

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:

DR 6/21/93
NS 6/21/93
OK 6/22/93
WJC
CASE NO. 10738
Order No. R-99156/23/93

APPLICATION OF MARBOB ENERGY
CORPORATION FOR AN UNORTHODOX
OIL WELL LOCATION, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 17, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this _____ day of June, 1993, 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, Marbob Energy Corporation, seeks approval to drill its proposed Keely "A" Federal Well No. 30 at an unorthodox oil well location 25 feet from the South line and 2615 feet from the West line (Unit N) of Section 13, Township 17 South, Range 29 East, NMPM, Grayburg Jackson-Seven Rivers-Queen-Grayburg-San Andres Pool (Grayburg-Jackson Pool), Eddy County, New Mexico. The SE/4 SW/4 of Section 13 is to be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit for said pool.

(3) The applicant further seeks approval of the proposed unorthodox location as to all prospective formations and/or pools developed on 40-acre spacing.

(4) According to applicant's testimony and Division records, the subject well is located within the Burch-Keely Cooperative

Waterflood Project, an active waterflood project approved by Division Order No. R-7900 on April 25, 1985.

(5) The subject waterflood, previously operated by Phillips Petroleum Company, encompasses the Keely "A" Federal, Keely "B" Federal, Keely "C" Federal, Burch "BB" Federal, Burch "C" Federal and Dexter Federal Leases in Eddy County, New Mexico.

(6) Division records further indicate that the portion of the Keely "A" Federal Lease located in Section 13 (being the S/2 S/2 and NE/4 SE/4) has not previously been subjected to waterflood operations.

(7) Applicant's testimony in this case indicates that it will propose, in the near future, the unitization of the subject leases for the purpose of conducting continuing waterflood operations in the Grayburg-Jackson Pool.

(8) The proposed unorthodox location is necessary in order to complete a 40-acre five spot injection pattern within Section 13.

(9) The proposed proration unit, being the SE/4 SW/4 of Section 13, is currently dedicated to the applicant's Keely "A" Federal Well No. 20, a producing well in the Grayburg-Jackson Pool.

(10) Applicant testified that it will drill the subject well to a depth sufficient to penetrate the Glorieta formation in order to obtain test data to evaluate the possibility of including said formation within the unitized interval. Applicant further testified that the subject well, after a brief testing period, will be completed in the Grayburg-Jackson Pool only.

(11) The affected offset acreage to the south and east is part of the Keely "A" Federal Lease which is all commonly owned by the applicant.

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

(13) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Grayburg-Jackson Pool, will enable the applicant to complete an efficient production/injection pattern within a proposed waterflood project, 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, Marbob Energy Corporation, is hereby authorized to drill its Keely "A" Federal Well No. 30 at an unorthodox oil well location 25 feet from the South line and 2615

feet from the West line (Unit N) of Section 13, Township 17 South, Range 29 East, NMPM, Grayburg-Jackson Pool, Eddy County, New Mexico.

(2) The unorthodox location is also approved for all prospective pools and/or formations which are developed on 40-acre spacing.

(3) The SE/4 SW/4 of Section 13 shall be dedicated to the Keely "A" Federal Well No. 30 as described above, and to the existing Keely "A" Federal Well No. 20 located 660 feet from the South line and 1980 feet from the West line of Section 13.

(4) 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

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