

July 9, 1993

Collins & Ware, Inc.
303 West Wall Street, Suite 2200
Midland, TX 79701

Attention: Max Guerry, Regulatory Manager

**RE: *Kaiser State Well No. 43; 810' FSL & 660' FWL (Unit M),
Section 13, Township 21 South, Range 34 East, NMPM,
Wilson-Yates-Seven Rivers Associated Pool, Lea County,
New Mexico.***

Dear Mr. Guerre:

I am returning your application of June 11, 1993 for an exception to Rule 2(c) of the Special Rules and Regulations for the Wilson Yates-Seven Rivers Associated Pool, as promulgated by Division Order Nos. R-9645 and R-5353, as amended.

Subsequent to my initial review, it does not appear this application can be approved administratively. Our records indicate the existence of two Wilson Yates-Seven Rivers Associated wells in the SW/4 of said Section 13 as further described below:

*Hal J. Rasmussen, Inc.
Kaiser State Well No. 10 in Unit N; and*

*Hal J. Rasmussen, Inc.
Kaiser State Well No. 14 in Unit L.*

Therefore, Hal J. Rasmussen, Inc. is the operator of record in the SW/4 of said Section 13.

Further, it would appear there may be other standard locations within the proration unit that are drillable (see Memorandum No. 1-90).

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If you wish to pursue this matter further, please provide sufficient information along with your application that will satisfy all applicable matters covered in said Memorandum No. 1-90 or request that this matter be set for hearing.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

MES/amg

cc: Oil Conservation Division - Hobbs
NM State Land Office - Santa Fe
Larry Van Ryan - Chief Engineer, OCD
William J. LeMay - Director, OCD

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. 10797
Order No. R-_____

APPLICATION OF COLLINS & WARE, INC.
FOR AN UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO.

**COLLINS & WARE, INC.'S
PROPOSED ORDER OF THE DIVISION**

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 12, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this _____ day of August, 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, Collins & Ware, Inc., seeks approval to drill its Kaiser State Well No. 43 at an unorthodox gas well location 1000 feet from the South line and 400 feet from the West line (Unit M) of Section 13, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, to a depth of approximately 3,850 feet to test all formations and/or pools developed on 160-acre gas spacing.
- (3) The applicant proposes to dedicate the SW/4 of Section 13 to the above-described well forming a standard 160-acre gas spacing and proration unit.
- (4) Applicant's evidence and testimony indicates that the primary target within the subject well is the Yates-Seven Rivers, Wilson Yates-Seven Rivers Associated Pool.
- (5) Applicant presented evidence which demonstrated there were topographic conditions which prevent it from drilling at an orthodox location in the SW/4 SW/4 of Section 13.

(6) Applicant's geologic evidence indicates that a well at the proposed unorthodox location in the SW/4 SW/4 should encounter a greater amount of net pay within the Yates-Seven Rivers formation than a well drilled at a standard well location elsewhere in said Section 13, thereby increasing the likelihood of obtaining commercial gas production.

(7) All of the offset acreage is owned or controlled by Collins & Ware, Inc.

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

(9) 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(s), 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, Collins & Ware, Inc., is hereby authorized to drill its Kaiser State Well No. 43 at an unorthodox gas well location 1000 feet from the South line and 400 feet from the West line (Unit M) of Section 13, Township 21 South, Range 34 East, NMPM, Lea County, New Mexico, to a depth of approximately 3,850 feet to test all formations and/or pools developed on 160-acre gas spacing.

(2) The SW/4 of Section 13 shall be dedicated to the above-described well forming a standard 160-acre gas spacing and proration unit in the Yates-Seven Rivers formation, Wilson Yates-Seven Rivers Associated Pool.

(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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LeMAY
Director

S E A L



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

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SANTA FE, NEW MEXICO 87504
(505) 827-5800

August 20, 1993

CAMBELL, CARR, BERGE
& SHERIDAN
Attorneys at Law
P. O. Box 2208
Santa Fe, New Mexico 87504

RE: CASE NO. 10797
ORDER NO. R-9945

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

A handwritten signature in cursive script that reads "Sally Leichtle".

Sally E. Leichtle
Administrative Secretary

cc: BLM Carlsbad Office