

CASE NO. 11453

Order No. 10549

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- (10) According to applicant's evidence, the N/2 of Section 3 has previously been developed in the North Burton Flat-Wolfcamp Pool by the Oxy USA Inc. Government "S" Well No. 1 and the Government "AN" Well No. 1 located respectively in Units H and C. Both of these wells recovered minor amounts of gas from the Wolfcamp reservoir, and both are currently plugged and abandoned.
- (11) In addition, the N/2 of Section 3 has previously been developed in the Winchester-Strawn Gas Pool by the aforesaid Government "S" Well No. 1 which cumulatively produced approximately 147 MMCFG prior to being plugged and abandoned.
- (12) There is currently no Wolfcamp, Strawn, Atoka or Morrow producing wells within the N/2 of Section 3.
- (13) Applicant's geologic and engineering evidence and testimony indicates that the remaining oil and gas reserves in the Wolfcamp, Strawn, Atoka and Morrow formations within the N/2 of Section 3 can best be recovered by a well drilled at the proposed unorthodox gas well location.
- (14) There are currently no wells producing from the Wolfcamp formation in the affected offset acreage, being Sections 34 and 35, Township 19 South, Range 28 East, and Section 2, Township 20 South, Range 28 East.
- (15) There is currently only one well producing from the Strawn formation within the affected offset acreage, this being the Hillin Production Company JCW State "2" Well No. 1 located in Unit C of Section 2.
- (16) There is currently offset production in the Morrow formation from the Penroc Oil Corporation Dero Federal "A" Com Well No. 1 located in Unit N of Section 35.
- (17) The applicant has notified all affected offset operators of its application, and no offset operator and/or interest owner appeared at the hearing in opposition to the application.
- (18) Approval of the subject application will afford the applicant the opportunity to economically and efficiently recover oil and gas reserves from the Bone Spring, Wolfcamp, Strawn, Atoka and Morrow formations within the N/2 of Section 3, thereby preventing waste, 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.

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IT IS THEREFORE ORDERED THAT:

(1) The applicant, Oxy USA Inc., is hereby authorized to drill its Government "S" Well No. 9 at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 3, Township 20 South, Range 28 East, NMPM, Eddy County, New Mexico, to test all prospective formations from the top of the Wolfcamp to the base of the Morrow formation.

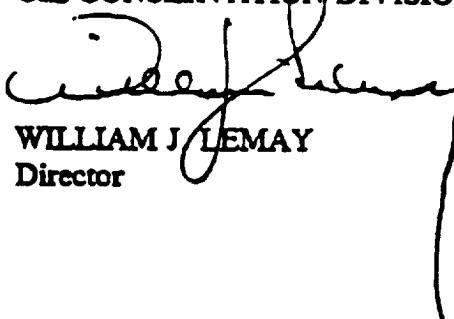
(2) The N/2 of Section 3 shall be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit within said vertical extent.

(3) The NE/4 NE/4 of Section 3 shall be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit in the Old Millman Ranch-Bone Spring Associated Pool.

(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

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