

**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. 11178
Order No. R-10302**

**APPLICATION OF DAVID PETROLEUM
CORPORATION FOR AN UNORTHODOX
GAS 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 January 5, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 12th day of January, 1995, 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, David Petroleum Corporation, seeks authority to re-enter the previously plugged and abandoned Barbara Fasken Maxwell Trust "26" Well No. 1 located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 26, Township 15 South, Range 34 East, NMPM, Lea County, New Mexico, to test the Morrow formation.

(3) The N/2 of Section 26 is to be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit.

(4) The subject well is located within one mile of the North Eidson-Morrow Gas Pool which is currently governed by Statewide Rules and Regulations which require standard 320-acre gas spacing and proration units with wells to be located no closer than 1980 feet from the end boundary nor closer than 660 feet from the side boundary nor closer than 330 from any quarter-quarter section line or subdivision inner boundary.

(5) The subject well was drilled in 1989 by Barbara Fasken to a depth of approximately 10,800 feet to test the Wolfcamp formation. The Wolfcamp formation tested dry and the well was subsequently plugged and abandoned on April 18, 1989.

(6) The applicant proposes to re-enter the subject well and deepen it to a total depth of approximately 12,500 feet to test the Morrow formation.

(7) Applicant presented geologic evidence which indicates that the subject well is located on the upthrown side of a northeast-southwest trending fault which traverses the NW/4 of Section 26.

(8) Applicant's evidence further indicates that the subject well should penetrate the Morrow formation in an area of maximum sand thickness within the NW/4 of Section 26.

(9) Applicant testified that due to the presence of the above-described fault, it is unknown whether the SW/4 of Section 26 will contribute gas reserves to the subject well.

(10) The evidence indicates that the applicant is the owner of the NE/4 of Section 27, and is also the majority interest owner of the SE/4 of Section 27, these areas being the affected offset acreage.

(11) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

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

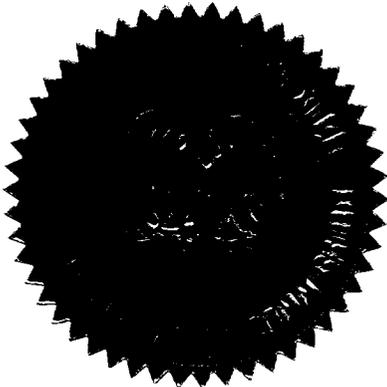
(1) The applicant, David Petroleum Corporation, is hereby authorized to re-enter and deepen the previously plugged and abandoned Barbara Fasken Maxwell Trust "26" Well No. 1 located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 26, Township 15 South, Range 34 East, NMPM, Lea County, New Mexico, to a depth of approximately 12,500 feet to test the Morrow formation, Undesignated North Eidson-Morrow Gas Pool.

(2) The N/2 of Section 26 shall be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit for said pool.

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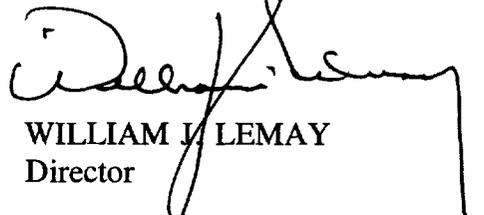
(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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