

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. 9920  
ORDER NO. R-9164

APPLICATION OF SIRGO OPERATING, INC.  
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 April 18, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 27th day of April, 1990, 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) At the time of the hearing this case was consolidated with Division Case No. 9921 for the purpose of testimony.
- (3) The applicant, Sirgo Operating, Inc., seeks approval of an unorthodox oil well location for its East Pearl-Queen Unit Well No. 84 to be drilled 165 feet from the South line and 10 feet from the West line (Unit M) of Section 27, Township 19 South, Range 35 East, NMPM, to test the Pearl-Queen Pool, Lea County, New Mexico.
- (4) At the time of the hearing the applicant requested that the location be amended to reflect a move necessary for this well because of particular surface features at the previously requested location.

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(5) This alternate location, being 265 feet from the South line and 10 feet from the West line of said Section 27, is no more unorthodox than the requested location and will therefore not require readvertisement.

(6) Said well is to be dedicated to an existing 40-acre oil spacing and proration unit comprising the SW/4 SW/4 of said Section 27, which is presently dedicated to the East Pearl-Queen Unit Well No. 35 located at a standard oil well location pursuant to Division General Rule 104.F.I, 990 feet from the South line and 660 feet from the West line of said Section 27.

(7) The subject well is within the East Pearl-Queen Unit Waterflood Project Area now owned by Pyramid Energy Inc. and operated by the applicant, and is therefore governed by the special operating provisions for said project, as promulgated by Division Order No. R-2538, as amended, which provides for additional producing wells at unorthodox infill locations as may be necessary to complete an efficient production pattern, provided however said infill well be no closer than 990 feet to the outer boundary of the East Pearl-Queen Unit.

(8) Immediately offsetting the East Pearl-Queen Unit Area is the West Pearl-Queen Unit Area, which is also owned by Pyramid Energy Inc. and operated by the applicant, but with different ownership interests, and is also being waterflooded in the same manner as the East Pearl-Queen Unit Waterflood Project.

(9) The subject well will serve to complete a more efficient injection/production pattern between the two projects.

(10) Since the subject well is located at the boundary between the two unit areas, the applicant proposes to allocate production equally with both units, thereby protecting the correlative rights of both units.

(11) No interested party appeared and/or objected to the proposed unorthodox location.

(12) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected area, is in the best interests of conservation and will otherwise prevent waste.

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IT IS THEREFORE ORDERED THAT:

(1) The application of Sirgo Operating, Inc., on behalf of Pyramid Energy Inc., for an unorthodox infill oil well location for the East Pearl-Queen Pool is hereby approved for a well to be located at a point 265 feet from the South line and 10 feet from the West line of Section 27, Township 19 South, Range 35 East, NMPM, East Pearl-Queen Unit Waterflood Project Area, Lea County, New Mexico.

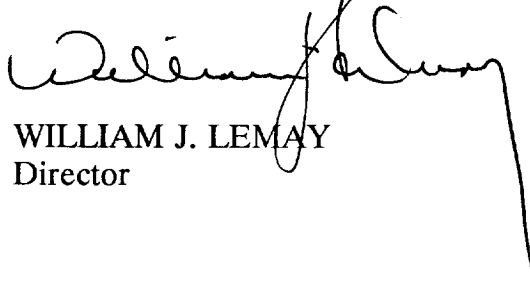
(2) Said well is to be dedicated to an existing 40-acre oil spacing and proration unit comprising the SW/4 SW/4 of said Section 27, which is presently dedicated to the East Pearl-Queen Unit Well No. 35 located 990 feet from the South line and 660 feet from the West line of said Section 27.

(3) Production from said well shall be equally allocated between both the East Pearl-Queen Unit Area and West Pearl-Queen Unit Area.

(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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