

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9005
Order No. R-8331

APPLICATION OF DIAMOND SHAMROCK EXPLORATION
COMPANY 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 October 22, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 4th day of November, 1986, 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, Diamond Shamrock Exploration Company, seeks the approval of an unorthodox gas well location 660 feet from the South and East lines of Section 34, Township 22 South, Range 34 East, NMPM, to test the Atoka formation, Antelope Ridge-Atoka Gas Pool, Lea County, New Mexico.
- (3) The S/2 of said Section 34 is to be dedicated to the well.
- (4) Geologic evidence presented by the applicant at the hearing indicated that a well at said unorthodox location would better enable the applicant to produce the gas underlying the proration unit.
- (5) The applicant presented evidence that BTA Producers, the affected offset operator, has consented to the proposed location.
- (6) 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

BEFORE EXAMINER STOGNER OIL CONSERVATION DIVISION <u>BTA</u> EXHIBIT NO. <u>A</u> CASE NO. <u>9755</u>

Case No. 9005
Order No. R-8331
-2-

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 application of Diamond Shamrock Exploration Company for an unorthodox gas well location for the Atoka formation is hereby approved for a well to be located at a point 660 feet from the South and East lines of Section 34, Township 22 South, Range 34 East, NMPM, Antelope Ridge-Atoka Gas Pool, Lea County, New Mexico.

(2) The S/2 of said Section 34 shall be dedicated to the above-described well.

(3) 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


R. L. Stamets
Director

S E A L

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9087
Order No. R-8331-A

APPLICATION OF DIAMOND SHAMROCK
EXPLORATION COMPANY FOR AN AMENDMENT
OF DIVISION ORDER NO. R-8331, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 4, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 13th day of March, 1987, 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 Order No. R-8331, dated November 4, 1986, authorized the applicant in the immediate case, Diamond Shamrock Exploration Company, to drill a well to test the Atoka formation at an unorthodox gas well location 660 feet from the South and East lines (Unit P) of Section 34, Township 22 South, Range 34 East, NMPM, Antelope Ridge-Atoka Gas Pool, Lea County, New Mexico.
- (3) The applicant at this time seeks to amend said Order No. R-8331 to include the Morrow formation which underlies the Atoka formation in the provisions set forth in that order.
- (4) The S/2 of said Section 34 is to be dedicated to the well forming a standard 320-acre gas spacing and proration unit in the Undesignated Antelope Ridge-Morrow Gas Pool.
- (5) No offset operator objected to the proposed unorthodox gas well location.

(6) At the time of the immediate hearing the subject well was drilling at a depth of approximately 12,140 feet.

(7) It is the intention of Diamond Shamrock Exploration Company to penetrate the Atoka formation, cease drilling operations, and test the Atoka zone. The Morrow formation will then be penetrated and evaluated.

(8) If it is found that both formations are productive, the applicant proposes to shut-in the Morrow zone and produce the Atoka zone first.

(9) If it is found that both zones are productive the provisions set forth in this order should be retained until such time that the Morrow zone may be produced.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the 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) All provisions set forth in previous Order No. R-8331 should remain in full force and effect.

IT IS THEREFORE ORDERED THAT:

(1) The Diamond Shamrock Exploration Company's well presently drilling at a previously approved unorthodox gas well location for the Antelope Ridge-Atoka Gas Pool (Division Order No. R-8331, dated November 4, 1986), 660 feet from the South and East lines (Unit P) of Section 34, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, is hereby approved as an unorthodox gas well location in the Undesignated Antelope Ridge-Morrow Gas Pool.

(2) The S/2 of said Section 34 shall be dedicated to the above-described well.

(3) The provisions set forth in this order shall remain in effect until such time as the Morrow zone can be exploited.

(4) The provisions set forth in the previous Division Order No. R-8331 shall remain in full force and effect.

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

(Specs) UKI WENSKI

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

April 15, 1987

GARREY CARRUTHERS
GOVERNOR

Diamond Shamrock Exploration Company
2001 Ross Avenue
Dallas, Texas 75201-2916

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Attr: Randy Simmons
Reservoir Engineer Manager

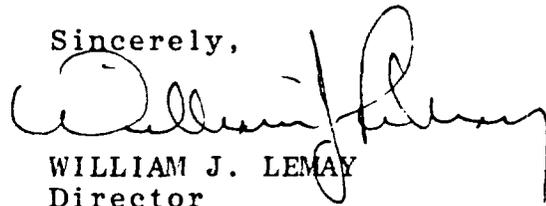
Re: Federal Well No. 2 Unit P,
Section 34, Township 22
South, Range 34 East, Lea
County, New Mexico

Dear Mr. Simmons:

Division Order No. R-8331, dated November 4, 1986, authorized the drilling of the subject well to test the Antelope Ridge Atoka Gas Pool at an unorthodox gas well location 660 feet from the South and East lines (Unit P) of said Section 34. Division Order No. R-8331-A, dated March 13, 1987, amended R-8331 to include the Undesignated Antelope Ridge Morrow Gas Pool into the provisions set forth in that order. Both orders indicated the S/2 of said Section 34 was to be dedicated in both pools to the well.

Your letter dated April 10, 1987, requesting a re-orientation of the dedicated acreage in both pools for the subject well to include the E/2 of said Section 34, has been considered and reviewed. Since this change would facilitate the drilling of an Atoka/Morrow well in the SW/4 of said Section 34 and the ownership of minerals is common throughout the entire section, your request to rededicate the E/2 of said Section 34 to the subject well is hereby approved.

Sincerely,



WILLIAM J. LEMAY
Director

WJL/MES/et

xc: Oil Conservation Division - Hobbs
Paul Cooler
Case Nos. 9005, 9087

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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. 9258
Order No. R-8558

THE APPLICATION OF BTA OIL
PRODUCERS 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 November 18, 1987, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 3rd day of December, 1987, 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, BTA Oil Producers, seeks approval of an unorthodox gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 35, Township 22 South, Range 34 East, NMPM, Undesignated Antelope Ridge-Atoka Gas Pool, Lea County, New Mexico, the N/2 of said Section 35 to be dedicated to the well.

(3) Geologic evidence presented in this case indicates that there are two separate limestone producing intervals within the Atoka formation in this area.

(4) The applicant currently operates the Maddox "B" 8016 JV-P Well No. 1 located at a standard gas well location 1980 feet from the North line and 1980 feet from the West line of said Section 35, which is currently producing from the Morrow formation.

Case No. 9258
Order No. R-8558

(5) The applicant testified that logging data from the Maddox "B" 8016 JV-P Well No. 1 indicates that the Atoka formation contains little or no porosity at this well location.

(6) Testimony and geologic evidence presented in this case further indicates that a well drilled at said unorthodox location would better enable the applicant to encounter sufficient porosity and permeability within the Atoka formation necessary to obtain a producing well.

(7) No offset operator objected to the proposed unorthodox location.

(8) Approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Atoka formation, 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:

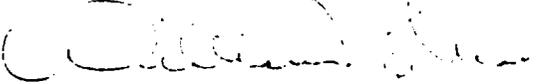
(1) The application of BTA Oil Producers for an unorthodox gas well location for the Atoka formation is hereby approved for a well to be located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 35, Township 22 South, Range 34 East, NMPM, Undesignated Antelope Ridge-Atoka Gas Pool, Lea County, New Mexico.

(2) The N/2 of said Section 35 shall be dedicated to the above described well.

(3) 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