

**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. 12483
ORDER NO. R-11459**

**APPLICATION OF MACK ENERGY CORPORATION FOR AN
UNORTHODOX WELL LOCATION, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on September 7, 2000, at Santa Fe, New Mexico before Examiner David R. Catanach.

NOW, on this 15th day of September, 2000, 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, Mack Energy Corporation ("Mack"), seeks approval to drill its M. C. Federal Well No. 6 at an unorthodox well location 2600 feet from the North line and 660 feet from the East line (Unit H) of Section 21, Township 17 South, Range 32 East, NMPM, to test the Devonian and Ellenburger formations, Maljamar-Devonian and Wildcat-Ellenburger Pools, Lea County, New Mexico.
- (3) The SE/4 NE/4 of Section 21 is to be dedicated to the well forming a standard 40-acre oil spacing and proration unit for the Maljamar-Devonian Pool.
- (4) The E/2 of Section 21 is to be dedicated to the well forming a standard 320-acre gas spacing and proration unit for the Wildcat-Ellenburger Pool.
- (5) At the hearing, the applicant requested that the proposed unorthodox location for the M. C. Federal Well No. 6 be amended to 2600 feet from the North line and 760 feet from the East line (Unit H) of Section 21. The amended location was

requested by the United States Bureau of Land Management (USBLM) due to topographic considerations within the NE/4 of Section 21.

(6) Since the amended location does not encroach further towards the affected offset acreage than the original location, the Division determined that re-notification and re-advertisement of this case is not necessary.

(7) The proposed well is located within the Maljamar-Devonian Pool. This pool is currently governed by Division Rule 104.B.(1), which requires standard 40-acre oil spacing and proration units with wells to be located no closer than 330 feet to the outer boundary of the unit.

(8) The proposed well is not located within one mile of a Division-designated Ellenburger pool. The well is therefore subject to Division Rule 104.C.(2), which requires standard 320-acre gas spacing and proration units with the initial and infill wells to be located no closer than 660 feet to the 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.

(9) The M. C. Federal Well No. 6 is unorthodox for both the Devonian and Ellenburger formations.

(10) The applicant presented geologic evidence that demonstrates:

- (a) the primary target within the M. C. Federal Well No. 6 is the Devonian formation. The Devonian reservoir underlying Section 21 is a water-drive reservoir with a partial solution gas-drive component;
- (b) structural position within this Devonian reservoir is critical in order to obtain commercial oil production;
- (c) the proposed unorthodox location is on strike with the Conoco Inc. Baish "B" Well No. 5 (**API No. 30-025-00634**) located 1980 feet from the South line and 860 feet from the West line (Unit L) of Section 22, Township 17 South, Range 32 East. This well cumulatively produced approximately 488,000 barrels of oil from the Maljamar-Devonian Pool prior to being plugged and abandoned in 1991;

- (d) moving the well north to a standard location will result in a loss of structural position within this Devonian reservoir; and
- (e) a well at this proposed unorthodox location should adequately drain the portion of the Devonian structure within the E/2 of Section 21.

(11) The E/2 of Section 21 and the W/2 of Section 22 comprise a single federal lease (Lease No. LC-029509A).

(12) Mack is the only working interest owner within Federal Lease No. LC-029509A.

(13) Approval of the proposed unorthodox location will provide the applicant the opportunity to recover its share of the oil within the Devonian structure underlying the E/2 of Section 21 and will not violate correlative rights.

(14) Due to the well's close proximity to the quarter-quarter section line, the applicant should be required to conduct a directional survey on the well during or upon completion of drilling operations in order to ascertain the bottomhole well location within the Maljamar-Devonian Pool.

(15) In the event the directional survey shows the bottomhole location of the well in the Maljamar-Devonian Pool to be in a quarter-quarter section other than the SE/4 NE/4 of Section 21, the applicant should apply to the Division to amend the dedicated acreage for the well.

(16) The applicant should notify the supervisor of the Division's Hobbs District Office of the date and time the directional survey is to be conducted in order that this operation may be witnessed.

IT IS THEREFORE ORDERED THAT:

(1) Mack Energy Corporation is hereby authorized to drill its M. C. Federal Well No. 6 at an unorthodox well location 2600 feet from the North line and 760 feet from the East line (Unit H) of Section 21, Township 17 South, Range 32 East, NMPM, to test the Devonian and Ellenburger formations, Maljamar-Devonian and Wildcat-Ellenburger Pools, Lea County, New Mexico.

(2) The SE/4 NE/4 of Section 21 shall be dedicated to the well forming a standard 40-acre oil spacing and proration unit for the Maljamar-Devonian Pool.

(3) The E/2 of Section 21 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit for the Wildcat-Ellenburger Pool.

(4) The applicant shall conduct a directional survey on the well during or upon completion of drilling operations in order to ascertain the bottomhole well location within the Maljamar-Devonian Pool.

(5) In the event the directional survey shows the bottomhole location of the well in the Maljamar-Devonian Pool to be in a quarter-quarter section other than the SE/4 NE/4 of Section 21, the applicant shall apply to the Division to amend the dedicated acreage for the well.

(6) The applicant shall notify the supervisor of the Division's Hobbs District Office of the date and time the directional survey is to be conducted in order that this operation may be witnessed.

(7) 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


LORI WROTENBERY
Director

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