

Entered March 29, 1984

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8115
Order No. R-7487

APPLICATION OF PHILLIPS OIL COMPANY
FOR AN UNORTHODOX LOCATION, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on March 14, 1984, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 29th day of March, 1984, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Phillips Oil Company, seeks approval of an unorthodox oil well location 330 feet from the South line and 1200 feet from the East line of Section 14, Township 16 South, Range 30 East, NMPM, Henshaw-Wolfcamp Pool, Eddy County, New Mexico.

(3) That the S/2 SE/4 of said Section 14 is to be dedicated to the well.

(4) That a well at said unorthodox location will better enable applicant to produce the oil underlying the proration unit.

(5) That the applicant and the offset operator to the South have agreed that a penalty factor should be applied against the allowable of said well in order to offset the advantage which might be gained as a result of such unorthodox location.

(6) That the penalty factor was calculated at 31.6 percent by giving equal weight to the variation of the well location from the standard location, both in the North/South and East/West directions, and the change in the calculated drainage radius of said well to the South.

(7) That the penalty factor may be best applied by giving the subject well an acreage factor of 0.684 for allowable purposes.

(8) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in said pool, 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:

(1) That the application of Phillips Oil Company for an unorthodox oil well location for the Wolfcamp formation is hereby approved for a well to be located at a point 330 feet from the South line and 1200 feet from the East line of Section 14, Township 16 South, Range 30 East, NMPM, Eddy County, New Mexico.

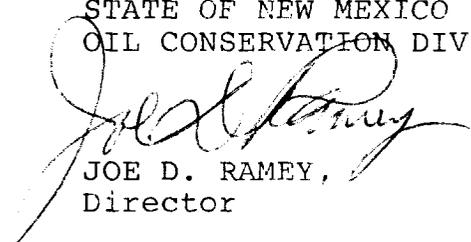
(2) That the S/2 SE/4 of said Section 14 shall be dedicated to the above-described well.

(3) That the well at said unorthodox location shall be assigned an acreage factor of 0.684 for allowable purposes.

(4) That jurisdiction of this cause is 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


JOE D. RAMEY,
Director

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