

State of New Mexico  
Energy, Minerals and Natural Resources Department

RECEIVED

C135M  
#560P

Form C-101

Revised February 10, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 6 Copies

Fee Lease - 5 Copies

District I  
PO Box 1988, Hobbs, NM 88241-1988  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Bramos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

OIL CONSERVATION DIVISION  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

MAY 12 1995

OIL CON. DIV.  
DIST. 2

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

<sup>1</sup> Operator name and Address ORYX ENERGY COMPANY P.O. BOX 2880 DALLAS, TX 75221-2880		<sup>2</sup> OGRID Number 16587 064587
		<sup>3</sup> API Number 30-015-28510
<sup>4</sup> Property Code 8553	<sup>5</sup> Property Name CONOCO STATE GAS COM	<sup>6</sup> Well Number 2

<sup>7</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
M	2	22S	23E		800	S	800	W	EDDY

<sup>8</sup> Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
<sup>9</sup> Proposed Pool 1 INDIAN BASIN UPPER PENN. (PRO GAS)					<sup>10</sup> Proposed Pool 2 WOLFCAMP				

<sup>11</sup> Work Type Code N	<sup>12</sup> Well Type Code G	<sup>13</sup> Cable/Rotary R	<sup>14</sup> Lease Type Code S	<sup>15</sup> Ground Level Elevation 3998
<sup>16</sup> Multiple NO	<sup>17</sup> Proposed Depth 7900	<sup>18</sup> Formations UPPER PENN	<sup>19</sup> Contractor STATE APPROVED	<sup>20</sup> Spud Date 06/15/95

<sup>21</sup> Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2	13 3/8	48	300	325	SURFACE
12 1/4	9 5/8	36	2000	650	SURFACE
8 3/4	7	23	7900	500	4000

<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone.

Describe the blowout prevention program, if any. Use additional sheets if necessary

APD TO DRILL NEW WELL. BOP SKETCH ATTACHED.

REFERENCE TO ORDER # R-10359  
CASE NO. 11189

Post ID-1  
5-19-95  
New Lease + API

Notify N.M.O.C.C. in sufficient  
time to witness cementing  
the 9 5/8" casing

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Rod L. Bailey*

Printed name: ROD L. BAILEY

Title: STAFF PRORATION ANALYST

Date: 05/09/95

Phone: (214) 715-4828

OIL CONSERVATION DIVISION

Approved by: ORIGINAL SIGNED BY TIM W. GUM  
DISTRICT II SUPERVISOR

Title:

Approval Date: MAY 15 1995 Expiration Date: 11-15-95

Conditions of Approval:

Attached ☐

**DISTRICT III**  
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
 Received February 10, 1994  
 Submit to Approval District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

## OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

OIL CON. DIV. ☒ RECOMMENDED REPORT

DIST. 2

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-28510	Pool Code 79040	Pool Name INDIAN BASIN UPPER PENN (PRO GAS)
Property Code	Property Name CONOCO STATE	Well Number 2
OGRID No. 016587	Operator Name ORYX ENERGY CO.	Elevation 3998'

### Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	2	22S	23E		800	SOUTH	800	WEST	EDDY

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres 640	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

LOT 4	LOT 3	LOT 2	LOT 1
48.82	48.65	48.49	48.32
<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;"> <p>800'</p> <p>800'</p> </div> </div>			

