



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



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March 11, 1994

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Attorneys at Law
P. O. Box 2208
Santa Fe, New Mexico 87504

RE: CASE NO. 10926
ORDER NO. R-10078

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

Sally E. Martinez
Sally E. Martinez
Administrative Secretary

cc: BLM Carlsbad Office

**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. 10926
Order No. R-10078**

**APPLICATION OF DAVID H. ARRINGTON
OIL & GAS INC. FOR AN UNORTHODOX
GAS WELL LOCATION AND A NON-STANDARD
SPACING UNIT, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 3, 1994, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 9th day of March, 1994, 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 H. Arrington Oil & Gas Inc., seeks authorization to drill its Foster Well No. 4 at an unorthodox gas well location 660 feet from the South line and 480 feet from the East line (Unit P) of Section 34, Township 19 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico.

(3) The applicant further seeks the creation of a 160-acre non-standard gas spacing and proration unit comprising the S/2 S/2 of Section 34, said unit to be dedicated to the above-described Foster Well No. 4.

(4) The applicant presented evidence which indicates that by Order No. R-10007, issued in Case No. 10795 on November 2, 1993, the Division authorized David H. Arrington Oil & Gas Inc. to drill its Foster Well No. 3 at an unorthodox gas well location 660 feet from the South line and 330 feet from the East line (Unit P) of said Section 34 to test the Eumont Gas Pool. Order No. R-10007 further created a non-standard gas proration unit comprising the S/2 S/2 of said Section 34.

(5) Testimony by the applicant indicates that the aforesaid Foster Well No. 3 has been drilled and, due to certain farmout agreements, is currently producing from the Abo formation.

(6) The proposed Foster Well No. 4 will replace the Foster Well No. 3 as the Eumont test well.

(7) The geologic evidence presented by the applicant indicates that a well drilled at the proposed unorthodox gas well location should encounter the "Queen" portion of the Eumont Gas Pool at a higher structural position than a well drilled at another location within the unit that would be considered standard, thereby increasing the likelihood of obtaining commercial gas production.

(8) The proposed non-standard gas proration unit, previously approved by said Order No. R-10007, should be re-authorized by this order.

(9) No offset 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 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.

(11) For purposes of assigning a gas allowable in the Eumont Gas Pool, the subject non-standard proration unit should be assigned an acreage factor of 1.0.

(12) Division Order No. R-10007 should be superseded by this order.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, David H. Arrington Oil & Gas Inc., is hereby authorized to drill its Foster Well No. 4 at an unorthodox gas well location 660 feet from the South line and 480 feet from the East line (Unit P) of Section 34, Township 19 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico.

(2) A 160-acre non-standard gas spacing and proration unit comprising the S/2 S/2 of Section 34, Township 19 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby created within the Eumont Gas Pool. This proration unit shall be dedicated to the aforesaid Foster Well No. 4.

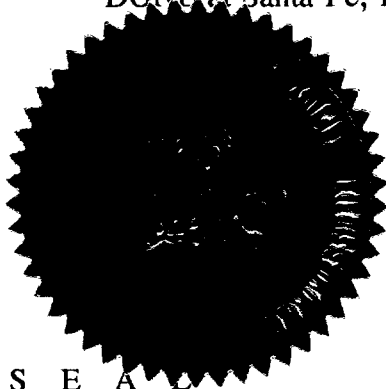
(3) For purposes of assigning a gas allowable in the Eumont Gas Pool, the subject non-standard gas proration unit shall be assigned an acreage factor of 1.0.

(4) Division Order No. R-10007 is hereby superseded by this order.

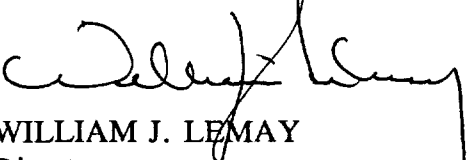
(5) Jurisdiction of this cause is hereby retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

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