

**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. 10662
Order No. R-9849**

**APPLICATION OF MERIT ENERGY
COMPANY FOR TWO UNORTHODOX
GAS WELL LOCATIONS, CHAVES
COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 4, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 18th day of February, 1993, 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, Merit Energy Company, seeks approval for two unorthodox gas well locations in the South Pecos Slope-Abo Gas Pool. The NE/4 of Section 9, Township 9 South, Range 25 East, NMPM, being a standard 160-acre gas spacing and proration unit, is to be dedicated to the Dana Federal Well No. 7 located 660 feet from the North line and 2310 feet from the East line (Unit B) of said Section 9, and Lots 1 and 2 and the S/2 NE/4 (NE/4 equivalent) of Section 6, Township 10 South, Range 26 East, NMPM, being a standard 159.66-acre gas spacing and proration unit, is to be dedicated to the Penjack Federal Well No. 9 located 2310 feet from the North and East lines (Unit G) of said Section 6.

(3) No evidence or testimony was presented in this case inasmuch as the advertisement contained in the Examiner Docket indicated that "IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT".

(4) The applicant originally filed this application on January 12, 1993 for administrative review pursuant to Division General Rule 104 (F).

(5) The record in this case indicates that at the time the drilling permits were filed with the Bureau of Land Management (BLM), the applicant may have been unaware that the locations for the Dana Federal Well No. 7 and the Penjack Federal Well No. 9 were unorthodox.

(6) According to Division records, the drilling permits for the Dana Federal Well No. 7 and the Penjack Federal Well No. 9 were approved by the BLM on November 10, 1992, and October 14, 1992, respectively.

(7) Further Division records indicate that the Dana Federal Well No. 7 was spudded on November 27, 1992, and that the Penjack Federal Well No. 9 was spudded on October 22, 1992. Drilling and completion operations have been completed on both wells as of the date of the hearing.

(8) After review of the circumstances surrounding the necessity for unorthodox location approval, Division personnel determined that such request for administrative approval could not be granted.

(9) The record in this case further indicates that:

- a) all affected offset acreage to the two proposed unorthodox locations is owned by Merit Energy Company, therefore, approval of the unorthodox locations will not violate correlative rights;
- b) no other offset operator and/or interest owner appeared at the hearing in opposition to the application, and;
- c) it would be impractical although not unwarranted for the Division to require the plugging of the subject wells.

(10) The subject application should be approved.

IT IS THEREFORE ORDERED THAT:

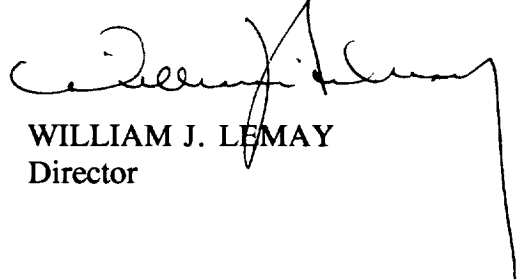
(1) The application of Merit Energy Company for two unorthodox gas well locations for its Dana Federal Well No. 7 located 660 feet from the North line and 2310 feet from the East line (Unit B) of Section 9, Township 9 South, Range 25 East, NMPM, and its Penjack Federal Well No. 9 located 2310 feet from the North and East lines (Unit G) of Section 6, Township 10 South, Range 26 East, NMPM, South Pecos Slope-Abo Gas Pool, Chaves County, New Mexico, is hereby approved.

(2) The NE/4 of Section 9, being a standard 160-acre gas spacing and proration unit in the South Pecos Slope-Abo Gas Pool, shall be dedicated to the Dana Federal Well No. 7, and Lots 1 and 2 and the S/2 NE/4 (NE/4 equivalent) of Section 6, being a standard 159.66-acre gas spacing and proration unit in the South Pecos Slope-Abo Gas Pool, shall be dedicated to the Penjack Federal Well No. 9.

(3) Jurisdiction is hereby 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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