

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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AUG 11 1980

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

O. C. D.
ARTESIA, OFFICE

CASE NO. 6930
Order No. R-6415

APPLICATION OF AMOCO PRODUCTION
COMPANY FOR AN UNORTHODOX GAS
WELL LOCATION, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 25, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 5th day of August, 1980, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Amoco Production Company, seeks approval of an unorthodox well location for its Empire South Deep Unit Well No. 21 to be drilled 660 feet from the North line and 660 feet from the East line of Section 36, Township 17 South, Range 28 East, NMPM, to test the Morrow formation, Eddy County, New Mexico.
- (3) That the E/2 of said Section 36 is to be dedicated to the well.
- (4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.
- (5) That the offset operator, ARCO Oil and Gas Company, has objected to the proposed location relative to one zone of

the Morrow formation identified as the "BV" Channel zone found at a depth of from 10,660 feet to 10,780 feet in its State "BV" Well No. 1 located in Unit J of Section 25, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico.

(6) That said offset operator presented evidence tending to demonstrate that there are no more than approximately 54 productive acres in said "BV" channel sand under the E/2 of said Section 36.

(7) That the applicant presented evidence tending to demonstrate that there are as many as 195 productive acres in said "BV" channel sand under the E/2 of said Section 36.

(8) That all of the geologic evidence presented was interpretive, subjective, speculative and not subject to significant proof even if the well should be drilled as proposed.

(9) That to offset such advantage gained over the protesting offset operator, production from the well at the proposed unorthodox location should be limited from the "BV" Channel zone of the Morrow formation.

(10) That the unreliable estimates of productive acreage presented in this case should not be used as a tool to attempt to offset such advantage.

(11) That in the absence of reliable data on productive acreage such limitation should be based upon the well location as it relates to a standard well location for the affected zone.

(12) That the proposed unorthodox well location would be a standard location for a well in a 160-acre spaced gas reservoir.

(13) That the well should be assigned an allowable limitation factor based upon a 160-acre spaced location or 50 percent (160 acres divided by 320 acres) in the Morrow "BV" channel sand only.

(14) That no allowable limitation factor should be applied in any other zone of the Wolfcamp or Pennsylvanian formations.

(15) That in the absence of any special rules and regulations for the production of production from said Morrow "BV" channel sand, the aforesaid production limitation factor should be applied against said well's ability to produce into the pipeline as determined by periodic well tests.