**OPERATOR CERTIFICATION**

*I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.*

Signature

ROD L. BAILEY  
 Printed Name

STAFF PRORATION ANALYST  
 Title

05/09/95  
 Date

**SURVEYOR CERTIFICATION**

*I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.*

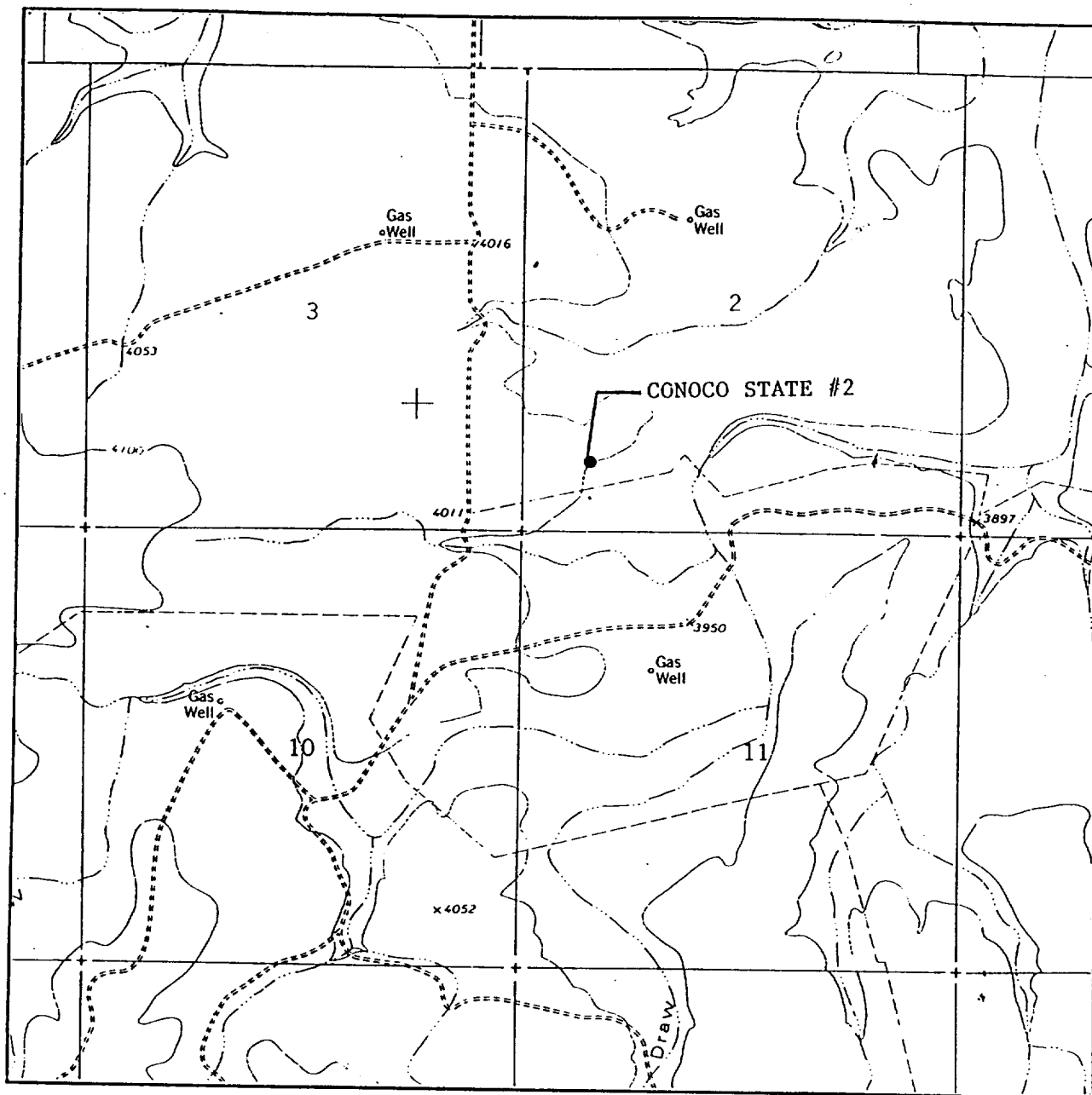
DECEMBER 20, 1994  
 Date Surveyed

Signature & Seal of  
 Professional Surveyor

W.O. Min. 94-11-2193

Certificate No. JOHN W. WEST, 676  
RONALD J. EIDSON, 3239  
GARY L. JONES, 7977

# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL 20'

SEC. 2 TWP. 22S RGE. 23E

SURVEY N.M.P.M.

COUNTY EDDY STATE N.M.

DESCRIPTION 800' FSL & 800' FWL

ELEVATION 3998'

OPERATOR ORYX ENERGY CO.

