

**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. 9928  
Order No. R-9185**

**APPLICATION OF ORYX ENERGY  
COMPANY FOR TWO UNORTHODOX  
GAS 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 May 2, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 25th day of May, 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) The applicant, Oryx Energy Company, seeks approval to drill its Ojo Chiso Federal Well No. 3 at an unorthodox gas well location 990 feet from the South and West lines (Unit M) of Section 26, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, to test the Antelope Ridge-Atoka Gas Pool.

(3) The applicant has recently drilled its Ojo Chiso Federal Well No. 2 at a standard gas well location 990 feet from the South line and 2030 feet from the East line (Unit O) of said Section 26, and has completed said well in the Antelope Ridge-Atoka Gas Pool. The S/2 of said Section 26 is currently dedicated to said Ojo Chiso Federal Well No. 2.

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(4) The applicant further seeks to re-dedicate the E/2 of said Section 26 to the Ojo Chiso Federal Well No. 2 as described above, which would result in an unorthodox gas well location for said well, and also seeks to dedicate the W/2 of said Section 26 to the proposed Ojo Chiso Federal Well No. 3.

(5) Preliminary engineering and geologic evidence presented indicates that the Ojo Chiso Federal Well No. 2 will drain an area considerably less than 320 acres, and as a result, a substantial portion of the SW/4 of said Section 26 is not being adequately drained.

(6) The applicant proposes to drill its Ojo Chiso Federal Well No. 3 in order to recover its gas reserves underlying the SW/4 of said Section 26 and also to protect said acreage from drainage which may be occurring from offset wells located in Sections 27, 34 and 35.

(7) The geologic evidence presented indicates that a well at the proposed unorthodox location should encounter a greater amount of net pay and porosity within the Atoka formation than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial gas production.

(8) The interest ownership within said Section 26 is common, and according to testimony by the applicant, all such interest owners have consented to the proposed proration unit realignment.

(9) The affected offset operator to the south of the proposed unorthodox location, BTA Oil Producers, is an interest owner in the proposed well in said Section 26, and no other affected offset operator and/or interest owner appeared at the hearing in opposition to the proposed unorthodox gas well location.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Antelope Ridge-Atoka Gas 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.

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**IT IS THEREFORE ORDERED THAT:**

(1) The applicant, Oryx Energy Company, is hereby authorized to drill its Ojo Chiso Federal Well No. 3 at an unorthodox gas well location 990 feet from the South and West lines (Unit M) of Section 26, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, to test the Antelope Ridge-Atoka Gas Pool.

(2) The W/2 of said Section 26 shall be dedicated to the above-described well forming a standard 320-acre gas spacing and proration unit for said pool.

(3) The applicant is further authorized to dedicate the E/2 of said Section 26 to the existing Ojo Chiso Federal Well No. 2 located at an unorthodox gas well location 990 feet from the South line and 2030 feet from the East line (Unit O) of said Section 26, forming a standard 320-acre gas spacing and proration unit within the Antelope Ridge-Atoka 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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