

**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. 11277
Order No. R-10367**

**APPLICATION OF MARALO INC. FOR
A NON-STANDARD OIL PRORATION
UNIT AND 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 May 4, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 12th day of May, 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, Maralo Inc., seeks approval to drill its Johnson "19" Well No. 1 at an unorthodox oil well location 2310 feet from the South line and 994 feet from the East line (Unit I) of Section 19, Township 9 South, Range 35 East, NMPM, Undesignated Northeast Jenkins-Devonian Pool, Lea County, New Mexico.

(3) The applicant further seeks to establish and dedicate to the subject well a non-standard oil proration unit comprising the SE/4 NE/4 and the NE/4 SE/4 of Section 19.

(4) The proposed Johnson "19" Well No. 1 is located within one mile of the Northeast Jenkins-Devonian Pool and is therefore subject to the Special Rules and Regulations for said pool as promulgated by Division Order No. R-9912, 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.

(5) Utilizing 3-D seismic and well control data, the applicant has identified a Devonian structure which encompasses a portion of the E/2 of Section 19.

(6) The highest portion of this Devonian structure is centered around the SE/4 NE/4 and the NE/4 SE/4 of Section 19.

(7) The applicant's geologic evidence indicates that a well drilled at the proposed unorthodox oil well location should penetrate the Devonian formation at the highest structural position within the proposed proration unit.

(8) Applicant testified that it is imperative to locate the subject well at the highest structural position within the Devonian formation so as to efficiently drain the structure, including "attic oil".

(9) The applicant, who operates all of the wells in the Northeast Jenkins-Devonian Pool, testified that the proposed Johnson "19" Well No. 1 can efficiently drain and develop the entire proposed proration unit.

(10) The applicant currently operates the entire E/2 of Section 19.

(11) No other interest owner and/or offset operator appeared at the hearing in opposition to the proposed non-standard proration unit or unorthodox oil well location.

(12) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Northeast Jenkins-Devonian 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, Maralo Inc., is hereby authorized to drill its Johnson "19" Well No. 1 at an unorthodox oil well location 2310 feet from the South line and 994 feet from the East line (Unit I) of Section 19, Township 9 South, Range 35 East, NMPM, Undesignated Northeast Jenkins-Devonian Pool, Lea County, New Mexico.

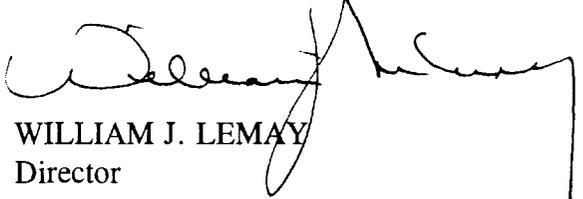
(2) A non-standard oil proration unit comprising the SE/4 NE/4 and NE/4 SE/4 of Section 19, Township 9 South, Range 35 East, NMPM, is hereby established and dedicated to the aforesaid Johnson "19" Well No. 1 in the Northeast Jenkins-Devonian Pool.

(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