

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. 10011  
Order No. R-9253

APPLICATION OF SANTA FE ENERGY  
OPERATING PARTNERS, L.P. 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 25, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 22nd day of August, 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, Santa Fe Energy Operating Partners, L.P., seeks approval to drill its Bilbrey Federal "27-A" Well No. 1 at an unorthodox gas well location 1980 feet from the South line and 990 feet from the West line (Unit L) of Section 27, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico, to test the Undesignated Bilbrey-Morrow Gas Pool.

CASE NO. 10011  
Order No. R-9253  
Page -2-

(3) The applicant proposes to dedicate the S/2 of said Section 27 to the above-described well forming a standard 320-acre gas spacing and proration unit for said pool.

(4) According to evidence presented, the N/2 and S/2 of Section 27 each consist of a single federal lease and the applicant is the owner and operator of both leases.

(5) The proposed well location, while unorthodox for a S/2 dedication, would be standard for a W/2 dedication.

(6) According to further evidence and testimony, the applicant favors a W/2 dedication but is precluded from forming said unit by certain federal regulations regarding communitization.

(7) The primary objectives within the subject well are the "Bilbrey" and Lower "A-1" Sands within the Morrow formation.

(8) The geologic evidence presented by the applicant indicates that a well located at the proposed location should encounter a greater amount of net sand within the "Bilbrey" and "A-1" zones than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(9) The applicant is the owner of the affected offset acreage to the north and west of the proposed well location.

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

(11) 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, 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.

CASE NO. 10011  
Order No. R-9253  
Page -3-

IT IS THEREFORE ORDERED THAT:

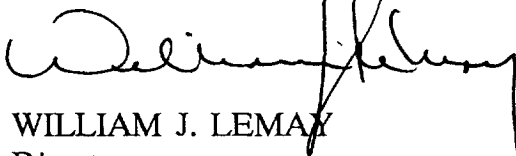
(1) The applicant, Santa Fe Energy Operating Partners, L.P., is hereby authorized to drill its Bilbrey Federal "27-A" Well No. 1 at an unorthodox gas well location 1980 feet from the South line and 990 feet from the West line (Unit L) of Section 27, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico, to test the Undesignated Bilbrey-Morrow Gas Pool.

(2) The S/2 of said Section 27 shall be dedicated to the above-described well forming a standard 320-acre gas 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

S E A L