

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. 9806
ORDER NO. R-9051

APPLICATION OF PACIFIC ENTERPRISES
OIL COMPANY FOR AN UNORTHODOX GAS WELL
LOCATION, CHAVES COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

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

NOW, on this 20th day of November, 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, Pacific Enterprises Oil Company, seeks approval of an unorthodox gas well location 660 feet from the North line and 1400 feet from the East line (Unit B) of Section 2, Township 10 South, Range 26 East, NMPM, to test the Undesignated Foor Ranch-PrePermian Gas Pool, Chaves County, New Mexico.
- (3) Lots 1, 2, 3 and 4 and the S/2 N/2 (N/2 equivalent) of said Section 2 is to be dedicated to the well forming a 320.52-acre gas spacing and proration unit for said pool.
- (4) A well at the proposed unorthodox location will better enable the applicant to produce the gas underlying the proration unit.
- (5) The evidence showed a fault to limit the productive area on the west side of the tract such that only the east 60% is indicated to be productive.

Case No. 9806
 Order No. R-9051
 Page No. 2

(6) The Foor Ranch-PrePermian Gas Pool is not prorated, but should it become prorated in the future, the acreage factor should be reduced to 192/320 or 0.60.

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

(8) 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.

IT IS THEREFORE ORDERED THAT:

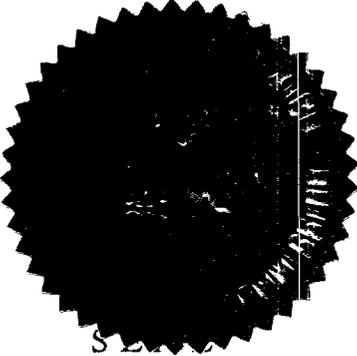
(1) The application of Pacific Enterprises Oil Company for an unorthodox gas well location for the Undesignated Foor Ranch-PrePermian Gas Pool is hereby approved for a well to be located at a point 660 feet from the North line and 1400 feet from the East line (Unit B) of Section 2, Township 10 South, Range 26 East, NMPM, Chaves County, New Mexico.

(2) Lots 1, 2, 3 and 4 and the S/2 N/2 (N/2 equivalent) of said Section 2 shall be dedicated to the above-described well forming a 320.52-acre gas spacing and proration unit for said pool.

(3) Should the Foor Ranch-PrePermian Gas Pool become prorated in the future, an acreage factor of 0.60 (192/320) shall be given this proration unit.

(4) 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
 WILLIAM J. LEMAY
 Director