

**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. 12546
ORDER NO. R-11513**

**APPLICATION OF MCKAY OIL CORPORATION FOR AN UNORTHODOX
INFILL GAS WELL LOCATION, CHAVES COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 7, 2000, at Santa Fe, New Mexico before Examiner David R. Catanach.

NOW, on this 24th day of January, 2001, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, McKay Oil Corporation ("McKay"), seeks approval to drill its Five Mile Tank "B" Federal Well No. 5 (**API No. 30-005-63288**) at an unorthodox infill gas well location 1760 feet from the South line and 588 feet from the West line (Unit L) of Section 17, Township 6 South, Range 23 East, NMPM, West Pecos Slope-Abo Gas Pool, Chaves County, New Mexico.

(3) The SW/4 of Section 17 is to be dedicated to the proposed well and to McKay's existing Five Mile Tank Well No. 5 (**API No. 30-005-62429**), located at a standard gas well location 1650 feet from the South line and 1980 feet from the West line (Unit K), thereby forming a standard 160-acre gas spacing and proration unit for the West Pecos Slope-Abo Gas Pool.

(4) The proposed well is located within the West Pecos Slope-Abo Gas Pool, which is currently governed by special pool rules as established by Division Order No. R-9976-C that require:

- (a) standard 160-acre gas spacing and proration units;
 - (b) the initial well and infill well, in the event a second well is drilled on any spacing unit, to be located no closer than 660 feet to the outer boundary of a governmental quarter section nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary; and
 - (c) location exceptions to be considered for approval only after notice and hearing.
- (5) McKay appeared at the hearing and presented evidence demonstrating:
- (a) the proposed unorthodox gas well location is necessitated primarily by topographic considerations, namely the presence of a fresh water drainage draw located to the east of the proposed location and a county road located to the south of the proposed location; and
 - (b) a well drilled within the NW/4 SW/4 of Section 17 should encounter greater sand thickness within the West Pecos Slope-Abo Gas Pool than a well drilled in either the SW/4 SW/4 or SE/4 SW/4.
- (6) McKay is the operator of the affected acreage in Section 18, Township 6 South, Range 23 East.
- (7) No other offset operator or interest owner appeared at the hearing in opposition to the application.
- (8) Approval of the proposed unorthodox location will afford the applicant the opportunity to recover the gas reserves underlying the SW/4 of Section 17 and will not violate correlative rights.

IT IS THEREFORE ORDERED THAT:

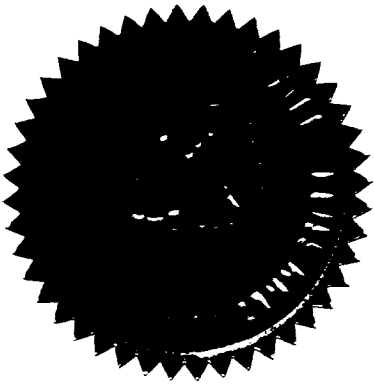
- (1) The applicant, McKay Oil Corporation, is hereby authorized to drill its Five Mile Tank "B" Federal Well No. 5 (API No. 30-005-63288) at a unorthodox infill gas well location 1760 feet from the South line and 588 feet from the West line (Unit L)

of Section 17, Township 6 South, Range 23 East, NMPM, West Pecos Slope-Abo Gas Pool, Chaves County, New Mexico.

(2) The SW/4 of Section 17 shall be dedicated to the Five Mile Tank "B" Federal Well No. 5 and to McKay's existing Five Mile Tank Well No. 5 (**API No. 30-005-62429**), located at a standard gas well location 1650 feet from the South line and 1980 feet from the West line (Unit K), thereby forming a standard 160-acre gas spacing and proration unit for the West Pecos Slope-Abo Gas Pool.

(3) Jurisdiction is hereby 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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
Lori Wrotenbery
LORI WROTENBERY
Director