

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. 8993
Order No. R-8339

APPLICATION OF TEXACO, INC. 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 October 8, 1986, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 30th day of October, 1986, 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) The applicant, Texaco Inc., seeks approval of an unorthodox oil well location 1470 feet from the South line and 150 feet from the East line (Unit I) of Section 20, Township 16 South, Range 37 East, NMPM, to test the Strawn formation, Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico.
- (3) The N/2 SE/4 of said Section 20 is to be dedicated to the well forming a standard 80-acre oil spacing and proration unit in said pool.
- (4) At the time of the hearing the offset operator to the east and southeast, Amerind Oil Company, along with interest owners in the surrounding acreage, Standard Oil Production Company and Pennzoil Company, appeared at the hearing and objected to the unorthodox location on grounds that it would cause drainage of oil from under the immediate offsetting acreage to the east, southeast, and south of the subject proration unit.

(5) The geological evidence presented indicates that the producing zone is within the Strawn formation trending in a northeasternly/southwesternly direction and limited horizontally to the S/2 SE/4 and NE/4 SE/4 of Section 20, the SW/4 and S/2 NW/4 of Section 21, the NW/4 NW/4 of Section 28, and the NE/4 of Section 29, all in Township 16 South, Range 37 East, NMPM, Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico.

(6) A well at said unorthodox location will better enable applicant to produce the oil underlying the proration unit and should therefore be approved, however, an allowable penalty should be imposed on the spacing and proration unit to protect the correlative rights of other operators in the pool.

(7) The geological evidence presented by all of the parties involved in this case indicates that approximately 26 acres, or 32.5 percent, of the unit may reasonably be presumed to be productive in the Strawn formation and that a standard location would be non-productive.

(8) A well drilled in the center of the productive area of the proration unit assigned the proposed well would be approximately 550 feet from the southeast corner of said unit and the proposed unorthodox well location is 212 feet or 62 percent closer to the South and East lines of the section.

(9) The penalty imposed upon the subject spacing and proration unit should be based upon the productive acres in the proration unit and the footage variation of the unorthodox location of the proposed well from a central location in the productive acreage in the proration unit.

(10) To offset the advantage gained over offset operators resulting from the unorthodox well location the allowable assigned the proposed well should be equal to the top allowable for the pool in any month times an acreage factor determined by multiplying the 26 productive acres divided by 80 times a location penalty of 0.38 or 0.1235 rounded to 0.124.

(11) Granting this application subject to the above allowable penalty provisions will prevent waste and protect the correlative rights of the applicant as well as other operators and interest owners in the pool, and should be approved.

IT IS THEREFORE ORDERED THAT:

(1) The application of Texaco Inc. for an unorthodox oil well location for the Strawn formation is hereby approved for a well to be located at a point 1470 feet from the South

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line and 150 feet from the East line of Section 20, Township 16 South, Range 37 East, NMPM, Northeast Lovington-Pennsylvanian Pool, Lea County, New Mexico.

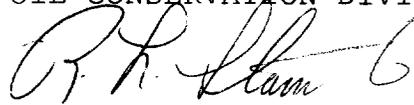
(2) The N/2 SE/4 of said Section 20 shall be dedicated to the above-described well.

(3) The subject spacing and proration unit upon which the subject well is located shall be assigned an acreage factor of 0.124 for allowable purposes in the Northeast Lovington-Pennsylvanian Pool.

(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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