

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. 9522
Order No. R-8716-A

APPLICATION OF PENNZOIL EXPLORA-
TION & PRODUCTION COMPANY FOR
THE AMENDMENT OF DIVISION ORDER
NO. R-8716, LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 9, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 22nd day of November, 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) By Order No. R-8716, issued in Case No. 9449 on August 11, 1988, the Division authorized Pennzoil Exploration & Production Company, the applicant in said case, to drill its Price Family Trust Well No. 2 at an unorthodox location 2310 feet from the South line and 810 feet from the West line (Unit L) of Section 1, Township 17 South, Range 37 East, NMPM, Undesignated Shipp-Strawn Pool, Lea County, New Mexico, said well to be dedicated to a standard 80-acre proration unit consisting of the W/2 SW/4 of said Section 1.

(3) The applicant in the immediate case, Pennzoil Exploration & Production Company, seeks the amendment of said Order No. R-8716 to allow the drilling of its Price Family Trust Well No. 2 at an amended unorthodox location 900 feet from the South line and 1750 feet from the West line (Unit N) of said Section 1.

(4) The applicant further proposes to alter the proration unit for the subject well to now comprise the S/2 SW/4 of said Section 1.

(5) The evidence presented indicates that additional seismic data, obtained subsequent to the hearing in Case No. 9449, has identified a preferable well location in the SW/4 of said Section 1.

(6) The evidence presented further indicates that a well at the proposed amended unorthodox location should penetrate the Strawn formation at a more structurally advantageous position than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(7) The interest ownership in the SW/4 of said Section 1 is common, and no interest owner objected to the proposed amended location and proration unit.

(8) No offset operator objected to the proposed amended unorthodox well location.

(9) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil 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) Ordering Paragraph Nos. 1 and 2 of Division Order No. R-8716 are hereby amended to read in their entirety as follows:

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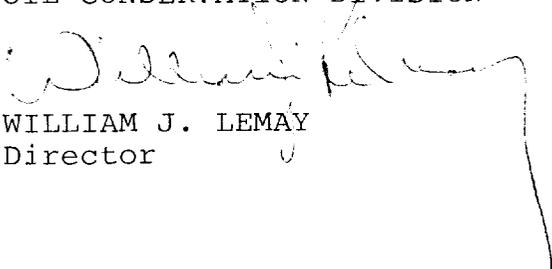
"(1) The application of Pennzoil Exploration & Production Company for an unorthodox oil well location for the Undesignated Shipp-Strawn Pool is hereby approved for a well to be located at a point 900 feet from the South line and 1750 feet from the West line (Unit N) of Section 1, Township 17 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) The S/2 SW/4 of said Section 1 shall be dedicated to the above-described well forming a standard 80-acre oil spacing and proration unit for said pool."

(3) 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


WILLIAM J. LEMAY
Director

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