

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. 10387
Order No. R-9592

APPLICATION OF STEVENS OPERATING
CORPORATION FOR AN UNORTHODOX
OIL WELL LOCATION, CHAVES COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 19, 1991, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 4th day of October 1991, 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) Division Case Nos. 10387 and 10388 were consolidated at the time of the hearing for the purpose of testimony.

(3) The applicant, Stevens Operating Corporation, seeks approval of an unorthodox location for its proposed McClellan Federal Well No. 5 to be drilled 1650 feet from the South line and 330 feet from the West line (Unit L) of Section 27, Township 13 South, Range 29 East, NMPM, Undesignated South Lone Wolf-Devonian Pool, Chaves County, New Mexico.

(4) The applicant proposes to dedicate the SW/4 of said Section 27 to the subject well forming a standard 160-acre oil spacing and proration unit.

(5) The South Lone Wolf-Devonian Pool is currently governed by Special Rules and Regulations as promulgated by Division Order No. R-9514 dated May 24, 1991, which require 160-acre oil spacing and proration units with well locations no closer than 660 feet to the outer boundary of the spacing unit nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

(6) Due to the presence of an archaeological site at the originally proposed location, the applicant requested at the hearing that the location for said McClellan Federal Well No. 5 be amended to 1700 feet from the South line and 280 feet from the West line (Unit L) of said Section 27.

(7) Although the newly proposed location is slightly more unorthodox than the originally proposed location, the Division deemed that readvertisement of this case is not necessary inasmuch as the applicant presented a waiver of objection to the newly proposed location from the only affected offset operator, McClellan Oil Corporation.

(8) According to geologic evidence presented by the applicant, a well drilled at the newly proposed location should encounter the Devonian formation at a more structurally advantageous position than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(9) In addition, a well drilled at the newly proposed location will allow the applicant to avoid the disturbance of an archaeological site.

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

(11) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected pool, 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:

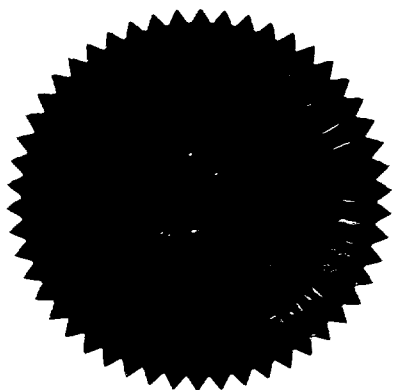
(1) The applicant, Stevens Operating Corporation, is hereby authorized to drill its McClellan Federal Well No. 5 at an unorthodox oil well location 1700 feet from the South line and 280 feet from the West line (Unit L) of Section 27, Township 13 South, Range 29 East, NMPM, Undesignated South Lone Wolf-Devonian Pool, Chaves County, New Mexico.

(2) The SW/4 of said Section 27 shall be dedicated to the above-described well forming a standard 160-acre oil spacing and proration unit for said pool.

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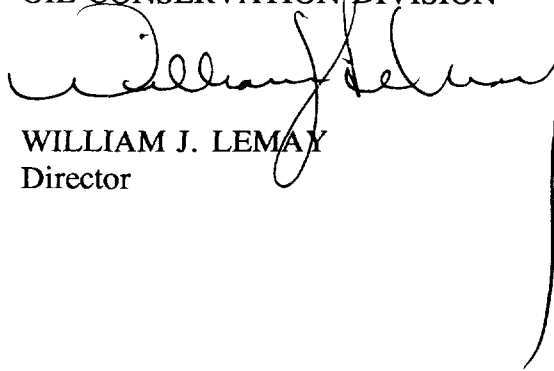
(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director