

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. 11125
ORDER NO. R-10276*

**APPLICATION OF ENRON OIL & GAS COMPANY 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 27, 1994 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 14th day of December, 1994 the Division Director, having considered 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, Enron Oil & Gas Company, seeks approval of an unorthodox oil well location for its Hallwood "12" Federal Well No. 9 to be drilled 1830 feet from the North line and 1650 feet from the West line (Unit F) of Section 12, Township 25 South, Range 33 East, NMPM, to test the Bone Spring formation, Undesignated Red Hills-Bone Spring Pool, Lea County, New Mexico.

(3) The proposed well location is within the governing limits of the Red Hills-Bone Spring Pool and as such is subject to the Special Rules and Regulations for said pool, as promulgated by Division Order No. R-10109, dated April 26, 1994, which provides for 80-acre standard oil spacing and proration units and requires that wells be located within 150 feet of the center of a governmental quarter-quarter section or lot.

(4) The S/2 NW/4 of said Section 12 is to be dedicated to said well to form a standard 80-acre oil spacing and proration unit for said pool.

(5) The desired location for a Bone Spring oil well in the proposed 80-acre unit, according to the testimony presented at the hearing, is in the SE/4 NW/4 of said Section 12. The U.S. Bureau of Land Management, being the surface management agency for this land tract, requested the applicant to move off of the standard location window for this particular quarter-quarter section as to avoid a surface drainage area. The geological evidence presented by the applicant indicates that a move to the east of the standard window in the SE/4 NW/4 is toward a more favorable geologic position, thereby increasing the likelihood of obtaining commercial oil production.

(6) The applicant is the only offsetting operator to all properties surrounding the proposed unit.

(7) No other interested party appeared at the hearing in opposition to this application.

(8) Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Undesignated Red Hills-Bone Spring 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.

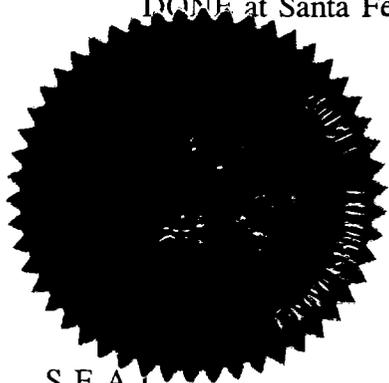
IT IS THEREFORE ORDERED THAT:

(1) The application of Enron Oil & Gas Company to drill its Hallwood "12" Federal Well No. 9 at an unorthodox oil well location 1830 feet from the North line and 1650 feet from the West line (Unit F) of Section 12, Township 25 South, Range 33 East, NMPM, to test the Bone Spring formation, Undesignated Red Hills-Bone Spring Pool, Lea County, New Mexico, is hereby approved.

(2) The S/2 NW/4 of said Section 12 shall be dedicated to said well forming a standard 80-acre oil spacing and proration unit for said pool.

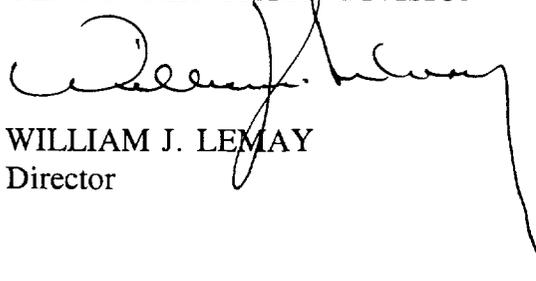
(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director