

Entered April 30, 1984  
JMR

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 8049 DE NOVO  
Order No. R-7448-A

APPLICATION OF WESTERN OIL PRODUCERS,  
INC. FOR AN UNORTHODOX LOCATION AND  
SIMULTANEOUS DEDICATION, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 12, 1984, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 30th day of April, 1984, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Western Oil Producers, Inc., seeks approval for the unorthodox location of its State MTS Well No. 4, located 330 feet from the South line and 330 feet from the East line of Section 4, Township 19 South, Range 35 East, NMPM, Scharb-Bone Springs Pool, Lea County, New Mexico, and for the simultaneous dedication of said well and its State MTS Well No. 1, located 554 feet from the South line and 2086 feet from the East line of said Section 4, to the spacing and proration unit comprising the S/2 SE/4 of said Section 4.

(3) That the matter came on for hearing at 8 a.m. on January 18, 1984, at Santa Fe, New Mexico, before Examiner Michael E. Stogner and, pursuant to his hearing, Order No. R-7448 was issued on February 17, 1984, which granted Western's application for an unorthodox location with an allowable factor of 0.72.

(4) That on February 22, 1984, application for Hearing De Novo was made by Western Oil Producers, Inc., and the matter was set for hearing before the Commission.

(5) That the matter came on for hearing de novo on April 12, 1984.

(6) That the Special Pool Rules for the Scharb-Bone Springs Pool, promulgated by Division Order No. R-2589, as amended by Order No. R-2589-C, require that wells drilled to or completed in said pool be located within 200 feet of the center of the quarter-quarter section in which they are situated.

(7) That the operator of the offset well immediately to the East of the subject spacing and proration unit, Forest Oil Company, appeared at the hearing and objected to approval of an unorthodox location for the aforesaid State MTS Well No. 4 unless a penalty is imposed on the allowable assigned to the spacing and proration unit.

(8) That the aforesaid State MTS Well No. 4 was located and drilled in good faith by the applicant as a Wolfcamp test well at a standard location for the Wolfcamp formation, but the Wolfcamp was apparently non-commercial, and the well was plugged back and completed as a top allowable well in the Scharb-Bone Springs Pool.

(9) That the aforesaid State MTS Well No. 4 encountered 91 feet of pay in the Bone Springs while the offset well to the east, Forest Oil Corporation B Lee State Well No. 6, encountered 14 feet of pay as reflected by the electrical logs run on said wells.

(10) That volumetric calculations of original recoverable oil in place indicated more than four times the original recoverable oil in place under the Western tract than under the Forest tract.

(11) That the testimony presented indicated that if both of the aforesaid wells produced at top pool allowable, drainage from the Forest well would encroach into the Western tract.

(12) That said drainage encroachment would increase if an allowable penalty was imposed upon the aforesaid State MTS Well No. 4.

(13) That to protect correlative rights and prevent the economic waste which would occur if the applicant were required

-3-

Case No. 8049 De Novo  
Order No. R-7448-A

to drill another well, at a standard location, to the Bone Springs formation, the unorthodox location of the subject well should be approved, without penalty.

(14) That inasmuch as the Special Pool Rules provide for the simultaneous dedication of two wells on a given proration unit in the Scharb-Bone Springs Pool, the application for simultaneous dedication should be approved.

IT IS THEREFORE ORDERED:

(1) That the unorthodox location of the Western Oil Producers, Inc. State MTS Well No. 4, located at a point 330 feet from the South line and 330 feet from the East line of Section 4, Township 19 South, Range 35 East, NMPM, Scharb-Bone Springs Pool, Lea County, New Mexico, is hereby approved.

(2) That the S/2 SE/4 of said Section 4 shall be simultaneously dedicated to the above-described well and to the applicant's State MTS Well No. 1, located 554 feet from the South line and 2086 feet from the East line of said Section 4.

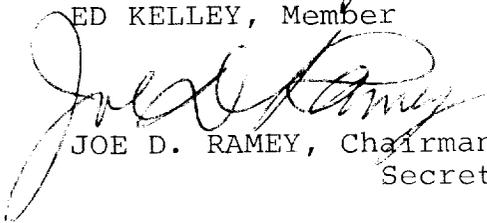
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JIM BACA, Member

  
ED KELLEY, Member

  
JOE D. RAMEY, Chairman and  
Secretary

S E A L  
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