

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. 11415
ORDER NO. R-10509

**APPLICATION OF BROWNING OIL COMPANY, INC. FOR AN UNORTHODOX
OIL WELL LOCATION, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 2, 1995, in Roswell, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 7th day of November, 1995, the Division Director, having considered 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, Browning Oil Company, Inc., seeks approval of an unorthodox oil well location for its Knowles Well No. 1 to be drilled 3627 feet from the North line and 1425 feet from the East line (Lot 10/Unit J) of irregular Section 1, Township 16 South, Range 38 East, NMPM, to test the Devonian formation, Lea County, New Mexico.
- (3) The proposed well location is not within one mile of any designated Devonian pool and is therefore classified as a "wildcat oil well" and is subject to the Division's Statewide Rules and Regulations which require standard 40-acre spacing and proration units with wells to be located no closer than 330 feet from the outer boundary of the spacing unit.
- (4) Lot 10 of said Section 1 is to be dedicated to said well to form a standard 40-acre oil spacing and proration unit.

(5) This case was styled such that in the absence of objection this case would be taken under advisement.

(6) No appearances were made in this case at the time of the hearing.

(7) All acreage offsetting the proposed 40-acre tract is within the same State lease (New Mexico State Land Office Oil and Gas Lease No. VA-1222) as the subject tract. Therefore, pursuant to Division Rule 1207.A(5), no notice was required by the applicant to any offset operator and/or interest owner in this case.

(8) The applicant submitted a geological interpretation based upon well control and surface seismic data of the Devonian formation in the immediate area which indicates that a well drilled at the proposed unorthodox location should penetrate a small localized structure within the Devonian formation at a more advantageous position than a well drilled at a standard oil well location within the subject 40-acre tract, thereby increasing the likelihood of obtaining commercial production.

(9) Approval of this application will afford the applicant the opportunity to test for and, if successful, produce its just and equitable share of the oil in the Devonian formation, 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.

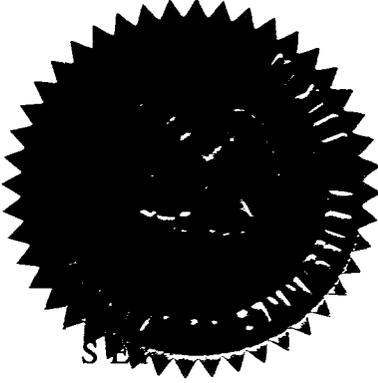
IT IS THEREFORE ORDERED THAT:

(1) The application of Browning Oil Company, Inc. to drill its Knowles Well No. 1 at an unorthodox oil well location 3627 feet from the North line and 1425 feet from the East line (Lot 10/Unit J) of irregular Section 1, Township 16 South, Range 38 East, NMPM, in order to adequately test the Devonian formation, Lea County, New Mexico, is hereby approved.

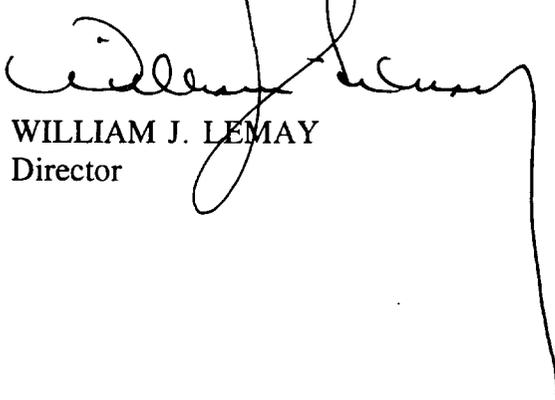
(2) Lot 10 of said Section 1 shall be dedicated to said well forming a standard 40-acre oil spacing and proration unit.

(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