

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. 9635
Order No. R-8907

APPLICATION OF STEVE SELL FOR
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 March 29, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 12th day of April, 1989, 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, Steve Sell, seeks approval for an unorthodox gas well location 1294 feet from the North line and 2063 feet from the West line (Unit C) of Irregular Section 5, Township 22 South, Range 24 East, NMPM, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.

CASE NO. 9635
Order No. R-8907
Page -2-

(3) All of said Irregular Section 5 is to be dedicated to the proposed well forming a standard 692.88-acre gas spacing and proration unit for said pool.

(4) The proposed well is located within the horizontal boundaries of the Indian Basin-Upper Pennsylvanian Gas Pool which is a prorated gas pool governed by Special Rules and Regulations as promulgated by Division Order No. R-8170, which require 640-acre standard gas proration units with wells to be located no closer than 1650 feet to the outer boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section or subdivision inner boundary.

(5) The evidence presented indicates that there have previously been two wells drilled in said Section 5, these being the Amoco Federal "B" Com Well No. 1 located at a previously approved unorthodox gas well location 1650 feet from the North line and 1335 feet from the West line, which produced approximately 22.6 BCF of gas from the Indian Basin-Upper Pennsylvanian Gas Pool before watering out in 1982, and the Walt Canyon "5" Federal Well No. 1 located at a standard gas well location 1650 feet from the South and East lines, which was drilled in 1984, was tested in the Indian Basin-Upper Pennsylvanian Gas Pool, and was subsequently plugged and abandoned due to excessive water production.

(6) The applicant presented evidence and testimony at the hearing which indicates that the proposed unorthodox gas well location is necessitated by a combination of geological and topographical considerations.

CASE NO. 9635
Order No. R-8907
Page -3-

(7) Geologic evidence presented indicates that a well at the proposed location will penetrate the Upper Pennsylvanian formation at a more structurally advantageous position above the gas-water contact than a well drilled at a standard location thereon, thereby enabling the applicant to produce the remaining gas reserves underlying said Section 5.

(8) The evidence further indicates that a standard well location in said Section 5 (1650 feet from the North and West lines) lies in the bottom of a steep canyon.

(9) The applicant has obtained a waiver of objection to the proposed unorthodox location from the only affected offset operator, Citation Oil and Gas Corporation.

(10) No other offset operator objected to the proposed unorthodox location.

(11) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject 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.

(12) For gas allowable purposes, the subject well should be assigned an acreage factor of 1.08 in the Indian Basin-Upper Pennsylvanian Gas Pool.

CASE NO. 9635
Order No. R-8907
Page -4-

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Steve Sell, is hereby authorized to drill a well at an unorthodox gas well location 1294 feet from the North line and 2063 feet from the West line (Unit C) of Irregular Section 5, Township 22 South, Range 24 East, NMPM, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.

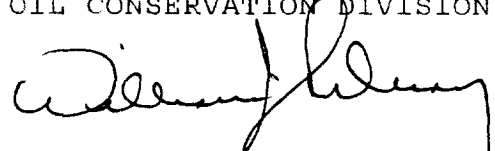
(2) All of said Irregular Section 5 shall be dedicated to the above-described well forming a standard 692.88-acre spacing and proration unit for said pool.

(3) For gas allowable purposes, the subject well shall be assigned an acreage factor of 1.08 in the Indian Basin-Upper Pennsylvanian Gas Pool.

(4) 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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