

**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. 12328
Order No. R-11313**

**APPLICATION OF JOHN L. COX FOR AN UNORTHODOX OIL 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 January 20, 2000, at Santa Fe, New Mexico, before Examiner Mark W. Ashley.

NOW, on this 25th day of January, 2000, 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, John L. Cox ("Cox"), seeks authority to drill its State "14-A" Well No. 1 at an unorthodox oil well location 1330 feet from the North line and 2530 feet from the East line (Unit G) of Section 14, Township 12 South, Range 33 East, NMPM, Lea County, New Mexico, to test the Pennsylvanian formation, Undesignated Bagley-Pennsylvanian Pool. The SW/4 NE/4 of Section 14 is to be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit.

(3) Cox originally sought administrative approval of this location; however, following discussions with the Division, the application was set for hearing to require Cox to present additional evidence concerning the proposed well location.

(4) The State "14-A" Well No. 1 is located within one mile of the outer boundary of the Bagley-Pennsylvanian Pool.

(5) The Bagley-Pennsylvanian Pool is governed by Division Rule 104.B (1), which requires 40-acre oil spacing and proration units with wells to be located no closer than 330 feet to any boundary of such units.

(6) The subject well is located 10 feet from the north boundary and 110 feet from the East boundary of the proposed spacing proration unit and therefore encroaches on the offsetting 40-acre spacing and proration units situated north, northeast and east in the N/2 of Section 14.

(7) The proposed well location is on a 560-acre State of New Mexico Lease, which encompasses all of Section 14 except for the W/2 NW/4. All working interests, royalty interests and overriding interests are common throughout this lease and there are no owners who will be adversely affected by the proposed unorthodox well location. Accordingly, no correlative rights will be impaired by a well at the proposed unorthodox oil well location.

(8) Cox should be required to run a directional survey to establish the location of the producing interval of the wellbore. If the survey indicates that any part of the producing interval is outside the dedicated 40-acre spacing and proration unit, Cox should file an amended application with the Division reflecting the changes.

(9) The Division's Hobbs District Office should be notified of the approximate date and time that the directional survey is to be conducted. Copies of the survey should be submitted to the Hobbs District Office.

(10) No affected party appeared at the hearing and/or objected to this application.

(11) In June 1997, Cox drilled its J. L. Cox "14" Well No. 1 in the SE/4 of Section 14 to test the Silurian formation. The well came in structurally low and was a dry hole.

(12) Since 1997, the entire area has been remapped utilizing 3D seismic information into which was integrated data from the J. L. Cox "14" Well No. 1 dry hole. The result of this mapping reveals a carbonate buildup at the proposed location, which is correlative to the lower producing intervals in the Bagley-Pennsylvanian Pool to the north. The location was selected because it has the best combination of seismic attributes as shown on the seismic structure, isopach, isochron and amplitude maps presented at the hearing by Cox.

(13) There is no other location in the SW/4 NE/4 with comparable seismic attributes, and to move the well to another location in Section 14 would increase the risk of missing the reservoir and drilling another unsuccessful well.

(14) The unorthodox oil well location proposed by John L. Cox in the SW/4 NE/4 of Section 14 is necessary to drain the reserves under this acreage.

(15) Approval of the proposed unorthodox oil well location will afford the applicant the opportunity to produce its just and equitable share of the oil in the Bagley-Pennsylvanian Pool and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, John L. Cox, is hereby authorized to drill its State "14-A" Well No. 1 at an unorthodox oil well location 1330 feet from the North line and 2530 feet from the East line (Unit G) of Section 14, Township 12 South, Range 33 East, NMPM, Lea County, New Mexico, to test the Pennsylvanian formation, Undesignated Bagley-Pennsylvanian Pool.

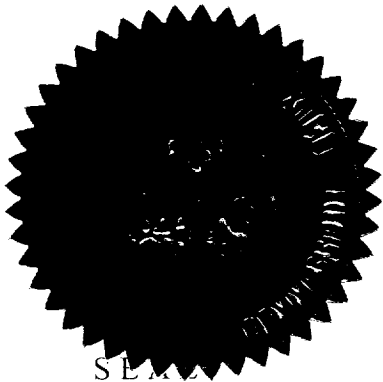
(2) The SW/4 NE/4 of Section 14 shall be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit for that pool.

(3) John L. Cox shall be required to run a directional survey to establish the location of the producing interval of the wellbore. If the survey indicates that any part of the producing interval is outside the dedicated 40-acre spacing and proration unit, John L. Cox shall file an amended application with the Division reflecting the changes.

(4) The Division's Hobbs District Office shall be notified of the approximate date and time that the directional survey is to be conducted. Copies of the survey shall be submitted to the Hobbs District Office.

(5) 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
LORI WROTENBERY
Director