

**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. 12340  
Order No. R-11329**

**APPLICATION OF DAVID PETROLEUM CORPORATION 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 February 3, 2000, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 16th day of February, 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, David Petroleum Corporation, seeks approval to drill its C. O. Jones "ATK" State Com Well No. 1 (API No. 30-025-34714) at an unorthodox oil well location for the Strawn formation 1330 feet from the South line and 1150 feet from the West line (Unit L) of Section 11, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico.

(3) This well is to be dedicated to either: (i) the NW/4 SW/4 of Section 11, thereby forming a standard 40-acre oil spacing and proration unit for any Strawn pool spaced on 40-acres; or (ii) the N/2 SW/4 of Section 11, thereby forming a standard 80-acre oil spacing and proration unit for any Strawn pool spaced on 80-acres.

(4) Division records indicate that the proposed well and spacing unit(s) are located within one mile of the outer boundaries of:

- (a) the Northwest Shoe Bar-Strawn Pool, which is currently governed by Division Rule 104, which requires standard 40-acre oil spacing and proration units with wells to be located no closer than 330 feet to any boundary of the proration unit;
- (b) the North Shoe Bar-Strawn Pool, which is currently governed by special pool rules contained within Division Order No. R-4658, which require standard 160-acre oil spacing and proration units with wells to be located within 150 feet of the center of a governmental quarter-quarter section or lot; and
- (c) the South Big Dog-Strawn Pool, which is currently governed by special pool rules contained within Division Orders No. R-9722-C and R-10448-A, which require standard 80-acre oil spacing and proration units with wells to be located no closer than 330 feet to any boundary of the proration unit or closer than 1020 feet to the nearest well drilling to or capable of producing from the same pool.

(5) The applicant testified that the C. O. Jones “ATK” State Com Well No. 1 will be drilled and operated by Yates Petroleum Corporation, an interest owner in the proposed proration unit(s).

(6) The applicant further testified that Yates Petroleum Corporation is currently drilling its C. O. Jones “ATK” State Well No. 2, a horizontal well drilled from a surface location 380 feet from the South line and 330 feet from the West line (Unit M) of Section 11 to a bottomhole location 380 feet from the South line and 2310 feet from the West line (Unit N) of Section 11. Division records indicate that this well was permitted as a Northwest Shoe Bar-Strawn Pool test and that a “project area” for this horizontal well, which encompasses the S/2 SW/4 of Section 11, was approved by the Division.

(7) The applicant presented geologic evidence demonstrating that:

- (a) the primary target within the C. O. Jones “ATK” State Com Well No. 1 is the Strawn formation; however, the well will be drilled to a total depth of approximately 12,700 feet in order to penetrate and

test the Atoka and Morrow formations;

- (b) utilizing geophysical data, the applicant has identified a small Strawn structure located within the SW/4 SW/4 and NW/4 SW/4 of Section 11;
- (c) based on analogous Strawn wells in this area, the applicant estimates that the C. O. Jones "ATK" State Com Well No. 1 needs to encounter 140 feet or more of gross Strawn thickness to be commercially productive from this structure;
- (d) the C. O. Jones "ATK" State Com Well No. 1 will be situated at the extreme northern edge of this "thick" Strawn buildup and should penetrate, at the proposed unorthodox location, at least 140 feet of gross Strawn interval;
- (e) a well drilled at standard location within the N/2 SW/4 of Section 11 will not penetrate this "thick" Strawn buildup and, as a result, will likely be non-productive;
- (f) the two Strawn structures located within the SW/4 of Section 11, targeted by the C. O. Jones "ATK" State Com Well No. 1 and the C. O. Jones "ATK" State Well No. 2, appear to be separate and distinct; and
- (g) a well at the proposed unorthodox location should effectively drain the oil reserves from this Strawn structure underlying the N/2 SW/4.

(8) The applicant proposes to dedicate the W/2 of Section 11 to the C. O. Jones "ATK" State Com Well No. 1 in the event Atoka or Morrow production is encountered. The well is at a standard location for these horizons pursuant to Division Rule 104.

(9) The applicant presented evidence demonstrating that the entire SW/4 of Section 11 is a single State lease (Lease No. VA-753). This evidence further demonstrates that the interest ownership within the SW/4 of Section 11 is uniform

throughout.

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

(11) Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Strawn formation underlying the N/2 SW/4 of Section 11 and will otherwise prevent waste and protect correlative rights.

(12) Because the proposed unorthodox location is only 10 feet from the outer boundary of its proposed spacing unit(s), the applicant testified that it will take all steps necessary to ensure that the bottomhole location of the C. O. Jones "ATK" State Com Well No. 1 will be located within the NW/4 SW/4 of Section 11.

(13) The applicant should be required to conduct a directional survey on the well during or upon completion of drilling operations in order to ascertain that the bottomhole location of the well is within the NW/4 SW/4 of Section 11.

(14) The Hobbs District Office of the Division shall determine which Strawn pool the C. O. Jones "ATK" State Com Well No. 1 should be placed in at such time as the well is completed as a producing Strawn well.

**IT IS THEREFORE ORDERED THAT:**

(1) The applicant, David Petroleum Corporation, is hereby authorized to drill its C. O. Jones "ATK" State Com Well No. 1 (API No. 30-025-34714) at an unorthodox oil well location for the Strawn formation 1330 feet from the South line and 1150 feet from the West line (Unit L) of Section 11, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico.

(2) This well shall be dedicated to either: (i) the NW/4 SW/4 of Section 11, thereby forming a standard 40-acre oil spacing and proration unit for the Northwest Shoe Bar-Strawn Pool; or (ii) the N/2 SW/4 of Section 11, thereby forming a standard 80-acre oil spacing and proration unit for the South Big Dog-Strawn Pool.

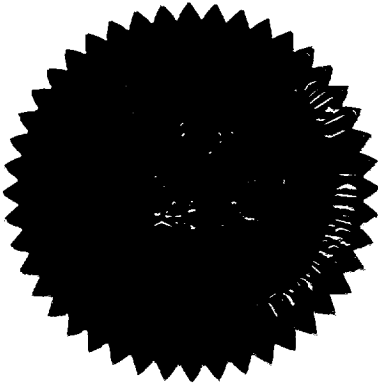
(3) The applicant shall take all steps necessary to ensure that the bottomhole location of the C. O. Jones "ATK" State Com Well No. 1 will be located within the NW/4 SW/4 of Section 11.

(4) The applicant shall conduct a directional survey on the well during or upon completion of drilling operations in order to ascertain that the bottomhole location of the well is within the NW/4 SW/4 of Section 11.

(5) The Hobbs District Office of the Division shall determine which Strawn pool the C. O. Jones "ATK" State Com Well No. 1 should be placed in at such time as the well is completed as a producing Strawn well.

(6) 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.



SEAL

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Lori Wrotenbery*  
LORI WROTENBERY  
Director