

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. 9704  
Order No. R-8972

APPLICATION OF UNION OIL COMPANY  
OF CALIFORNIA FOR AN UNORTHODOX  
GAS 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 July 26, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 11th day of August, 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) Division Case Nos. 9704 and 9705 were consolidated at the time of the hearing for the purpose of testimony.

(3) The applicant, Union Oil Company of California, seeks approval of an unorthodox gas well location 1800 feet from the South line and 2060 feet from the West line (Unit K) of Section 20, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, for any and all formations and/or pools developed on 320-acre spacing from the surface to the

base of the Morrow formation which includes but is not necessarily limited to the Undesignated Buffalo-Pennsylvanian Gas Pool and the Gem-Morrow Gas Pool, Lea County, New Mexico, the W/2 of said Section 20 to be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pools.

(4) The applicant presented evidence and testimony which indicates that the proposed unorthodox gas well location is necessitated by a combination of topographic and geologic considerations.

(5) A well at the proposed location will better enable the applicant to drill and produce the gas underlying the proposed proration unit.

(6) The affected offset acreage to the south and east of the proposed well location is currently operated by the applicant.

(7) No other offset operator or interest owner appeared at the hearing in opposition to the application.

(8) 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(s), 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 applicant, Union Oil Company of California, is hereby authorized to drill a well at an unorthodox gas well location 1800 feet from the South line and 2060 feet from the West line (Unit K) of Section 20, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, to test any and all formations and/or pools developed on 320-acre spacing from the surface to the base of the Morrow formation which includes but is not necessarily limited to the Undesignated Buffalo-Pennsylvanian Gas Pool and the Gem-Morrow Gas Pool, Lea County, New Mexico.

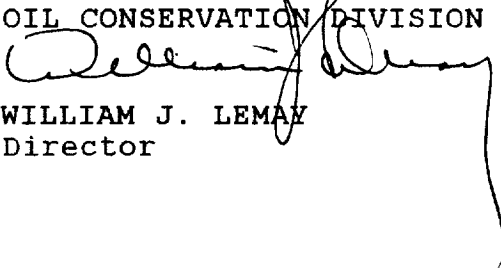
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(2) The W/2 of said Section 20 shall be dedicated to the above-described well forming a standard 320-acre gas spacing and proration unit for said pools.

(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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