

Entered March 5, 1982
JHR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7481
Order No. R-6792-A

APPLICATION OF ARCO OIL & GAS COMPANY
FOR AMENDMENT OF ORDER NO. R-6792,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 17, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 5th day of March, 1982, 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, Arco Oil and Gas Company, seeks the amendment of Division Order No. R-6792, which authorized the directional drilling of applicant's Custer Wells Well No. 1 to an unorthodox location in the Devonian and Ellenburger formations and imposed a production penalty in the Devonian.

(3) That said Custer Wells Well No. 1 encountered a new source of gas supply in the Devonian formation in a fault block lying to the East of the Custer-Devonian Gas Pool, and separate therefrom, at a measured depth of from 9435 feet to 9482 feet in the side tracked hole.

(4) That by stipulation the applicant and the offset operator have now agreed that the subject well is not affecting the offsetting property and applicant herein seeks removal of the penalty imposed in said Order No. R-6792 for so long as the well produces only from the present perforated interval in the Devonian formation as set out in Finding No. (3) above.

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(5) That suspension of the penalty provisions of said Order No. R-6792 for so long as the subject well is completed in that section of the Devonian formation described in Finding No. (3) above will permit the applicant to produce its share of the hydrocarbons from the Devonian Pool in which it is completed and will not cause waste nor result in violation of correlative rights.

(6) That to assure continued protection of correlative rights, the applicant should be required to give notice to offset operators, by certified mail, and obtain an order from the Division prior to producing said Custer Wells Well No. 1 from any Devonian interval other than that described in Finding No. (3) above.

IT IS THEREFORE ORDERED:

(1) That the Production Limitation Factor in the Devonian formation and the "Special Rules and Regulations For The Application Of A 'Production Limitation Factor' To A Non-Prorated Gas Well" contained in "Further Ordered" Paragraphs (1), (2), and (3) of Division Order No. R-6792 are hereby suspended.

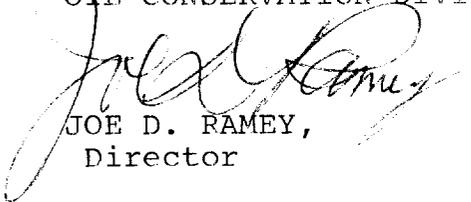
PROVIDED HOWEVER: that such suspension shall apply only so long as the Arco Oil and Gas Company Custer Wells Well No. 1 located in Unit F of Section 6, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, remains completed in the Devonian interval from 9435 feet to 9482 feet in the side tracked hole.

PROVIDED FURTHER: that prior to recompletion of said Custer Wells Well No. 1 in any other Devonian interval the applicant shall give notice to offset operators, by certified mail, and shall obtain an order from the Division authorizing such recompletion.

(2) 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

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