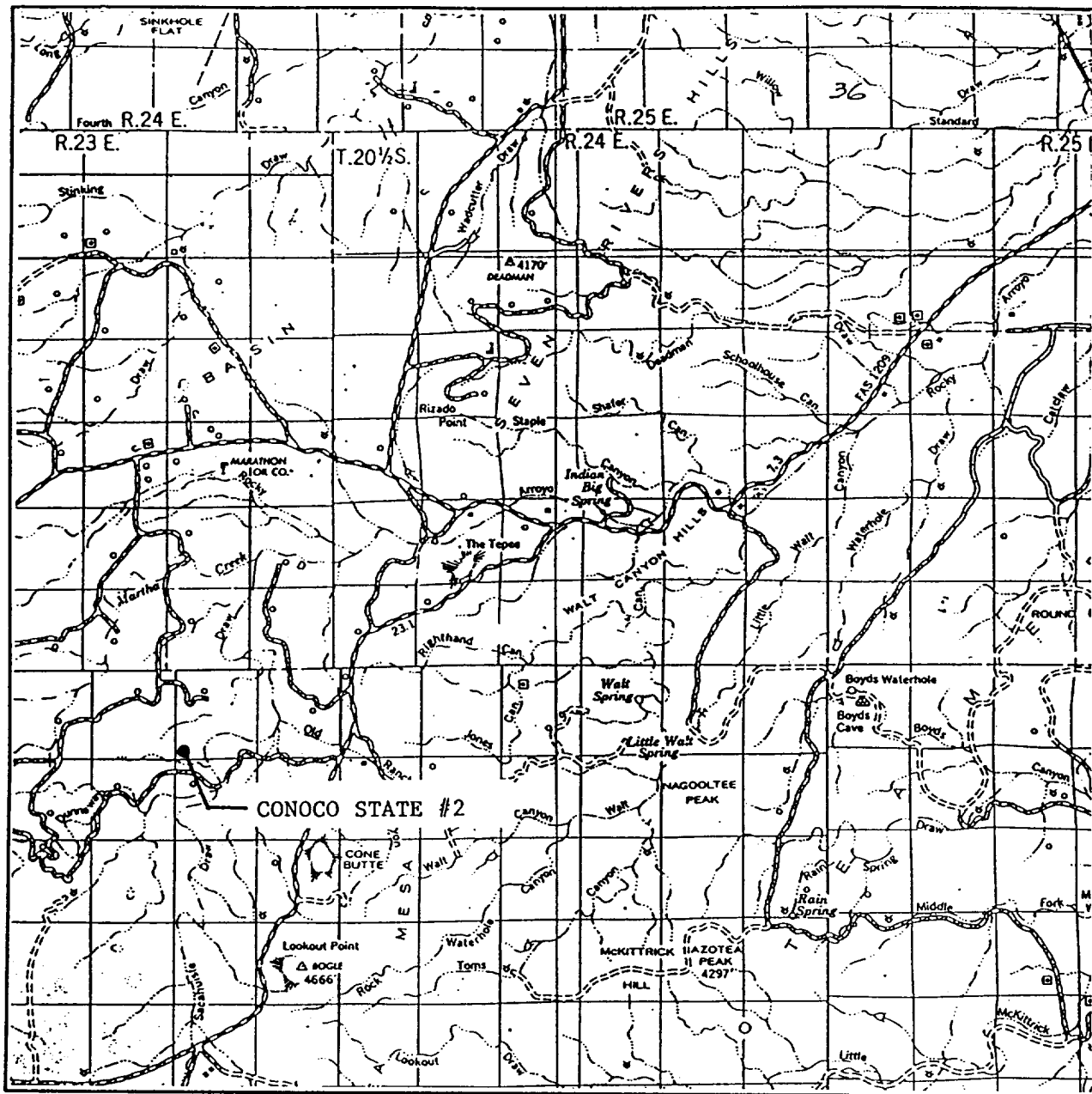
LEASE CONOCO STATE #2

U.S.G.S. TOPOGRAPHIC MAP

MARTHA CREEK, N.M.

**JOHN WEST ENGINEERING  
HOBBS, NEW MEXICO  
(505) 393-3117**

# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 2 TWP. 22S RGE. 23E

SURVEY N.M.P.M.

COUNTY EDDY STATE N.M.

