

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. 9449
ORDER NO. R-8716

APPLICATION OF PENNZOIL EXPLORATION
AND PRODUCTION COMPANY FOR AN
UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 3, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 11th day of August, 1988, 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, Pennzoil Exploration and Production Company, seeks approval of an unorthodox oil well location 2310 feet from the South line and 810 feet from the West line (Unit L) of Section 1, Township 17 South, Range 37 East, NMPM, to test the Undesignated Shipp-Strawn Pool, Lea County, New Mexico.

(3) The above-described unorthodox oil well location is within one mile of the Shipp-Strawn Pool and is therefore governed by the Special Rules and Regulations for said pool as promulgated by Division Order No. R-8062-A, which require 80-acre spacing and proration units with wells to be located within 150 feet of the center of a governmental quarter-quarter section or lot.

(4) The W/2 SW/4 of said Section 1 is to be dedicated to the well forming a standard 80-acre oil spacing and proration unit for said pool.

(5) A well at an unorthodox location will better enable the applicant to produce the oil underlying the proration unit.

(6) The applicant presented geological evidence and testimony which indicates that a well at the proposed unorthodox location would penetrate the Strawn formation at a more structurally advantageous position than a well drilled at a standard location thereon, thereby increasing the possibility of obtaining a commercial producing well.

(7) No offset operator and/or interest owner appeared and objected to the proposed unorthodox location.

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected 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 THAT:

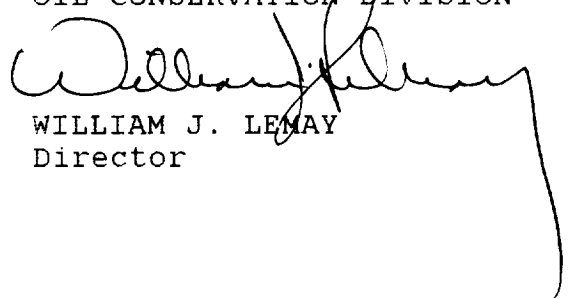
(1) The application of Pennzoil Exploration and Production Company for an unorthodox oil well location for the Undesignated Shipp-Strawn Pool is hereby approved for a well to be located at a point 2310 feet from the South line and 810 feet from the West line (Unit L) of Section 1, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) The W/2 SW/4 of said Section 1 shall be dedicated to the above-described well forming a standard 80-acre oil spacing and proration unit for said pool.

(3) 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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