

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. 9921
ORDER NO. R-9165

APPLICATION OF SIRGO OPERATING, INC.
FOR TWO UNORTHODOX OIL WELL LOCATIONS,
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. 9920 for the purpose of testimony.
- (3) The applicant, Sirgo Operating, Inc., seeks approval of two unorthodox oil well locations for the purpose of completing an efficient injection/production pattern within the West Pearl-Queen Unit Waterflood Project:
 - a) the West Pearl-Queen Unit Well No. 180 to be drilled 2630 feet from the South and West lines (Unit K); and

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- b) the West Pearl-Queen Unit Well No. 192 to be drilled 1330 feet from the South and East lines (Unit J).

Both in Section 28, Township 19 South, Range 35 East, Pearl-Queen Pool, Lea County, New Mexico.

(4) The West Pearl-Queen Unit Well No. 180 is to be dedicated to an existing 40-acre oil spacing and proration unit comprising the NE/4 SW/4 of said Section 28, which is presently dedicated to the West Pearl-Queen Unit Well No. 121 located at a standard oil well location pursuant to General Rule 104.F.I., 1980 feet from the South and West lines (Unit K) of said Section 28.

(5) The West Pearl-Queen Unit Well No. 192 is to be dedicated to the NW/4 SE/4 of said Section 28, which has located thereon the West Pearl-Queen Unit Well No. 122 located 1980 feet from the South and East lines (Unit J) of said Section 28, which is presently being utilized as a water injection well for said project.

(6) Both 40-acre tracts are within the West Pearl-Queen Unit Waterflood Project Area, now owned by Pyramid Energy, Inc. and operated by the applicant, and are therefore governed by the special operating provisions for said project, as promulgated by Division Order No. R-2729, as amended, which provides for additional wells at unorthodox infill locations as may be necessary to complete an efficient injection/production pattern, provided however that said wells are drilled no closer than 990 feet to the outer boundary of the West Pearl-Queen Unit.

(7) In said Section 28 the West Pearl-Queen Unit includes the W/2, W/2 SE/4, and SE/4 SE/4; also included in the remainder of said Section 28 is the East Pearl-Queen Unit, which is owned by Pyramid Energy, Inc. and operated by the applicant, but with different interest ownership, and also being waterflooded in the same manner as the West Pearl-Queen Unit Waterflood Project.

(8) Both of the subject wells will serve to complete a more efficient injection/production pattern between the two projects.

(9) Since both wells are located on the boundary between both waterflood projects and the location of both are at places where said boundary line forms a right angle, the applicant proposes to allocate production equitable between both units whereby 75% of each well's production will be allocated to the West Pearl-Queen Unit and 25% to the East Pearl-Queen Unit.

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(10) No interested party appeared and/or objected to the proposed unorthodox locations.

(11) 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, is in the best interests of conservation and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Sirgo Operating, Inc. for two unorthodox infill oil well locations in Section 28, Township 19 South, Range 35 East, West Pearl-Queen Unit Waterflood Project Area, Pearl-Queen Pool, Lea County, New Mexico, is hereby approved as follows:

- a) the West Pearl-Queen Unit Well No. 180 to be drilled 2630 feet from the South and West lines (Unit K), said well to be dedicated to an existing 40-acre oil spacing and proration unit comprising the NE/4 SW/4 of said Section 28, which is presently dedicated to the applicant's West Pearl-Queen Unit Well No. 121 located 1980 feet from the South and West lines; and
- b) the West Pearl-Queen Unit Well No. 192 to be drilled 1330 feet from the South and East lines (Unit J) to be dedicated to the NW/4 SE/4 of said Section 28 forming a standard 40-acre oil spacing and proration unit for said pool.

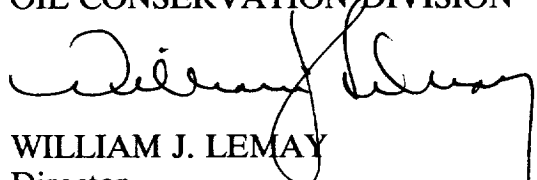
(2) Seventy-five percent of the hydrocarbon production from both of the subject wells shall be allocated to the West Pearl-Queen Unit and twenty-five percent to the East Pearl-Queen Unit.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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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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