DESCRIPTION 800' FSL & 800' FWL

ELEVATION 3998'

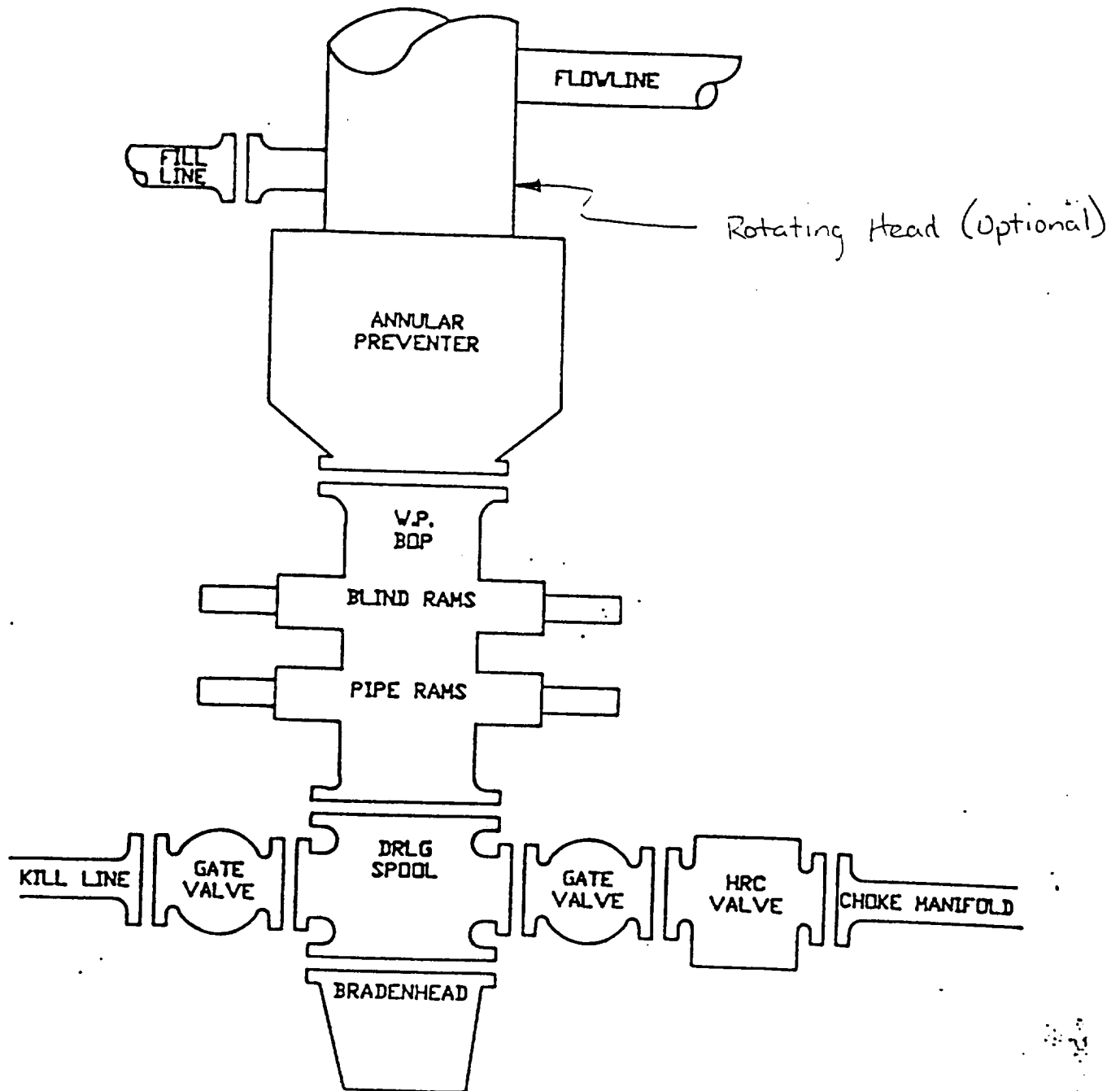
OPERATOR ORYX ENERGY CO.

