

**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. 11365
Order No. R-10454**

**APPLICATION OF COLLINS & WARE
INC. FOR THREE UNORTHODOX OIL WELL
LOCATIONS, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 24, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 1st day of September, 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, Collins & Ware, Inc., seeks authority to drill its T. D. Pope Well Nos. 33, 34 and 35 at the following described unorthodox oil well locations within Section 35, Township 14 South, Range 37 East, NMPM, Denton-Devonian Pool, Lea County, New Mexico:

WELL NUMBER

WELL LOCATION

33	1458' FNL & 1347' FEL (Unit G)
34	2510' FSL & 1486' FEL (Unit J)
35	1145' FSL & 1513' FEL (Unit O)

(3) The applicant proposes to dedicate the SW/4 NE/4 to Well No. 33, the NW/4 SE/4 to Well No. 34, and the SW/4 SE/4 to Well No. 35 forming standard 40-acre oil spacing and proration units for the Denton-Devonian Pool.

(4) According to Division records, the E/2 of Section 35 was previously developed in the Denton-Devonian Pool by the T. D. Pope Well Nos. 1, 3, 5, 7, 13, 20, 21 and 23 located, respectively, in Units O, P, G, J, B, I, A and H. Cumulative production from the Denton-Devonian Pool for each of the aforesaid wells is as follows:

<u>WELL NUMBER</u>	<u>CUMULATIVE PRODUCTION (BARRELS OIL)</u>
1	729,679
3	1,410,638
5	1,174,642
7	791,605
13	1,210,480
20	986,878
21	882,958
23	1,132,283

(5) The evidence and testimony indicates that the above-described existing wells are either plugged and abandoned, temporarily abandoned or shut-in at the current time due to depletion.

(6) According to applicant's engineering evidence and testimony, all of the above-described existing wells ultimately drained less than 40 acres.

(7) The T. D. Pope Well Nos. 33, 34 and 35 are located in areas of the E/2 of Section 35 that were not previously drained by the aforesaid existing wells.

(8) Applicant projects that wells at the proposed unorthodox oil well locations may ultimately recover between 100,000-350,000 barrels of oil which will otherwise not be recovered by the existing wells.

(9) Applicant's evidence and testimony indicates that Stephens & Johnson Operating Company (S & J Operating Company) is the lessee of record of the E/2 of Section 35. The applicant has executed a farmout agreement with S & J Operating Company whereby applicant earns acreage by drilling and establishing production. This farmout agreement encompasses the E/2 of Section 35 and the S/2 of Section 26.

(10) The applicant submitted as evidence in this case a waiver of objection to the proposed unorthodox locations from S & J Operating Company.

(11) All of the affected offset acreage is subject to the farmout agreement between the applicant and S & J Operating Company.

(12) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(13) Approval of the subject application will afford the applicant the opportunity to recover additional oil and gas reserves from the Denton-Devonian Pool underlying the E/2 of Section 35 which were not previously recovered, 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.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Collins & Ware, Inc., is hereby authorized to drill its T. D. Pope Well Nos. 33, 34 and 35 at the following described unorthodox oil well locations within Section 35, Township 14 South, Range 37 East, NMPM, Denton-Devonian Pool, Lea County, New Mexico:

<u>WELL NUMBER</u>	<u>WELL LOCATION</u>
33	1458' FNL & 1347' FEL (Unit G)
34	2510' FSL & 1486' FEL (Unit J)
35	1145' FSL & 1513' FEL (Unit O)

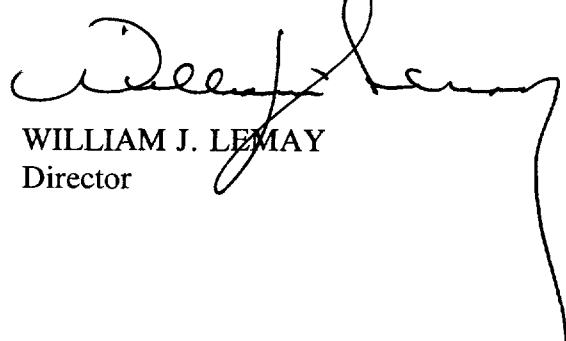
(2) The SW/4 NE/4 of Section 35 shall be dedicated to the T. D. Pope Well No. 33, the NW/4 SE/4 of Section 35 shall be dedicated to the T. D. Pope Well No. 34, and the SW/4 SE/4 of Section 35 shall be dedicated to the T. D. Pope Well No. 35, all forming standard 40-acre oil spacing and proration units for the Denton-Devonian Pool.

(3) 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