 feet from the South line and 660 feet from the West line of Section 30, Township 7 South, Range 29 East, NMPM, Chaves County, New Mexico.

(3) That said well was drilled as a step-out to applicant's J. G. O'Brien Well No. 1, located in the SW/4 NW/4 of Section 31 immediately to the South, which well had discovered a new Fusselman oil pool.

(4) That there is an apparent East/West trending fault separating the subject well from the aforesaid J. G. O'Brien Well No. 1, and the subject well, although structurally lower

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than said No. 1 well, encountered what appears to be a gas pool in the Fusselman formation.

(5) That the best evidence available to date indicates that said Fusselman gas pool may in fact be a retrograde gas condensate reservoir, and that it is separate and distinct from the South Elkins-Fusselman Oil Pool which the Division has created and defined for the J. G. O'Brien Well No. 1.

(6) That a new Fusselman gas pool should be created and defined comprising the W/2 of Section 30, Township 7 South, Range 29 East, NMPM, for the subject well, the J. G. O'Brien Well No. 2, located in Unit M of said Section 30.

(7) That the unorthodox gas well location of said well, being 660 feet from the South line and 660 feet from the West line of said Section 30, should be approved.

(8) That a 308.96-acre non-standard gas spacing and proration unit, being the W/2 of said Section 30, should be approved.

(9) That this case should be reopened in approximately six months, at which time the applicant should be prepared to appear and present evidence as to the exact nature of the reservoir, and more particularly, as to the proper rate of withdrawal from the reservoir if it is indeed determined to be a retrograde gas condensate reservoir.

(10) That an order embodying the above findings will not cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That a new pool in Chaves County, New Mexico, classified as a gas pool for Fusselman production, is hereby created and defined with vertical limits comprising the Fusselman formation and horizontal limits as follows:

TOWNSHIP 7 SOUTH, RANGE 29 EAST, NMPM
Section 30: W/2

(2) That the unorthodox gas well location of the Enserch Exploration, Inc. J. G. O'Brien Well No. 2 at a point 660 feet from the South line and 660 feet from the West line of Section 30, Township 7 South, Range 29 East, NMPM, is hereby approved.

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(3) That a 308.96-acre non-standard gas proration unit comprising the W/2 of the aforesaid Section 30 is hereby approved.

IT IS FURTHER ORDERED:

(1) That the locations of all wells presently drilling to or completed in the South Elkins-Fusselman Gas Pool or in the Fusselman formation within one mile thereof and not within another Fusselman pool are hereby approved; that the operator of any well having an unorthodox location shall notify the Artesia District Office of the Division in writing of the name and location of the well on or before February 15, 1981.

(2) That, pursuant to Paragraph A. of Section 70-2-18, NMSA 1978, existing wells in the South Elkins-Fusselman Gas Pool shall have dedicated thereto 320 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing well may have non-standard spacing or proration units established by the Division and dedicated thereto.

Failure to file new Forms C-102 with the Division dedicating 320 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said 60-day limitation, each well presently drilling to or completed in the South Elkins-Fusselman Pool or in the Fusselman formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(3) That this case shall be reopened in July, 1980, at which time the applicant should be prepared to appear and present evidence as to the exact nature of the reservoir, and more particularly, as to the proper rate of withdrawal from the reservoir if it is indeed determined to be a retrograde gas condensate reservoir.

(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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