

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. 9308
Order No. R-8617

APPLICATION OF MARSHALL PIPE AND
SUPPLY COMPANY FOR AN UNORTHODOX
GAS WELL LOCATION, ROOSEVELT COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 16, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 23rd day of March, 1988, 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, Marshall Pipe and Supply Company, seeks approval of an unorthodox gas well location 990 feet from the South line and 660 feet from the West line (Unit M) of Section 23, Township 2 South, Range 29 East, NMPM, to test the Ordovician and Pennsylvanian formations, Undesignated Tule-Montoya and Undesignated Tule-Pennsylvanian Gas Pools, Roosevelt County, New Mexico.

(3) The applicant proposes to dedicate the S/2 of said Section 23 to the above described well forming a standard 320-acre gas spacing and proration unit within the described pool(s).

(4) The applicant presented geologic testimony which indicates that a well drilled at the proposed unorthodox location would penetrate the Ordovician and Pennsylvanian formations at a more structurally advantageous position than a well drilled at a standard location thereon, thereby allowing the applicant to better produce the gas underlying the proration unit.

(5) All affected offset acreage is owned by the same working interest owners who will be participating in the drilling of the subject well.

(6) No other offset operator objected to the proposed unorthodox location.

(7) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject 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 THAT:

(1) The applicant, Marshall Pipe and Supply Company, is hereby authorized to drill a gas well at an unorthodox location 990 feet from the South line and 660 feet from the West line (Unit M) of Section 23, Township 2 South, Range 29 East, NMPM, to test the Ordovician and Pennsylvanian formations, Undesignated Tule-Montoya and Undesignated Tule-Pennsylvanian Gas Pools, Roosevelt County, New Mexico.

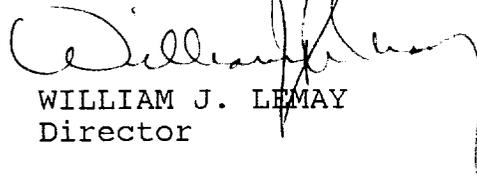
(2) The S/2 of said Section 23 shall be dedicated to the above described well.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

CASE NO. 9308
Order No. R-8617
Page -3-

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L