

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:

CASES NOS. 10249 AND 10250
Order No. R-9475

APPLICATION OF PACIFIC ENTERPRISES
OIL COMPANY (USA) FOR A NON-STANDARD GAS
PRORATION UNIT AND AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO.

APPLICATION OF PACIFIC ENTERPRISES OIL
COMPANY (USA) TO RESCIND OR AMEND SPECIAL
POOL RULES, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 7, 1991, at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this 27th day of March, 1991, 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) In Case No. 10249, the applicant seeks an exception to the current Special Rules and Regulations for the McMillan-Morrow Gas Pool, as promulgated by Division Order No. R-2917, as amended, and to establish a non-standard 320-acre gas spacing and proration unit comprising the S/2 of Section 18, Township 20 South, Range 27 East, NMPM, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 18.

(3) In Case No. 10250, the applicant seeks the rescission of Special Rules and Regulations for the spacing and location of wells in the McMillan-Morrow Gas Pool, comprising Sections 13 and 14, Township 20 South, Range

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26 East and Sections 7, 18 and 19, Township 20 South, Range 27 East, NMPM, Eddy County, New Mexico, and seeks to have said pool governed by the provisions of General Rule 104.C.11(a) for gas pools of Pennsylvanian age. Further, the applicant requests the concomitant creation of two non-standard 640-acre gas spacing and proration units for the McMillan-Morrow Gas Pool in Section 13, Township 20 South, Range 26 East for the existing Yates Drilling Company Pecos River Deep Unit Well No. 3 located in Unit H of said Section 13 and in Section 19, Township 20 South, Range 27 East for the existing Presidio Exploration Inc. State "I" Com Well No. 1 located in Unit F of said Section 19.

(4) In the alternative, in Case No. 10250 the applicant seeks to amend the current Rules and Regulations for the McMillan-Morrow Gas Pool, as promulgated by Division Order No. R-2917, as amended, to permit the optional drilling of an additional well on each 640-acre proration unit.

(5) OCD approval of the applicant's request in Case No. 10249 or approval of either alternative proposed in Case No. 10250 would enable the applicant to obtain authorization to establish the 320-acre gas spacing and proration unit described in Finding No. (2) above and to dedicate the spacing and proration unit to a well to be drilled at the location described in Finding No. (2).

(6) Cases Nos. 10249 and 10250 were consolidated for purpose of the hearing and should be consolidated for purpose of issuing an order.

(7) The McMillan-Morrow Gas Pool was established on June 8, 1965 by Order No. R-2917. Spacing of 640 acres was established at that time.

(8) OCD General Rules of Statewide application provide for 320-acre spacing for Morrow (Pennsylvanian) gas wells in Eddy County, New Mexico.

(9) Applicant's witness presented drainage calculations for the five well completions in the McMillan-Morrow Gas Pool. The calculations show drainage areas of 31, 219, 225, 258 and 393 acres, indicating that wells in the pool may not drain 640 acres.

(10) Cross sections and structure maps presented by the applicant indicate that the S/2 of said Section 18 is productive in the Morrow formation.

(11) The two wells described in Finding No. (3) above are the only wells currently producing from the McMillan-Morrow Gas Pool.

(12) Production from the two currently producing wells is marginal. Data submitted by the applicant and verified by OCD records shows that the

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two wells had recovered a combined total of 3 BCF of gas through December 1989. Average production from the two wells during 1989 was 50 MCF per well per day. December 1990 production averaged 44 MCF per well per day.

(13) No operator or interested party appeared at the hearing in opposition to these applications.

(14) The applicant's request in Case 10249 for a non-standard gas proration unit and an unorthodox gas well location as set out in Finding No. (3) above should be approved to enable the applicant to recover the remaining gas reserves underlying the S/2 of said Section 18 to prevent waste and protect correlative rights. Applicant's requests in Case No. 10250 as set out in Findings (3) and (4) above should be denied.

IT IS THEREFORE ORDERED THAT:

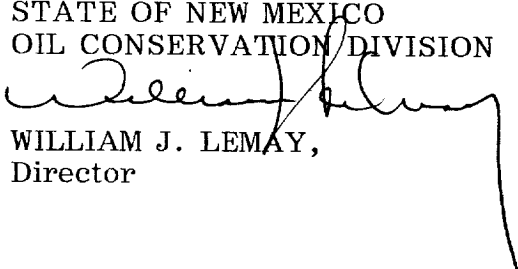
(1) The application of Pacific Enterprises Oil Company for an exception to the current Special Rules and Regulations for the McMillan-Morrow Gas Pool, as promulgated by Division Order No. R-2917, as amended, and to establish a non-standard 320-acre gas spacing and proration unit comprising the S/2 of Section 18, Township 20 South, Range 27 East, NMPM, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 18, is hereby approved.

(2) Applicant's requests in Case 10250 to rescind or amend Special Pool Rules as described in Findings (3) and (4) of this order are hereby denied.

(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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