

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. 9618
ORDER NO. R-8890

APPLICATION OF BILL FENN, INC. FOR
AN UNORTHODOX GAS WELL LOCATION AND
DUAL COMPLETION, EDDY COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 1, 1989, at Santa Fe, New Mexico, before Examiner Victor T. Lyon.

NOW, on this 14th day of March, 1989, 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, Bill Fenn, Inc., seeks approval of an unorthodox gas well location 1650 feet from the North line and 990 feet from the West line (Unit E) of Section 14, Township 21 South, Range 23 East, NMPM, to test the Indian Basin-Upper Pennsylvanian Gas Pool and Indian Basin-Morrow Gas Pool, Eddy County, New Mexico, and to dually complete the well in the two pools.

(3) All of said Section 14 is to be dedicated to the well forming a standard 640-acre gas spacing and proration unit for both pools.

(4) A well at the proposed unorthodox location will better enable the applicant to produce the gas underlying the proration unit, since the well drilled at a standard location in the NE/4 SW/4 has been abandoned.

(5) No offset operator objected to the proposed unorthodox location; however, by agreement with the offset operators, applicant suggested a 40% penalty on both the Morrow and Upper Pennsylvanian completions based on the proportion of distance the well was moved from a standard location to the unit boundary, or 660/1650.

(6) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected pools, 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 application of Bill Fenn, Inc. for an unorthodox gas well location for the Indian Basin-Upper Pennsylvanian Gas Pool and Indian Basin-Morrow Gas Pool is hereby approved for a well to be located at a point 1650 feet from the North line and 990 feet from the West line (Unit E) of Section 14, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico.

(2) All of said Section 14 shall be dedicated to the above-described well forming a standard 640-acre gas spacing and proration unit for both pools.

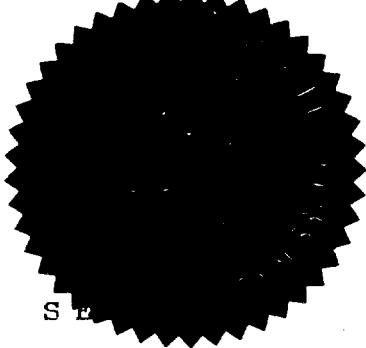
PROVIDED HOWEVER THAT the allowable of said well in the Upper Pennsylvanian and Morrow, or either of them, shall be penalized to 60% of top allowable by reducing the acreage factor to 0.6.

(3) Applicant is authorized to dually-complete said well in the Morrow and Upper Pennsylvanian formations of the Indian Basin Field by installation of parallel strings of 2 3/8-inch tubing and separating the zones with packers, as shown on Exhibit No. 4 introduced at the hearing.

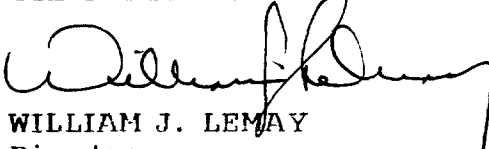
(4) Applicant shall comply with Rule 112-A VI in testing and operating the well so dually completed.

(5) 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