

**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. 10739
Order No. R-9916**

**APPLICATION OF MARBOB ENERGY
CORPORATION FOR AN UNORTHODOX
OIL WELL LOCATION, EDDY COUNTY,
NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 17, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 1st day of July, 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, Marbob Energy Corporation, seeks approval to drill its proposed Burch "C" Federal Well No. 49 at an unorthodox oil well location 2510 feet from the North line and 330 feet from the West line (Unit E) of Section 23, Township 17 South, Range 29 East, NMPM, Grayburg Jackson-Seven Rivers-Queen-Grayburg-San Andres Pool (Grayburg-Jackson Pool), Eddy County, New Mexico. The SW/4 NW/4 of Section 23 is to be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit for said pool.

(3) The applicant further seeks approval of the proposed unorthodox location as to all prospective formations and/or pools developed on 40-acre spacing.

(4) Subsequent to the hearing it was determined that the advertisement for this case incorrectly described the proposed unorthodox location as being 330 feet from the East line when in actuality the location is 330 feet from the West line.

(5) Inasmuch as the applicant did provide correct notice to the only affected offset operator, H. L. Brown, Jr., and did obtain a waiver of objection from said party, the Division deems that readvertisement of this case is unnecessary.

(6) According to applicant's testimony and Division records, the subject well is located within the Burch-Keely Cooperative Waterflood Project, an active waterflood project approved by Division Order No. R-7900 on April 25, 1985.

(7) The subject waterflood, previously operated by Phillips Petroleum Company, encompasses the Keely "A" Federal, Keely "B" Federal, Keely "C" Federal, Burch "BB" Federal, Burch "C" Federal and Dexter Federal Leases in Eddy County, New Mexico.

(8) Applicant's testimony in this case indicates that it will propose, in the near future, the unitization of the subject leases for the purpose of conducting continuing waterflood operations in the Grayburg-Jackson Pool.

(9) The proposed unorthodox location is necessary due to topographic considerations and in order to complete a 40-acre five spot injection pattern within Section 23.

(10) The proposed proration unit, being the SW/4 NW/4 of Section 23, is currently dedicated to the applicant's Burch "C" Federal Well No. 36, a producing well in the Grayburg-Jackson Pool.

(11) Applicant testified that it will drill the subject well to a depth sufficient to penetrate the Glorieta formation in order to obtain test data to evaluate the possibility of including said formation within the unitized interval. Applicant further testified that the subject well, after a brief testing period, will be completed in the Grayburg-Jackson Pool only.

(12) The affected offset acreage to the south, being the Burch "BB" Federal Lease, is within the subject waterflood project and is all commonly owned by the applicant.

(13) As stated above, the only other offset operator, H. L. Brown Jr., 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 in the Grayburg-Jackson Pool, will enable the applicant to complete an efficient production/injection pattern within a proposed waterflood project, 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, Marbob Energy Corporation, is hereby authorized to drill its Burch "C" Federal Well No. 49 at an unorthodox oil well location 2510 feet from the North line and 330 feet from the West line (Unit E) of Section 23, Township 17 South, Range 29 East, NMPM, Grayburg-Jackson Pool, Eddy County, New Mexico.

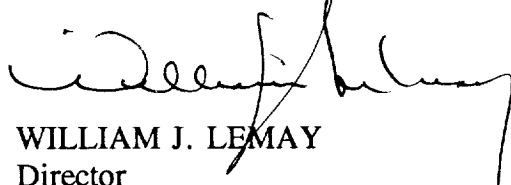
(2) The unorthodox location is also approved for all prospective pools and/or formations which are developed on 40-acre spacing.

(3) The SW/4 NW/4 of Section 23 shall be dedicated to the Burch "C" Federal Well No. 49 as described above, and to the existing Burch "C" Federal Well No. 36 located 1650 feet from the North line and 330 feet from the West line of Section 23.

(4) 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

S E A L