

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 9241  
Order No. R-8553

APPLICATION OF PETRUS OPERATING  
COMPANY, INC. FOR POOL CREATION  
AND AN UNORTHODOX GAS WELL  
LOCATION, EDDY COUNTY, NEW  
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 21 and November 18, 1987, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 24th day of November, 1987, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Petrus Operating Company, Inc., seeks the creation of a new gas pool for Lower Pennsylvanian production comprising the W/2 of Section 14, Township 16 South, Range 30 East, NMPM, Eddy County, New Mexico.

(3) The applicant further seeks approval for an unorthodox gas well location for its Henshaw Federal Well No. 1 located 330 feet from the South line and 1750 feet from the West line (Unit N) of said Section 14.

(4) Said Henshaw Federal Well No. 1 was originally drilled at a standard oil well location to test the Devonian formation and was subsequently completed in the Atoka formation.

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(5) The evidence in this case indicates that the aforementioned Henshaw Federal Well No. 1 has discovered a separate common source of supply in the Atoka formation in the perforated interval from 10,374 feet to 10,390 feet.

(6) Initial completion data from the Henshaw Federal Well No. 1 shows the well to be producing at a gas-oil ratio of approximately 11,642 cubic feet of gas per barrel of oil.

(7) Evidence presented in this case indicates that despite the relatively low producing gas-oil ratio, the Atoka formation in the Henshaw Federal Well No. 1 exhibits characteristics of a retrograde gas condensate reservoir.

(8) The applicant presented further evidence which shows that there are currently several gas pools located in the general vicinity of the proposed pool, most notably the Little Lucky Lake-Morrow Gas Pool, whose wells have consistently produced at gas-oil ratios similar to that gas-oil ratio currently being produced in the Henshaw Federal Well No. 1.

(9) The evidence in this case is sufficient to justify the classification of the proposed pool as a gas pool.

(10) A new gas pool should be created and designated the Henshaw-Atoka Gas Pool; the horizontal limits of said pool should comprise the W/2 of Section 14, Township 16 South, Range 30 East, NMPM, Eddy County, New Mexico; the Henshaw-Atoka Gas Pool should be governed by Division Statewide Pennsylvanian Gas Rules and Regulations, as contained in Rule No. 104 C (II)(a) of the Division Rules and Regulations, which require 320-acre well spacing and proration units and designated well locations.

(11) No offset operator objected to the unorthodox location of the Henshaw Federal Well No. 1.

(12) In order to prevent waste caused by the drilling of unnecessary wells, to allow the applicant the opportunity to produce the oil and gas underlying the W/2 of said Section 14, and to otherwise protect correlative rights, the proposed unorthodox gas well location should be approved.

IT IS THEREFORE ORDERED THAT:

(1) A new gas pool in Eddy County, New Mexico, is hereby created and designated the Henshaw-Atoka Gas Pool

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with horizontal limits comprising the following described acreage:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM  
Section 14: W/2

(2) The Henshaw-Atoka Gas Pool shall be governed by Division Statewide Pennsylvanian Gas Rules and Regulations, as contained in Rule No. 104 C (II)(a) of the Division Rules and Regulations, which require 320-acre well spacing and proration units and designated well locations.

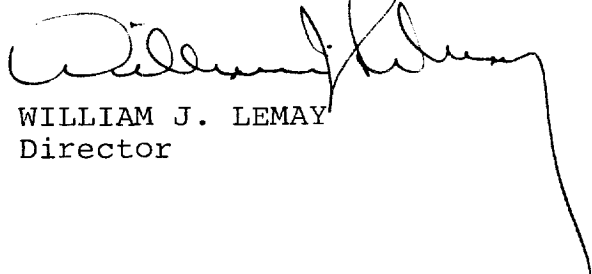
(3) The application of Petrus Operating Company for an unorthodox gas well location for its Henshaw Federal Well No. 1 located 330 feet from the South line and 1750 feet from the West line (Unit N) of said Section 14, Henshaw-Atoka Gas Pool, is hereby approved.

(4) The W/2 of said Section 14 shall be dedicated to the well.

(5) 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

  
WILLIAM J. LEMAY  
Director

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