

Entered June 30, 1982
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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 7521 DE NOVO
Order No. R-6948-A

APPLICATION OF WILLIAM B. BARNHILL
FOR AN UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 25, 1982, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 30th day of June, 1982, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, William B. Barnhill, seeks approval of an unorthodox gas well location 660 feet from the South line and 660 feet from the West line of Section 35, Township 19 South, Range 25 East, NMPM, to test the Permo Penn, Strawn, Atoka and Morrow formations, in the so-called "Boyd Channel" Area, Eddy County, New Mexico.

(3) That the matter came on for hearing at 9 a.m. on March 31, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter and, pursuant to this hearing, Order No. R-6948 was issued on April 16, 1982, which granted Barnhill's application subject to certain restrictions.

(4) That on May 11 and May 12, 1982, application for Hearing De Novo was made by Chama Petroleum Company and William B. Barnhill, respectively, and the matter was set for hearing before the Commission.

(5) That the matter came on for hearing De Novo on June 25, 1982.

(6) That the evidence adduced at said hearing indicates that Findings (12), (13), and (14) of said Division Order No. R-6948 entered April 16, 1982, should be changed to read in their entirety as follows:

"(12) That according to the best geological evidence available at the hearing, the aforesaid two spacing and proration units have a total of some 13,224 and 15,254 acre feet of pay, respectively, or an average of 14,239 acre feet apiece, whereas the S/2 of Section 35, being the spacing and proration unit to which the well drilled at the proposed location would be dedicated, has some 3483 acre feet of pay.

(13) That on an acre-feet-of-pay basis, the S/2 of Section 26 has 24.5 percent of the acre feet of pay as the average of the two most directly affected spacing and proration units.

(14) That in accordance with Finding No. (8) above, the proposed unorthodox location should only be approved subject to a production limitation factor, and such factor should be computed by averaging the variation from a standard location and comparable acre feet of pay as follows: distance from south line of section, 100 percent of standard; distance from west line of section, 33 percent of standard; comparison of acre feet of pay with affected offsetting units' acre feet of pay, 24.5 percent, or, 100 percent plus 33 percent plus 24.5 percent divided by three equals 53 percent."

(7) That the remainder of Division Order No. R-6948 should be affirmed.

IT IS THEREFORE ORDERED:

(1) That Findings (12), (13), and (14) in Division Order No. R-6948 entered April 16, 1982, are changed to read in their entirety as follows:

"(12) That according to the best geological evidence available at the hearing, the aforesaid two spacing and proration units have a total of some 13,224 and 15,254 acre feet of pay, respectively, or an average of 14,239 acre feet apiece, whereas the S/2 of Section 35, being

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the spacing and proration unit to which the well drilled at the proposed location would be dedicated, has some 3483 acre feet of pay.

(13) That on an acre-feet-of-pay basis, the S/2 of Section 26 has 24.5 percent of the acre feet of pay as the average of the two most directly affected spacing and proration units.

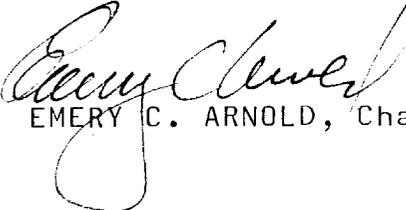
(14) That in accordance with Finding No. (8) above, the proposed unorthodox location should only be approved subject to a production limitation factor, and such factor should be computed by averaging the variation from a standard location and comparable acre feet of pay as follows: distance from south line of section, 100 percent of standard; distance from west line of section, 33 percent of standard; comparison of acre feet of pay with affected offsetting units' acre feet of pay, 24.5 percent, or, 100 percent plus 33 percent plus 24.5 percent divided by three equals 53 percent."

(2) That the remainder of Division Order No. R-6948 is hereby affirmed.

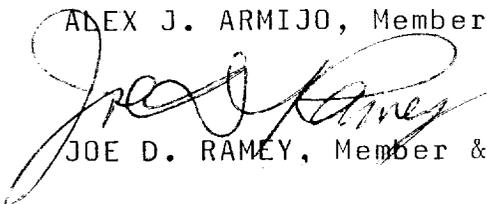
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


EMERY C. ARNOLD, Chairman

ALEX J. ARMIJO, Member


JOE D. RAMEY, Member & Secretary

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