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. 8446
Order No. R-7834

APPLICATION OF CHAMA PETROLEUM
COMPANY FOR TWO UNORTHODOX GAS WELL
LOCATIONS, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on January 3, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 26th day of February, 1985, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) At the time of the hearing this case was consolidated for the purpose of testimony with Division Case No. 8447 which was the application of Chama Petroleum Company to limit the pool rules governing the Lea-Pennsylvanian Gas Pool to the existing pool boundaries only.

(3) The applicant, Chama Petroleum Company, seeks approval of two unorthodox gas well locations, one well to be located 660 feet from the South line and 660 feet from the East line of Section 23 and the other to be located 1650 feet from the North line and 1980 feet from the West line of Section 25, both located in Township 20 South, Range 34 East, NMPM, for the Pennsylvanian and Devonian formations, Lea County, New Mexico.

(4) The S/2 of said Section 23 and the W/2 of said Section 25, respectively, are to be dedicated to the wells forming two standard 320-acre spacing and proration units.

(5)   The above-described wells are both within one mile of the present Lea-Pennsylvanian Gas Pool, which, pursuant to Division General Rule 104.C.II.(a) is developed on 160-acre gas spacing and proration units.

(6)   Division Order No. R-7830, dated February 19, 1985, for said Case No. 8447 denied the applicant's request to limit the pool rules governing the Lea-Pennsylvanian Gas Pool to the existing pool boundaries only.

(7)   The above-described well locations are standard for 160-acre gas spacing and proration units in the Pennsylvanian formation and that portion of this application for unorthodox locations in the Pennsylvanian formation should be dismissed.

(8)   Wells at said unorthodox locations in the Devonian formation, however, will better enable applicant to produce the gas underlying their respective proration units.

(9)   No offset operator objected to the proposed unorthodox locations.

(10)   Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Devonian formation only, 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 THAT:

(1)   The application of Chama Petroleum Company for two unorthodox gas well locations for the Devonian formation is hereby approved for one well to be located 660 feet from the South line and 660 feet from the East line of Section 23 and the other to be located 1650 feet from the North line and 1980 feet from the West line of Section 25, both located in Township 20 South, Range 34 East, NMPM, Lea County, New Mexico.

(2)   The S/2 of said Section 23 and the W/2 of said Section 25, respectively, shall be dedicated to the above-described wells.

(3)   That portion of this application requesting unorthodox gas well locations in the Pennsylvanian formation for the above-described wells is hereby dismissed.
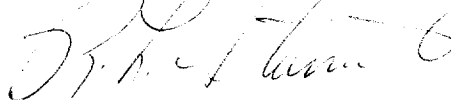
(4)   Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. STAMETS,
Director

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