

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. 9685
ORDER NO. R-8954

APPLICATION OF MCCLELLAN OIL
CORPORATION FOR AN UNORTHODOX
GAS WELL LOCATION, CHAVES COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 7, 1989, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 30th day of June, 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, McClellan Oil Corporation, seeks approval for its existing MM Federal Well No. 10 which the applicant commenced drilling on May 24, 1989 at an unorthodox gas well location 330 feet from the North and East lines (Unit A) of Section 35, Township 9 South, Range 25 East, NMPM, South Pecos Slope-Abo Gas Pool, Chaves County, New Mexico.

(3) The NE/4 of said Section 35 is to be dedicated to the well forming a standard 160-acre gas spacing and proration unit for said pool.

(4) The evidence presented at the hearing and information obtained from Division records indicate that the applicant's MM Federal Com Well No. 2 located at a standard gas well location 1980 feet from the North line and 660 feet from the East line (Unit H) of said Section 35, which was drilled in December 1983 and had dedicated thereto the NE/4 of Section 35, produced 8050 MCF of gas from the South Pecos Slope-Abo Gas Pool before it was deemed uneconomical and plugged and abandoned in July 1986.

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(5) Geological evidence presented indicates that a well at the proposed unorthodox location will penetrate the Abo formation at a more structurally advantageous position than the No. 2 well, thereby enabling the applicant to produce the remaining gas reserves underlying the NE/4 of said Section 35.

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

(7) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas 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:

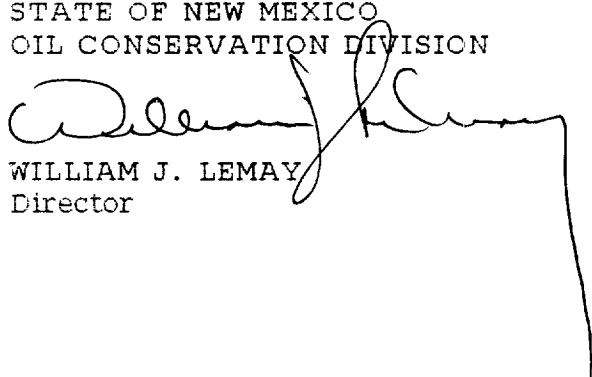
(1) The application of McClellan Oil Corporation for an unorthodox gas well location for the South Pecos Slope-Abo Gas Pool is hereby approved for its MM Federal Well No. 10 located 330 feet from the North and East lines (Unit A) of Section 35, Township 9 South, Range 25 East, NMPM, Chaves County, New Mexico.

(2) The NE/4 of said Section 35 shall be dedicated to the above-described well forming a 160-acre 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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