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. 11418
ORDER NO. R-10511

APPLICATION OF BURNS OPERATING 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 November 2, 1995, in Roswell, New Mexico, before Examiner Michael E. Stogner.

NOW, on this __7th__ day of November, 1995, the Division Director, having considered 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, Burns Operating, seeks approval of an unorthodox oil well location for its ARCO "6" Federal Well No. 1 to be drilled 1800 feet from the South line and 1410 feet from the West line (Unit K) of Section 6, Township 17 South, Range 31 East, NMPM, to test the Devonian formation, Eddy County, New Mexico.

(3)   The proposed well location is not within one mile of any designated Devonian pool and is therefore classified as a "wildcat oil well" and is subject to the Division's Statewide Rules and Regulations which require standard 40-acre spacing and proration units with wells to be located no closer than 330 feet from the outer boundary of the spacing unit.

(4)   The NE/4 SW/4 of said Section 6 is to be dedicated to said well to form a standard 40-acre oil spacing and proration unit.

(5)   This case was styled such that in the absence of objection this case would be taken under advisement.

(6)   No appearances were made in this case at the time of the hearing.

(7)   All acreage offsetting the proposed 40-acre tract is within the same Federal lease as the subject tract. Therefore, pursuant to Division Rule 1207.A(5), no notice was required by the applicant to any offset operator and/or interest owner in this case.

(8)   The applicant submitted a geological interpretation based upon surface seismic data of the Devonian formation in the immediate area which indicates that the most optimal location for the wellbore to intersect a potential hydrocarbon bearing structure is 1600 feet from the South line and 1410 feet from the West line (Unit K) of said Section 6, however the existence of a 20-inch gas pipeline traversing the subject 40-acre tract from the northeast to the southwest made this location unacceptable to the United States Bureau of Land Management ("U. S. BLM"), which is the surface and mineral management agency for the subject lease. A move to the north 200 feet kept the location within the structure to be tested, adequately avoided the pipeline right-of-way, and was an acceptable drilling site to the U. S. BLM.

(9)   Approval of this application will afford the applicant the opportunity to test for and, if successful, produce its just and equitable share of the oil in the Devonian formation, 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.
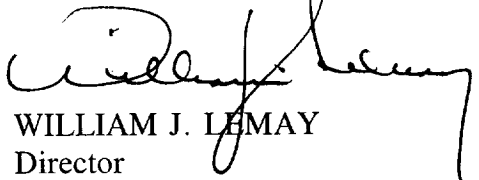
IT IS THEREFORE ORDERED THAT:

(1)   The application of Burns Operating to drill its ARCO "6" Federal Well No. 1 at an unorthodox oil well location 1800 feet from the South line and 1410 feet from the West line (Unit K) of Section 6, Township 17 South, Range 31 East, NMPM, in order to adequately test the Devonian formation, Eddy County, New Mexico, is hereby approved.

(2)   The NE/4 SW/4 of said Section 6 shall be dedicated to said well forming a standard 40-acre oil spacing and proration unit.

(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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