

**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. 12178
Order No. R-11192**

**APPLICATION OF SANTA FE ENERGY RESOURCES, INC. FOR AN
UNORTHODOX OIL WELL LOCATION, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on May 13, 1999, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 25th day of May, 1999, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Santa Fe Energy Resources, Inc., seeks approval of an unorthodox oil well location in the Baish-Wolfcamp Pool for its Maljamar "15" Federal Well No. 1 (API No. 30-025-34549), located at a previously approved unorthodox Devonian oil well location (approved by Division Order NSL-4150 dated October 15, 1998) 1310 feet from the North and East lines (Unit A) of Section 15, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico.

(3) The E/2 NE/4 of Section 15 is to be dedicated to the well forming a standard 80-acre spacing and proration unit for the Baish-Wolfcamp Pool.

(4) This case was styled such that "***IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT***".

(5) The applicant appeared at the hearing through legal counsel and presented evidence in this matter.

(6) The Maljamar "15" Federal Well No. 1 is located within one mile of the Baish-Wolfcamp Pool which is currently governed by the *Special Rules and Regulations for the Baish-Wolfcamp Pool* as set forth in Division Order No. R-2765 dated September 8, 1963, which require standard 80-acre spacing and proration units with the initial well drilled on every standard or non-standard proration unit to be located within the NE/4 or SW/4 of a governmental quarter section at a location within 150 feet of the center of the quarter-quarter section or lot.

(7) The evidence presented by the applicant demonstrates that:

- a) the Maljamar "15" Federal Well No. 1 was drilled in December, 1998-January, 1999 to a total depth of 13,861 feet and subsequently tested non-productive in the Devonian formation; and,
- b) the well has been completed in the Wolfcamp formation through perforations from 10,440 feet to 10,682 feet. The well IP'd in the Wolfcamp formation at a rate of 240 BOPD, 142 MCFGD and 0 BWPD.

(8) Further evidence presented by the applicant demonstrates that the NE/4 of Section 15 is a single Federal lease (Lease No. NM-0315712) which is commonly owned.

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

(10) Approval of the proposed unorthodox oil well location will allow the applicant the opportunity to recover its just and equitable share of the oil in the Baish-Wolfcamp formation underlying the E/2 NE/4 of Section 15, will prevent the drilling of unnecessary wells, will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Santa Fe Energy Resources, Inc., approval is hereby granted for an unorthodox oil well location in the Baish-Wolfcamp Pool for the Maljamar "15" Federal Well No. 1 located 1310 feet from the North and East lines (Unit A) of Section 15, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico.

(2) The E/2 NE/4 of Section 15 shall be dedicated to the Maljamar "15" Federal Well No. 1 in the Baish-Wolfcamp Pool.

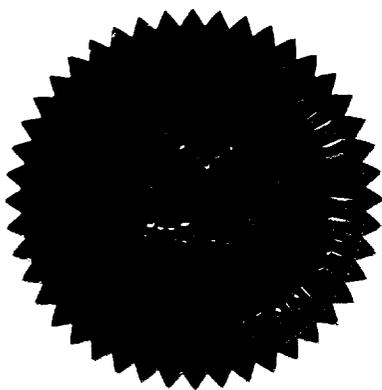
(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director



S E A L