LEASE CONOCO STATE #2

**JOHN WEST ENGINEERING**  
**HOBBS, NEW MEXICO**  
**(505) 393-3117**

3000 psi WP

300' - 7900' TD



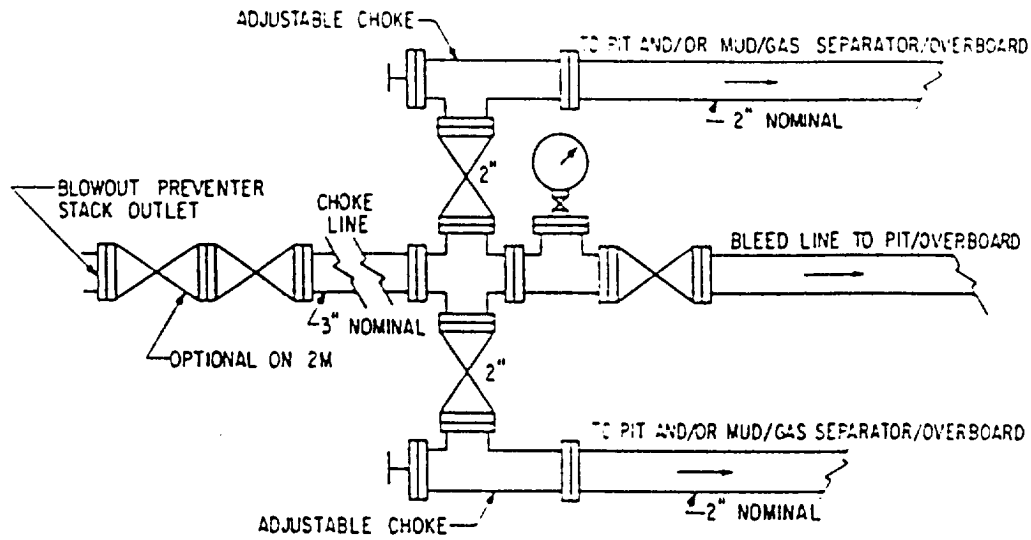


FIG. 3.A.1  
 EXAMPLE CHOKE MANIFOLD ASSEMBLY  
 FOR 2M AND 3M RATED WORKING  
 PRESSURE SERVICE — SURFACE INSTALLATION

3000 psi WP

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. 11189  
ORDER NO. R-10359

APPLICATION OF ORYX ENERGY COMPANY FOR AN UNORTHODOX  
INFILL 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 January 19, 1995 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 2nd day of May, 1995 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, Oryx Energy Company ("ORYX"), seeks approval to drill its Conoco State Well No. 2 at an unorthodox infill gas well location in the Indian Basin-Upper Pennsylvanian Gas Pool 800 feet from the South and West lines (Unit M) of Section 2, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico. Said well is to be simultaneously dedicated to an existing 654.28-acre gas spacing and proration unit comprising all of said irregular Section 2, which is presently dedicated to its Conoco State Gas Com Well No. 1 (API No. 30-015-10619) located at a standard gas well location 1775 feet from the North line and 1980 feet from the West line (Unit F) of said Section 2.

(3) All of said Section 2 is located within the Indian Basin-Upper Pennsylvanian (Prorated) Gas Pool and is therefore subject to the "*General Rules and Regulations For The Prorated Gas Pools of New Mexico/Special Rules and Regulations For The Indian Basin-Upper Pennsylvanian Gas Pool*", as promulgated by Division Order No. R-8170, as amended, which require standard 640-acre proration units with wells to be located no closer than 1650 feet from the outer boundary of the section nor closer than 330 feet from any internal governmental quarter-quarter section line or subdivision inner boundary.

(4) ORYX presented geologic and reservoir engineer data which demonstrates that:

(a) water encroachment is adversely affecting production from its existing well in Section 2, the Conoco State Well No. 1 located 1775 feet from the North line and 1980 feet from the West line (Unit F);

(b) the proposed Conoco State Well No. 2 ultimately will be a "replacement" well and will be drilled at an unorthodox gas well location in order to gain sufficient structural position in its proration/spacing unit to attempt to recover any remaining recoverable gas reserves underlying said Section 2 and thereby protect correlative rights; and

(c) the proposed well is immediately needed to protect this proration/spacing unit from further offset drainage occurring from the southwest.

