

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. 10523
ORDER NO. R-9756

**APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR THREE UNORTHODOX GAS
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 6 and 20, 1992, at Santa Fe, New Mexico, before Examiners Michael E. Stogner and David R. Catanach, respectively.

NOW, on this 10th day of November, 1992 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, Phillips Petroleum Company, seeks approval for three unorthodox oil well locations each to be drilled within a fifty-foot radius of the following described sites all within Section 4, Township 15 South, Range 32 East, NMPM, Tulk-Wolfcamp Pool, Lea County, New Mexico:

- (a) 1150 feet from the South line and 1450 feet from the East line (Unit O), the 40 acres comprising the SW/4 SE/4 is to be dedicated to said well;
- (b) 2600 feet from the North line and 660 feet from the East line (Unit H), the 40 acres comprising the SE/4 NE/4 is to be dedicated to said well; and,

- (c) 1300 feet from the South line and 660 feet from the West line (Unit M), the 40 acres comprising either the NW/4 SW/4 or SW/4 SW/4, whichever is appropriate, to be dedicated to said well.

(3) At the time of the hearing, the applicant notified the Division that the three subject wells had been staked and requested that the fifty-foot radius flexibility portion of this application be dismissed.

(4) The geological data presented by the applicant indicates that the Tulk-Wolfcamp Pool in this specific area comprises two separate reef structures which contain hydrocarbons. Reef "A" is shown to be at an approximate depth of 9900 feet and Reef "C" is approximately 50 feet deeper within the pool and is separated by a dense limestone.

(5) Utilizing extensive geologic data, including 3-D seismic survey, the applicant has determined that the three locations requested would penetrate this reservoir at the most optimum locations that minimize the risk of encountering watered-out portions of the reservoir, that are positioned higher on the structure, with the production intervals having adequate thickness and porosity. All these factors should maximize the opportunity for this applicant to recover oil in each of the three units which might otherwise not be produced.

(6) Pursuant to the testimony presented by the applicant, all of Section 4, the NE/4, N/2 NW/4, SW/4 NW/4 and the S/2 of Section 3, and the N/2 NW/4 of Section 11, all in Township 15 South, Range 32 East, NMPM, Lea County, New Mexico, is owned by Phillips Petroleum Company with common ownership for the working, royalty and overriding interests. None of the three unorthodox well locations encroach on other offsetting owners or operators.

(7) Approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the oil in the Tulk-Wolfcamp Pool, will prevent the economic loss caused by the drilling of unnecessary wells, is in the best interest of conservation and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Phillips Petroleum Company is hereby approved for the following three unorthodox oil well locations, all within Section 4, Township 15 South, Range 32 East, NMPM, Tulk-Wolfcamp Pool, Lea County, New Mexico:

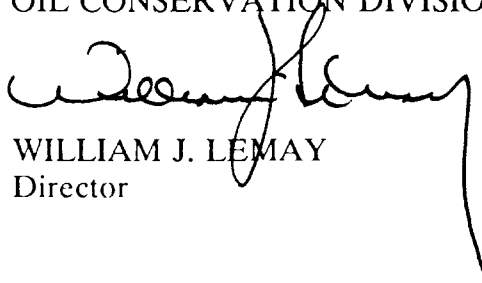
- (a) 1150 feet from the South line and 1450 feet from the East line (Unit O), the 40 acres comprising the SW/4 SE/4 is to be dedicated to said well;
- (b) 2600 feet from the North line and 660 feet from the East line (Unit H), the 40 acres comprising the SE/4 NE/4 is to be dedicated to said well; and,
- (c) 1300 feet from the South line and 660 feet from the West line (Unit M), the 40 acres comprising the SW/4 SW/4 is to be dedicated to said well.

(2) Jurisdiction of this cause 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


WILLIAM J. LEMAY
Director

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO. 10523
ORDER NO. R-9756-A

APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR THREE UNORTHODOX OIL
WELL LOCATIONS, LEA COUNTY NEW MEXICO

NUNC PRO TUNC ORDER

BY THE DIVISION:

It appearing to the Division that Order No. R-9756 dated November 10, 1992, does not correctly state the intended order of the Division due to inadvertence,

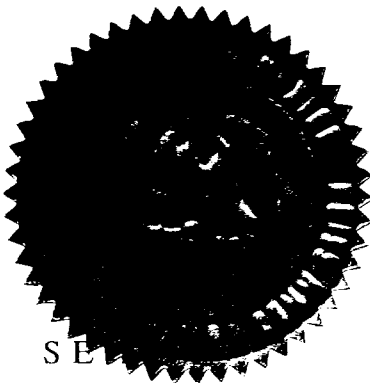
IT IS THEREFORE ORDERED THAT:

(1) The Case Title on page 1 of Division Order No. R-9756, be and the same, is hereby amended to read in its entirety as follows:

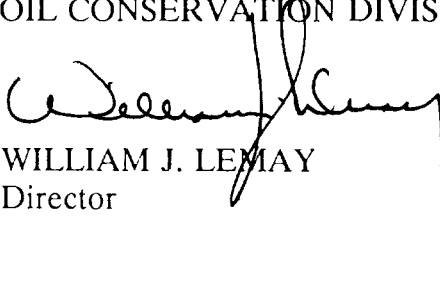
"APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR THREE UNORTHODOX OIL WELL
LOCATIONS, LEA COUNTY NEW MEXICO"

(2) The corrections set forth in this order be entered nunc pro tunc as of November 10, 1992.

DONE at Santa Fe, New Mexico, on this 19th day of November, 1992.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director