

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

O. C. D.
ARTESIA, OFFICE

CASE NO. 6845
Order No. R-6310

APPLICATION OF MARATHON OIL 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 9 a.m. on March 26, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 15th day of April, 1980, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Marathon Oil Company, seeks approval of an unorthodox gas well location 800 feet from the North line and 200 feet from the East line of Section 30, Township 21 South, Range 23 East, NMPM, to test the Pennsylvanian formation, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.
- (3) That the special pool rules for said Indian Basin-Upper Pennsylvanian Gas Pool, as promulgated by Order No. R-2440 and made permanent by Order No. R-2440-A, provide for 640-acre (one section) spacing and proration units in said pool.
- (4) That while all of said Section 30 is to be dedicated to the well, no more than 190 acres within such section may be presumed to be productive from the Indian Basin-Upper Pennsylvanian Gas Pool.

(5) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(6) That a well drilled at the proposed unorthodox location should receive an allowable penalty based upon productive acres in said Section 30.

(7) That the allowable factor for said well should be calculated as follows:

$$\text{Allowable} = \frac{190 (\text{Finding 4})}{640 (\text{Finding 3})} = 0.30 \text{ Factor}$$

(8) That the assignment of an allowable factor as described in Finding No. (7) above will permit the applicant to produce its just and equitable share of the gas in the Indian Basin-Upper Pennsylvania Gas Pool, will protect applicant's correlative rights and prevent waste, and will protect the correlative rights of offset operators in the pool.

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location for the Pennsylvania formation is hereby approved for a well to be located at a point 800 feet from the North line and 200 feet from the East line of Section 30, Township 21 South, Range 23 East, NMPM, Indian Basin-Upper Pennsylvania Gas Pool, Eddy County, New Mexico, provided however, that such well upon completion in said pool shall have an allowable factor for gas proration purposes of 0.30.

(2) That all of said Section 30 shall be dedicated to the above-described well.

(3) That 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
JOE D. RAMEY
Director

S E A L
Ed/