

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. 9611
ORDER NO. R-8900

APPLICATION OF THE PETROLEUM CORPORATION
OF DELAWARE FOR AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 1, 1989, at Santa Fe, New Mexico, before Examiner Victor T. Lyon.

NOW, on this 10th day of April, 1989, 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, The Petroleum Corporation of Delaware, seeks approval of an unorthodox gas well location 660 feet from the South and West lines (Unit M) of Section 1, Township 20 South, Range 29 East, NMPM, to test the Undesignated East Burton Flat Strawn Gas Pool and the Undesignated East Burton Flat-Morrow Gas Pool, Eddy County, New Mexico.

(3) The S/2 of said Section 1 is proposed to be dedicated to the well forming a standard 320-acre gas spacing and proration unit for both formations.

(4) Evidence introduced at the hearing indicated the Strawn was the primary objective with the Morrow being a secondary, or back-up target.

(5) Applicant has rights on both the W/2 and the S/2 of said Section 1 so that orientation of the proposed drilling and spacing unit is at applicant's option but the proposed location is unorthodox for either orientation of the unit.

(6) The nearest Strawn well is one-half mile west of the proposed location, that well having been drilled at a standard location for the S/2 of Section 2 (1980 feet from the East line).

(7) Applicant desires to drill a well at the nearest point to the nearest well possible on his lease, whereas the nearest standard location for the unit as oriented would be 3/4-mile (3960 feet) from the nearest well.

(8) From the evidence presented it appears a well could be drilled on a standard location for the W/2 of Section 1, and located only 2952 feet from the nearest well and at a more structurally advantageous location for the primary objective, the Strawn formation.

(9) Evidence presented with respect to the Morrow, or secondary objective, failed to show indication of Morrow channels or other features which would make one location any better than another on applicant's leases in Section 1.

(10) Applicant failed to show that the proposed location is necessitated by structural or reservoir conditions in either formation.

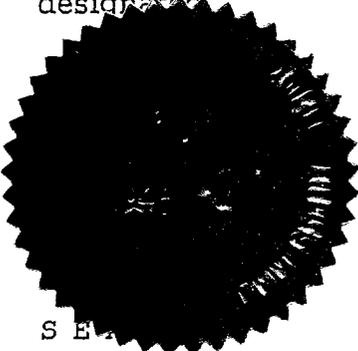
(11) Applicant has failed to present a prima facie case justifying the requested unorthodox location and the application should be denied.

IT IS THEREFORE ORDERED THAT:

(1) The application of The Petroleum Corporation of Delaware for an unorthodox gas well location for the Undesignated East Burton Flat-Morrow Gas Pool and the Eat Burton Flat-Strawn Gas Pool for a well to be located at a point 660 feet from the South and West lines (Unit M) of Section 1, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico, is hereby denied.

(2) Jurisdiction of this cause is 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