(5) Oryx proposes at this time that it be authorized to:

(a) drill its Conoco State Well No. 2 at an unorthodox gas well location 800 feet from the south and west lines of Section 2;

(b) until such time as the Conoco State Well No. 1 has "watered out", Oryx seeks approval to drill, operate and produce the gas allowable assigned to this spacing unit from either or both of these two wells in any combination. Once the Conoco State Well No. 1 is completely watered out, then Oryx seeks approval to produce the spacing and



proration unit's gas allowable from the Conoco State Well No. 2; and

(c) that the entire spacing unit be subject to an acreage factor of 0.62 (being a 38% penalty).

(6) Chevron USA Inc. ("Chevron"), an offset operator to the west and southwest, appeared at the hearing and recommended a production penalty be assessed against the proposed Conoco State Well No. 2.

(7) Because gas allowables in the Indian Basin-Upper Pennsylvanian Gas Pool are established on a 640-acre spacing unit basis and not on an individual well basis, it is not possible under the Division's rules and regulations to implement and monitor an effective penalty against the production from a single well within a multiple well spacing unit.

(8) At the hearing, both ORYX and Chevron agreed that in this case it would be appropriate to apply the penalty formula commonly utilized in this pool against the spacing unit allowable so that the total penalized allowable may be produced from either or both wells in the spacing unit in any combination.

(9) MW Petroleum Corporation/Apache Corporation ("Apache"), offset operators to the north and south of said Section 2, submitted a written letter objecting to the proposed simultaneous dedication and requested that the Division require ORYX to abandon its Conoco State Well No. 1 before it commenced producing its Conoco State Well No. 2 citing as its reason Division Case 10423, in which Order No. R-9619 was issued.

(10) A review of the record in said Case 10423 demonstrates that Apache advised the Division that it voluntarily intended to plug and abandon its first well on the spacing unit before commencing production of the unorthodox well and was not required to do so by either the Division or requested to do so by any offset operator.

(11) The fact that Apache failed to propose a penalty against its entire spacing unit allowable which would have then allowed simultaneous production of its wells should not preclude the Division from granting that solution to another operator.

(12) 62% of a full unpenalized allowable based upon the following penalty is consistent with the method used in penalizing other unorthodox well locations and should be applied in this case:

(a) productive acreage factor for Section 2:  
 $487 \text{ acres of } 640 \text{ acre} = 76\% \text{ of allowable; and}$

(b) Ratio of Distance factor:  
 $800 \text{ feet} / 1650 \text{ feet} = 48\% \text{ of allowable}$

-----  
 $76 + 48 \text{ divided by } 2 = 62\%.$

(13) The above penalty will provide a reasonable restriction to protect correlative rights of offsetting operators but is sufficient to afford the applicant the opportunity to protect its correlative right to recover its share of remaining recoverable gas underlying its spacing unit before that gas is swept from its unit.

(14) Approval of the 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, Oryx Energy Company ("Oryx"), is hereby authorized to drill its Conoco State Well No. 2 at an unorthodox infill gas well location in the Indian Basin-Upper Pennsylvanian Gas Pool 800 feet from the South and West lines (Unit M) of Section 2, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico.

(2) Said well is to be simultaneously dedicated to an existing 654.28-acre gas spacing and proration unit comprising all of said irregular Section 2, which is presently dedicated to its Conoco State Gas Com Well No. 1 (API No. 30-015-10619) located at a standard gas well location 1775 feet from the North line and 1980 feet from the West line (Unit F) of said Section 2.

PROVIDED HOWEVER THAT:

(3) Said proration/spacing unit shall be assigned, for gas allowable purposes, an acreage factor of 0.62 in the Indian Basin-Upper Pennsylvanian Gas Pool.

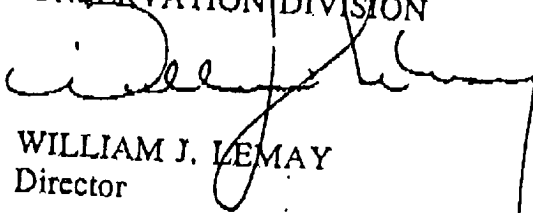
Case No. 11189  
Order No. R-10359  
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(4) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LEMAY  
Director

S E A L