

**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. 10675
Order No. R-9860**

**APPLICATION OF PHILLIPS PETROLEUM
COMPANY 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 March 4, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 16th day of March, 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, Phillips Petroleum Company, seeks approval to drill its proposed Ranger Well No. 20 at an unorthodox gas well location 810 feet from the North line and 660 feet from the West line (Unit D) of Section 26, Township 12 South, Range 34 East, NMPM, West Ranger Lake-Devonian Gas Pool, Lea County, New Mexico.

(3) The applicant proposes to dedicate the N/2 of Section 26 to the above-described well forming a standard 320-acre gas spacing and proration unit for said pool.

(4) The proposed well is located within the West Ranger Lake-Devonian Gas Pool which is currently governed by Statewide Rules and Regulations which require standard 320-acre proration units with wells to be located no closer than 1980 feet from the nearest end boundary nor closer than 660 feet from the nearest side boundary of the proration unit nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary.

(5) According to applicant's evidence and testimony, Section 26 has previously been developed in the West Ranger Lake-Devonian Gas Pool by the Phillips Petroleum Company Ranger Well Nos. 15 and 16, located, respectively, in Units C and K.

(6) According to further evidence, the Ranger Well Nos. 15 and 16 cumulatively recovered 1.7 BCFG and 212 MBO and 2.39 BCFG and 265 MBO, respectively. Both wells have watered out in the Devonian formation and are no longer producing from the West Ranger Lake-Devonian Gas Pool.

(7) The applicant presented geologic evidence, based largely on 3-D seismic data, which indicates that the Devonian formation is extensively faulted in Section 26.

(8) The geologic evidence presented indicates that due to the presence of faults, a large portion of the NW/4 of Section 26 has been effectively isolated in the Devonian formation from the area that was drained and developed by the Ranger Well Nos. 15 and 16.

(9) Applicant's evidence indicates that a well at the proposed location should penetrate the Devonian formation at a structurally advantageous position above the gas-water contact and on the upthrust side of a fault traversing the NW/4 in a north-south direction.

(10) Further evidence indicates that the proposed well should drain and develop acreage within the NW/4 of Section 26 not previously drained and should allow the applicant the opportunity to recover additional gas reserves in the approximate amount of 1.0 BCFG and 120 MBO, thereby preventing waste.

(11) Due to the presence of a gas-water contact traversing approximately the eastern boundary of the proposed proration unit, the drainage area of the proposed well should be limited to approximately 100 acres generally located within the NW/4 of Section 26.

(12) The applicant is the operator of the affected acreage to the west of the proposed location in Section 27.

(13) The only other affected offset operator, Yates Petroleum Corporation and its various entities, have waived objection to the proposed unorthodox location.

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

(15) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil and gas in the affected 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.

IT IS THEREFORE ORDERED THAT:

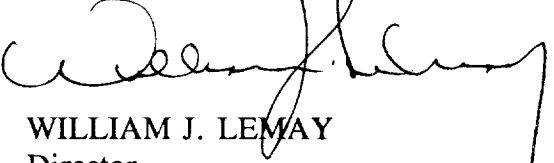
(1) The applicant, Phillips Petroleum Company, is hereby authorized to drill its Ranger Well No. 20 at an unorthodox gas well location 810 feet from the North line and 660 feet from the West line (Unit D) of Section 26, Township 12 South, Range 34 East, NMPM, West Ranger Lake-Devonian Gas Pool, Lea County, New Mexico.

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

(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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