

**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. 11182
Order No. R-10300**

**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 January 5, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 10th 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) Division Case Nos. 11177 and 11182 were consolidated at the time of the hearing for the purpose of testimony.

(3) The applicant, Enron Oil & Gas Company, seeks authority to drill its Hallwood "1" Federal Well No. 4 at an unorthodox oil well location 1060 feet from the South line and 1650 feet from the West line (Unit N) of Section 1, Township 25 South, Range 33 East, NMPM, Undesignated Red Hills-Bone Spring Pool, Lea County, New Mexico.

(4) The E/2 SW/4 of Section 1 is to be dedicated to the subject well forming a standard 80-acre oil spacing and proration unit.

(5) The subject well is located within one mile of the outer boundary of the Red Hills-Bone Spring Pool and is therefore subject to the Special Rules and Regulations for said pool as promulgated by Division Order No. R-10109, which require standard 80-acre spacing and proration units with wells to be located within 150 feet of the center of either quarter-quarter section or lot.

(6) According to applicant's evidence and testimony, the proposed unorthodox location within the SE/4 SW/4 of Section 1 is necessitated by topographic considerations, namely the presence of surface drainage features.

(7) According to further geologic evidence and testimony presented by the applicant, the NE/4 SW/4 of Section 1 is not a suitable quarter-quarter section in which to drill the subject well inasmuch as the 3rd Bone Spring Sand, being the target producing interval, thins considerably moving north of the current proposed location.

(8) The applicant is the operator of all acreage offsetting the proposed proration unit.

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

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil 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.

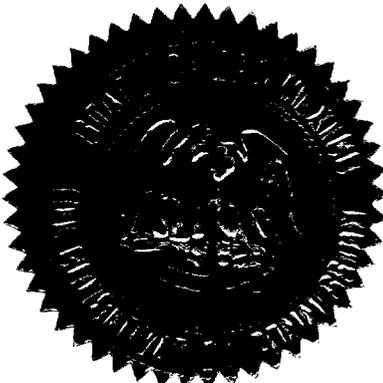
IT IS THEREFORE ORDERED THAT:

(1) The applicant, Enron Oil & Gas Company, is hereby authorized to drill its Hallwood "1" Federal Well No. 4 at an unorthodox oil well location 1060 feet from the South line and 1650 feet from the West line (Unit N) of Section 1, Township 25 South, Range 33 East, NMPM, Undesignated Red Hills-Bone Spring Pool, Lea County, New Mexico.

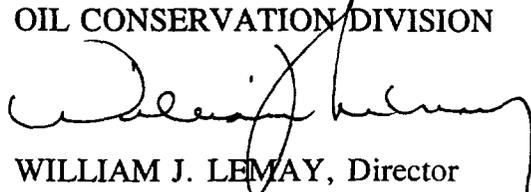
(2) The E/2 SW/4 of Section 1 shall be dedicated to the subject well forming a standard 80-acre spacing and proration unit for said pool.

(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.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY, Director