

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. 10262  
Order No. R-9477

APPLICATION OF J. OIL AND GAS  
PRODUCTION COMPANY FOR AN UNORTHODOX  
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 March 7, 1991, at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this 27th day of March, 1991, 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, J. Oil and Gas Production Company, seeks approval for its Moon Elkins Well No. 1 at an unorthodox location 1340 feet from the South line and 990 feet from the East line (Unit I) of Section 26, Township 7 South, Range 28 East, NMPM, to test the Fusselman formation, South Elkins-Fusselman Pool and South Elkins-Fusselman Gas Pool, Chaves County, New Mexico.

(3) The applicant proposes to dedicate the S/2 of said Section 26 to the well forming a standard 320-acre gas spacing and proration unit if it is completed as a gas well and to dedicate the NE/4 SE/4 of said Section 26 to the well forming a 40-acre oil spacing and proration unit if it is completed as an oil well.

(4) A well at said unorthodox location will better enable applicant to produce the hydrocarbons underlying the proration unit. Applicant's witness presented a structure map and cross sections which indicate a structure favorable for the accumulation of hydrocarbons in the S/2 of Section 26. It is similar and approximately one mile west of the South Elkins-Fusselman structure in Section 31, Township 7 South, Range 29 East, NMPM, Chaves County, New Mexico. The proposed well in Section 26 is located at the top of the structure.

(5) Special rules for the South Elkins-Fusselman Gas Pool provide for 320-acre spacing. General Rule 104.C II.(a) is applicable for well location requirements and provides that wells are to be located 660 feet from the side boundary, 1980 feet from the end boundary and 330 feet from any quarter-quarter section boundary.

(6) Special rules for the South Elkins-Fusselman Pool provide for 80-acre spacing with wells to be located within 150 feet of the center of a governmental quarter-quarter section or lot. If the applicant's well is completed as an oil well, an 80-acre proration unit should be dedicated to it instead of 40 acres as proposed.

(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 hydrocarbons in the affected pool(s) and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

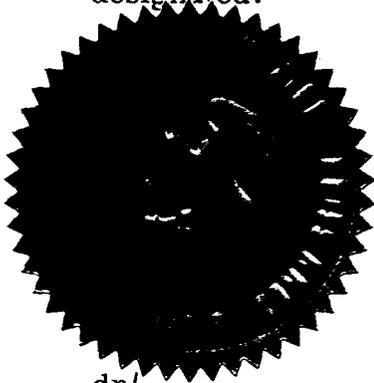
(1) An unorthodox gas well location for the Fusselman formation is hereby approved for the J. Oil and Gas Production Company Moon Elkins Well No. 1 to be located 1340 feet from the South line and 990 feet from the East line (Unit I) of Section 26, Township 7 South, Range 28 East, NMPM, Chaves County, New Mexico.

(2) The S/2 of said Section 26 shall be dedicated to the above-described well forming a standard 320-acre gas spacing and proration unit for the Undesignated South Elkins-Fusselman Gas Pool if the well is completed as a gas well. The E/2 SE/4 of said Section 26 shall be dedicated to the well forming a standard 80-acre oil spacing and proration unit for the Undesignated South Elkins Fusselman Pool if the well is completed as an oil well.

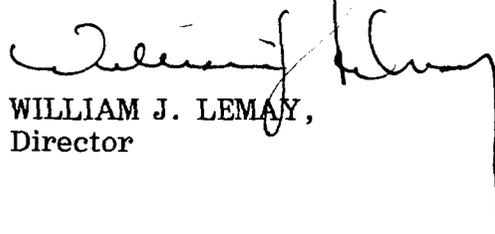
(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Case 10262  
Order No. R-9477  
Page 3

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



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "William J. Lemay".

WILLIAM J. LEMAY,  
Director

dr/