

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. 9485
Order No. R-8754

APPLICATION OF UNION TEXAS
PETROLEUM COMPANY 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 September 14, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 23rd day of September, 1988, 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, Union Texas Petroleum Company, seeks approval to drill its Allied Chemical Federal Well No. 3 at an unorthodox gas well location 660 feet from the South and West lines (Unit M) of Section 3, Township 24 South, Range 26 East, NMPM, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.
- (3) The applicant proposes to dedicate a 318.16-acre standard proration unit consisting of Lots 3 and 4, S/2 NW/4, and the SW/4 of said Section 3 to the above-described well.
- (4) The proposed well is located within the South Carlsbad-Morrow Gas Pool and is therefore subject to the special rules and regulations for said pool as promulgated

by Division Order No. R-8170, as amended, which require wells to be located no closer than 1980 feet to the end boundary of the proration unit nor closer than 660 feet to the side boundary of the proration unit and no closer than 330 feet to any quarter-quarter section line or subdivision inner boundary.

(5) The subject pool is also a prorated gas pool governed by the General Rules for the Prorated Gas Pools of New Mexico, as contained in said Division Order No. R-8170, as amended.

(6) The applicant is also the owner and operator of the Allied Chemical Federal Well No. 2 located 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 3, which was drilled and completed in the South Carlsbad-Morrow Gas Pool in 1976.

(7) Due to mechanical problems within the wellbore, the applicant intends to plug and abandon said Allied Chemical Federal Well No. 2.

(8) The applicant presented geologic evidence and testimony which indicates that a well at the proposed location should penetrate the Morrow formation at a more structurally advantageous position than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(9) No offset operator objected to the proposed unorthodox gas well location.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject 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 applicant, Union Texas Petroleum Company, is hereby authorized to drill its Allied Chemical Federal Well No. 3 at an unorthodox gas well location 660 feet from the South and West lines (Unit M) of Section 3, Township 24 South, Range 26 East, NMPM, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.

-3-

Case No. 9485

Order No. R-8754

(2) A standard 318.16-acre gas proration unit consisting of Lots 3 and 4, S/2 NW/4, and the SW/4 of said Section 3 shall be dedicated to the above-described well.

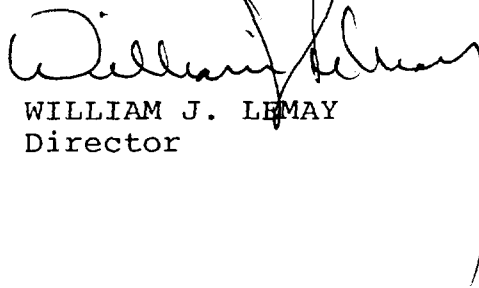
(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

fd/