

Entered February 1984  
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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. 8049  
Order No. R-7448

APPLICATION OF WESTERN OIL  
PRODUCERS, INC. FOR AN UNORTHODOX  
LOCATION AND SIMULTANEOUS  
DEDICATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on January 18, 1984, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 17th day of February, 1984, 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, Western Oil Producers, Inc., seeks approval for the unorthodox location of its State MTS Well No. 4, located 330 feet from the South line and 330 feet from the East line of Section 4, Township 19 South, Range 35 East, NMPM, Scharb-Bone Springs Pool, Lea County, New Mexico, and for the simultaneous dedication of said well and its State MTS Well No. 1, located 554 feet from the South line and 2086 feet from the East line of said Section 4, to the spacing and proration unit comprising the S/2 SE/4 of said Section 4.

(3) That the Special Pool Rules for the Scharb-Bone Springs Pool, promulgated by Division Order No. R-2589, as amended by Order No. R-2589-C, require that wells drilled to or completed in said pool be located within 200 feet of the center of the quarter-quarter section in which they are situated.

(4) That the operator of the offset well immediately to the East of the subject spacing and proration unit, Forest Oil Company, appeared at the hearing and objected to approval of an unorthodox location for the aforesaid State MTS Well No. 4 unless a penalty is imposed on the allowable assigned to the spacing and proration unit.

(5) That the aforesaid State MTS Well No. 4 was located and drilled in good faith by the applicant as a Wolfcamp test well at a standard location for the Wolfcamp formation, but the Wolfcamp was apparently non-commercial, and the well was plugged back and completed as a top allowable well in the Scharb-Bone Springs Pool.

(6) That the unorthodox location of the subject well should be approved to prevent the economic waste which would occur if the applicant were required to drill another well to the Bone Springs formation in the subject quarter-quarter section, but an allowable penalty should be imposed on the spacing and proration unit to protect the correlative rights of other operators in the pool.

(7) That the most southeasterly well-site in the SE/4 SE/4 of the subject Section 4 which would constitute a legal location would be 518.58 feet from the South line and 518.58 feet from the East line of the section; that the subject well, being 330 feet from the South line and 330 feet from the East line of the section, is 188.58 feet closer than permitted to the South line and 188.58 feet closer than is permitted to the East line, and is located only 63.6 percent of the required distance from the South line and 63.6 percent of the required distance from the East line.

(8) That assuming 80-acre radial drainage, the well has an area of drainage of approximately 8.2 acres outside its proration unit more than would a well located at the most southeasterly standard location on the spacing and proration unit.

(9) That having 8.2 acres more drainage outside its proration unit than permitted, the well has 71.8 acres, or only 89.8 percent, of its drainage within the area permitted.

(10) That the penalty imposed upon the subject spacing and proration unit should be based upon the footage variation of the unorthodox location of the aforesaid State MTS Well No. 4 from a standard location as described in Finding No. (7) above and on the drainage encroachment described in

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Finding No. (9) above, and the allowable factor should be calculated as being equal to: (.636 South footage factor + .636 East footage factor + .898 acreage encroachment factor, divided by 3 times 100, or 72 percent.

(11) That an allowable factor of 0.72 for the subject spacing and proration unit (a penalty of 28 percent) will prevent waste and protect the correlative rights of the applicant as well as other operators in the pool, and should be approved.

(12) That to further protect the correlative rights of offset operators and to prevent waste, the applicant should be required to maintain the other well on the proration unit, its State MTS Well No. 1, at capacity production, provided however, that the combined production from both wells on the unit should not exceed the penalized allowable for the spacing and proration unit.

(13) That inasmuch as the Special Pool Rules provide for the simultaneous dedication of two wells on a given proration unit in the Scharb-Bone Springs Pool, the application for simultaneous dedication should be approved.

IT IS THEREFORE ORDERED:

(1) That the unorthodox location of the Western Oil Producers, Inc. State MTS Well No. 4, located at a point 330 feet from the South line and 330 feet from the East line of Section 4, Township 19 South, Range 35 East, NMPM, Scharb-Bone Springs Pool, Lea County, New Mexico, is hereby approved.

(2) That the S/2 SE/4 of said Section 4 shall be simultaneously dedicated to the above-described well and to the applicant's State MTS Well No. 1, located 554 feet from the South line and 2086 feet from the East line of said Section 4.

(3) That the subject spacing and proration unit upon which said State MTS Well No. 4 is located shall have a top unit allowable not to exceed 72 percent of the depth bracket allowable for the Scharb-Bone Springs Pool.

(4) That the applicant shall maintain its aforesaid State MTS Well No. 1 at capacity production, provided however, that the combined production from both wells on the unit shall not exceed the penalized allowable for the spacing and proration unit.

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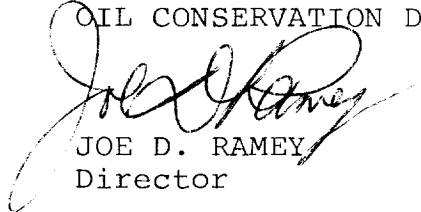
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(5) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

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