

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. 9390
ORDER NO. R-8677

NOMENCLATURE

APPLICATION OF ROBERT N. ENFIELD
FOR POOL CREATION AND SPECIAL
POOL RULES, CHAVES COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 25, 1988, at Santa Fe, New Mexico.

NOW, on this 28th day of June, 1988, the Division Director, having considered the testimony and the record,

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, Robert N. Enfield, is the owner and operator of the E. McCombs Well No. 1 located 1650 feet from the North line and 990 feet from the West line (Unit E) of Section 29, Township 7 South, Range 31 East, NMPM, Chaves County, New Mexico.

(3) The applicant seeks the creation of a new gas pool for Devonian production comprising the W/2 of Section 29, Township 7 South, Range 31 East, NMPM, Chaves County, New Mexico, and the promulgation of special pool rules and regulations therefor including a provision for 160-acre spacing and proration units and designated well location requirements.

(4) The evidence presently available indicates that the aforementioned well has discovered a separate common source of supply in the Devonian formation from 8447 feet to 8551 feet.

(5) In accordance with the Division's statewide rules and regulations, standard gas spacing and proration units for wells completed in the Devonian formation would be 320 acres in size.

(6) The evidence presently available indicates that the geological characteristics of the producing zone of the subject well are indicative of a tight Devonian reservoir with low permeability, and that the drainage radius of the well is incapable of draining 320 acres.

(7) The evidence further indicates that the pool should be permanently spaced on 160-acre spacing.

(8) The geological evidence presented indicates that the reservoir is faulted, substantially increasing the risk of drilling an economical well at standard locations for gas pools developed on 160-acre spacing.

(9) As a result of the faulted nature of the reservoir, operators in the pool should be allowed to drill wells in any quarter-quarter section of the 160-acre spacing and proration unit dedicated to the well.

(10) Any well drilled into the pool should not be located closer than 510 feet from any outer boundary or 330 feet from any quarter-quarter section or subdivision inner boundary of a spacing and proration unit nor closer than 1320 feet to the nearest well drilling to or capable of producing from the same pool.

(11) A new pool classified as a gas pool for Devonian production should be created and designated the Lone Wolf-Devonian Gas Pool, with vertical limits to include the Devonian formation, and the horizontal limits comprising the W/2 of Section 29, Township 7 South, Range 31 East, NMPM, Chaves County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(1) A new pool in Chaves County, New Mexico, classified as a gas pool for Devonian production, is hereby created and designated the Lone Wolf-Devonian Gas Pool, with vertical limits comprising the Devonian formation, and the horizontal limits comprising the following described area:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM
Section 29: W/2

(2) Permanent Special Rules for said pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
LONE WOLF-DEVONIAN GAS POOL

RULE 1. Each well completed or recompleted in the Lone Wolf-Devonian Gas Pool or in the Devonian formation within one mile thereof, and not nearer to or within the limits of another designated Devonian gas pool, shall be spaced, drilled, operated and produced in accordance with the Special Rules hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a governmental quarter-section being a legal subdivision of the United States Public Lands Survey.

RULE 3. The Director of the Oil Conservation Division, hereinafter referred to as the "Division", may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Director has received the application.

RULE 4. Each well shall be located no nearer than 510 feet to the outer boundary of the proration unit or 330 feet to any governmental quarter-quarter section line or subdivision inner boundary; nor nearer than 1320 feet to the nearest well drilling or capable of producing from the same pool.

RULE 5. The Division Director may grant an exception to the requirements of Rule 4 without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

IT IS FURTHER ORDERED THAT:

(3) The locations of all wells presently drilling to or completed in the Lone Wolf-Devonian Gas Pool or in the Devonian formation within one mile thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well within 30 days from the date of this order.

(4) Pursuant to Paragraph A. of Section 70-2-18, N.M.S.A. 1978 Comp., contained in Laws of 1969, Chapter 2/1, existing gas wells in the Lone Wolf-Devonian Gas Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C. of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

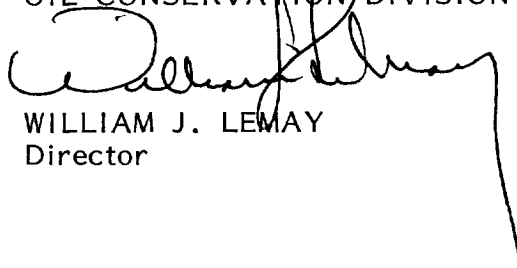
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Failure to file new Forms C-102 with the Division dedicating 160 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to being shut-in.

(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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