

Final draft 12230.NSL

MMS 8-24-99

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. 12230
ORDER NO. R-11235

**APPLICATION OF GOTHIC PRODUCTION CORPORATION FOR AN
UNORTHODOX INFILL GAS WELL LOCATION, CHAVES COUNTY, NEW
MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 19, 1999 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this _____ day of August, 1999, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Gothic Production Corporation ("Gothic"), seeks authority to drill its McClellan "MOC" Federal Well No. 18 at an unorthodox infill gas well location within the Pecos Slope-Abo Gas Pool 660 feet from the North line and 330 feet from the West line (Unit D) of Section 29, Township 5 South, Range 25 East, NMPM, Chaves County, New Mexico.

(3) The NW/4 of Section 29, being a standard 160-acre gas spacing and proration unit for the Pecos Slope-Abo Gas Pool, is currently dedicated to Gothic's McClellan "MOC" Federal Well No. 7 (**API No. 30-005-62159**), located at a standard gas well location 760 feet from the North line and 1980 feet from the West line (Unit C) of Section 29.

(4) Well acreage and location requirements within the Pecos Slope-Abo Gas Pool are currently governed by the "*Special Rules and Regulations for the Pecos Slope-Abo Gas Pool*" set forth in Division Order No. R-9976-C, as amended, which require standard 160-

acre gas spacing and proration units with an initial well to be located no closer than 660 feet to any outer boundary of the quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

(5) Additionally these rules provide for the optional drilling of a second well on each 160-acre gas spacing and proration unit to be located no closer than 660 feet to any outer boundary of the quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

(6) These rules further provide for location exceptions only after notice and hearing.

(7) At the hearing Gothic testified that [↑]its McClellan "MOC" Federal Well No. 18 at the proposed unorthodox gas well location should encounter a thicker Abo sand sequence than a well drilled at a standard gas well location within the NW/4 of Section 29, thereby increasing the likelihood of obtaining commercial gas production.

(8) Further, Sections 29 and 30, Township 5 South, Range 25 East, NMPM, Chaves County, New Mexico are part of a single Federal lease (United States Government lease No. NM-36409) of which Gothic is the leasehold operator; therefore, there are no affected offsets to the subject 160-acre unit other than Gothic.

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

(10) The applicant's request should therefore be granted.

(11) Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the gas in this unit and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Gothic Production Corporation, is hereby authorized to drill its McClellan "MOC" Federal Well No. 18 at an unorthodox infill gas well location 660 feet from the North line and 330 feet from the West line (Unit D) of Section 29, Township 5 South, Range 25 East, NMPM, Chaves County, New Mexico.

(2) Gas production from the Pecos Slope-Abo Gas Pool from both the existing McClellan "MOC" Federal Well No. 7 (API No. 30-005-62159), located at a standard gas well location 760 feet from the North line and 1980 feet from the West line (Unit C) of Section 29, and the proposed McClellan "MOC" Federal Well No. 18 are to be dedicated to the existing 160-acre gas spacing and proration unit that comprises the NW/4 of Section 29.

(3) Jurisdiction of this case 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

LORI WROTENBERY
Director

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