



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



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July 25, 1994


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Attorneys at Law
P. O. Box 2208
Santa Fe, New Mexico 87504

RE: CASE NO. 11027
ORDER NO. R-10156

Dear Sir:

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

Sincerely,


Sally E. Martinez
Administrative Secretary

cc: BLM - Carlsbad

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. 11027
ORDER NO. R-10156

**APPLICATION OF ENRON OIL & GAS COMPANY FOR AN UNORTHODOX OIL
WELL LOCATION, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 21, 1994, at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this 25th day of July, 1994, 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, Enron Oil & Gas Company ("Enron"), seeks approval to drill its Half 7 Federal Well No. 1 at an unorthodox oil well location 990 feet from the South and West lines (Unit M) of Section 7, Township 25 South, Range 34 East, NMPM, Lea County, New Mexico, to test the Bone Spring formation.

(3) The proposed well location is situated within one mile of the outer boundaries of the Red Hills-Bone Spring Pool, which is governed by Special Rules and Regulations (Division Order No. R-10109), which require 80-acre spacing with wells to be located within 150 feet of the center of either quarter-quarter section.

(4) The applicant proposes to dedicate 80 acres consisting of the W/2 SW/4 of said Section 7 to this well.

(5) Enron originally proposed this well at a standard location in the SW/4 SW/4 of said Section 7, but was required to move the location to avoid an archeological site.

(6) The applicant further testified that according to geological and engineering data utilized in this area, a well at the proposed unorthodox location should penetrate the Bone Spring formation at a thicker net sand position than a well drilled at a standard location in the NW/4 SW/4 of said Section 7, thereby reducing the inherent risk of drilling a dry hole or non-commercial well in this area.

(7) The applicant further testified that a well at the proposed unorthodox location should be less affected by drainage from offsetting wells than a well at a standard location in the NW/4 SW/4 of Section 7 and would increase the ultimate recovery of oil underlying the proration unit, thereby preventing waste.

(8) The applicant presented evidence which indicates that the working and royalty interest ownership in the proposed proration unit and in all affected offset acreage is common and no interest owner has objected to this proposed location.

(9) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject 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.

(10) No interested party appeared at the hearing in opposition to the application.

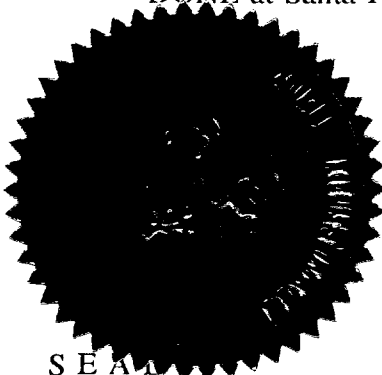
IT IS THEREFORE ORDERED THAT:

(1) The applicant, Enron Oil & Gas Company, is hereby authorized to drill its Half 7 Federal Well No. 1 at an unorthodox oil well location 990 feet from the South and West lines (Unit M) of Section 7, Township 25 South, Range 34 East, NMPM, Undesignated Red Hills-Bone Spring Pool, Lea County, New Mexico.

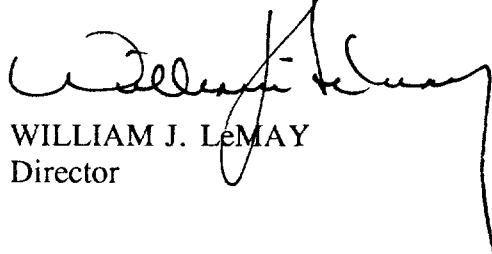
(2) The W/2 SW/4 of said Section 7 shall be dedicated to the above described well.

(3) 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