

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. 10795
Order No. R-10007*

**APPLICATION OF DAVID H. ARRINGTON OIL & GAS INC. FOR AN
UNORTHODOX GAS WELL LOCATION AND A NON-STANDARD GAS PRORATION
UNIT, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 23, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 2nd day of November, 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, David H. Arrington Oil & Gas Inc., seeks approval to drill its proposed Foster Well No. 3 at an unorthodox Eumont Gas well location 660 feet from the South line and 330 feet from the East line (Unit P) of Section 34, Township 19 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico.
- (3) Applicant proposes to dedicate the S/2 S/2 of said Section 34 to the subject well forming a non-standard 160-acre gas spacing and proration unit.
- (4) According to Division records the subject non-standard 160-acre unit was originally authorized by Division Administrative Order NSP-393 on September 18, 1957 and had dedicated thereon the (Shell Oil Company) Foster Well No. 2 located at a standard gas well location 660 feet from the South line and 1650 feet from the East line (Unit O) of said Section 34, which was drilled in 1939 and completed in the Monument Pool; in 1957 said well was recompleted to the Eumont Gas Pool which caused said Order to be issued. Further investigation shows this well was reclassified from a Eumont

gas well to a Eumont oil well in 1978, therefore the acreage dedication was henceforth reduced to a 40-acre oil spacing unit comprising the SW/4 SE/4 of said Section 34. On July 31, 1981, the well reclassified from a Eumont oil well to a Eumont gas well, by Division Administrative Order NSP-1311, dated June 17, 1982, the same 160-acre non-standard gas proration unit was once again authorized to said well. On September 1, 1984 the same well reclassified once again to an oil well, its acreage dedication was automatically changed to a 40-acre oil spacing and proration unit comprising the SW/4 SE/4 of said Section 34 and in so doing the subject 160-acre unit ceased to exist at that point in time.

(5) At the time of the hearing it was requested by applicant's legal counsel to dismiss that portion of this case seeking the creation of said non-standard 160-acre unit since, at the time, it appeared the 160-acre unit was still in existence. This subsequently is found not to be the case.

(6) The applicant's request for dismissal, which was granted at the hearing, should now be withdrawn.

(7) The Eumont Gas Pool is governed under the Division's *General Rules For The Prorated Gas Pools of New Mexico/Special Rules and Regulations For The Eumont Oil and Gas Pool*, as promulgated by Division Order No. R-8170, as amended, which require wells to be located no closer than 660 feet from the outer boundary of a gas spacing and proration unit with a maximum acreage of 160 acres. A standard gas proration and spacing unit for said pool is 640 acres.

(8) The applicant presented geologic evidence which indicates that a well drilled at the proposed unorthodox location should encounter the "Queen" portion of said Pool at a higher structural position than a well drilled at another location within the unit that would be considered standard, thereby increasing the likelihood of obtaining commercial gas production; and considering the subject acreage had been previously authorized twice by administrative action; and in that no off-set operator or interested party has appeared in opposition to the requested S/2 S/2 160-acre non-standard Eumont gas spacing and proration unit or said unorthodox location request, the application as advertised should be approved.

(9) For the purposes of assigning a gas allowable in the Eumont Gas Pool, the subject non-standard proration unit should be assigned an acreage factor of 1.0.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas 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.

(11) Division Administrative Order NSP-393, dated September 18, 1957, and Division Administrative Order NSP-1311, dated June 17, 1982, should both be rescinded at this time.

IT IS THEREFORE ORDERED THAT:

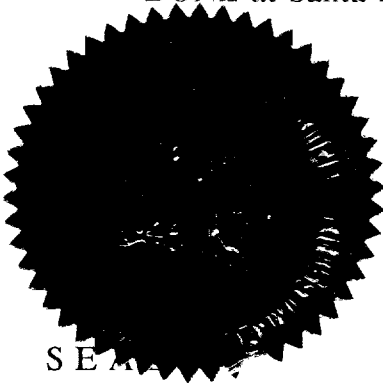
(1) The application of David H. Arrington Oil & Gas Inc. for a non-standard 160-acre gas spacing and proration unit in the Eumont Gas Pool comprising the S/2 S/2 of Section 34, Township 19 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, is hereby established for its proposed Foster Well No. 3 to be drilled at an unorthodox gas well location 660 feet from the South line and 330 feet from the East line (Unit P) of said Section 34, which location is also approved.

(2) Division Administrative Order NSP-393, dated September 18, 1957, and Division Administrative Order NSP-1311, dated June 17, 1982, are hereby rescinded.

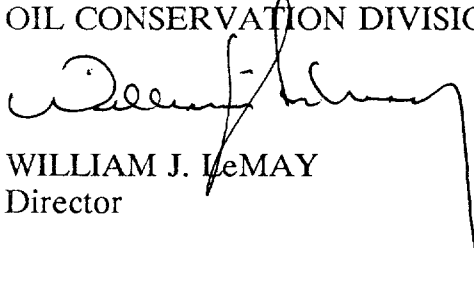
(3) For the purposes of assigning a gas allowable in the Eumont Gas Pool, the subject non-standard proration unit shall be assigned an acreage factor of 1.0.

(4) Jurisdiction of this cause 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