



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

August 15, 1989

Bill Fenn, Inc.
P.O. Drawer 569
Giddings, TX 78942

Case 9756

Attention: Jeffrey L. Bowman

RE: Unorthodox Strawn gas well
location request; Roaring
Springs Federal Com Well
No. 1, 1650' FNL - 990'
FWL, E-14-T21S-R23E,
Eddy County, New Mexico.

Dear Mr. Bowman:

On August 14, 1989 the OCD office in Santa Fe received a letter from Marathon Oil Company in which the OCD has interpreted as a letter of protest to the subject filing. Marathon has requested the OCD to impose a 50% penalty on the allowable for Strawn production (see letter, dated August 11, 1989, attached); however, the Strawn formation in this area is considered wildcat and not within the boundary of any prorated Strawn Gas pool.

I have therefore set this application for hearing on the September 6, 1989 Examiner Docket. Please advise this office if you wish to pursue this matter at a hearing of you need additional time to prepare for the hearing.

If you should have any questions, please contact me.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Artesia
Marathon Oil Company - Steve Daniels



P.O. Box 552
Midland, Texas 79702
Telephone 915/682-1626

August 11, 1989

New Mexico Oil Conservation Division
State Land Office Building
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

OVERNIGHT DELIVERY

Attention: Mr. David Catanach

Re: Bill Fenn Inc.'s Application for Unorthodox Well Location
Our Lease NM-1832 - N. Indian Basin Unit
NM-1797 - Indian Basin Unit
N/2 Section 14, T-21-S, R-23-E,
Our Indian Basin Area
Eddy County, New Mexico

Gentlemen:

Reference is made to Bill Fenn Inc.'s (Fenn) July 24, 1989, Application for Administrative Approval for an unorthodox location for a Strawn formation completion in the Fenn operated Roaring Springs Federal Com No. 1 well located 1650' FNL and 990' FWL of Section 14, T-21-S, R-23-E, N.M.P.M., Eddy County, New Mexico.

Please be advised that upon review of Fenn's Application, Marathon is not opposed to said unorthodox location provided that a 50% penalty is imposed on the allowable for said well.

Should you have any questions concerning the above, please advise.

Very truly yours,

MARATHON OIL COMPANY

A handwritten signature in cursive script, appearing to read 'Steve Daniels'.

Steve Daniels
Landman

SMD:mmc'

*Received
8/14/89*

xc: Mr. C. R. Hubacher
Mr. J. L. Benson
Mr. L. D. Garcia
Bill Fenn Inc.
P. O. Drawer 569
Giddings, TX 78942
Attn: J. L. Bowman

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.

Case No. 9618
Order No. R-8890
Page No. 2

(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.

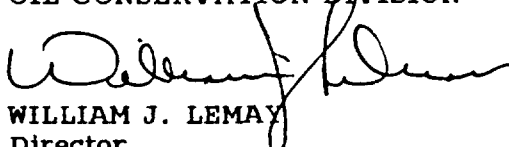
(3) Applicant is authorized to dually-complete said well in the Morrow and Upper Pennsylvanian formations of the Indian Basin Field by installation of parallel strings of 2 3/8-inch tubing and separating the zones with packers, as shown on Exhibit No. 4 introduced at the hearing.

(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

S E A L

Bill Fenn, Inc.
Oil and Gas Exploration

BILL FENN, President
PAULA CHEW, Vice-President

P.O. Drawer 569
Giddings, Texas 78942
(409) 542-9631

July 24, 1989

RECEIVED

New Mexico Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 85701

JUL 26 1989

OIL CONSERVATION DIV.
SANTA FE

Attention: Mr. David Catanach

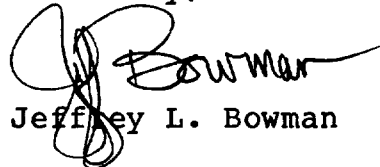
Dear David:

Case 9756

As we discussed on the phone, I have enclosed an application in triplicate for the administrative approval of an unorthodox location for a Strawn completion in the Bill Fenn, Inc. Roaring Springs Fed. Com. No. 1 Well. If you need additional information or have any questions, please give me a call.

Thanks for your help.

Sincerely,


Jeffrey L. Bowman

JLB/dc

Enclosure

*Mike,
this is the app. I told
you would be coming in.
DLE*

Bill Fenn, Inc.
Oil and Gas Exploration

BILL FENN, President
PAULA CHEW, Vice-President

P.O. Drawer 569
Giddings, Texas 78942
(409) 542-9631

July 24, 1989

New Mexico Oil Conservation Division
State Land Office Building
310 Old Santa Fe Trail
Santa Fe, New Mexico 85701

Case 9756

Attention: Mr. David Catanach

Gentlemen:

In accordance with rule 104 (F) of the State of New Mexico Rules and Regulations, Bill Fenn, Inc. ("Fenn") requests administrative approval for an unorthodox location for a Strawn Formation completion in the Bill Fenn, Inc. Roaring Springs Fed. Com. No. 1 Well (the "Well") located 1650 feet from the North line and 990 feet from the West line of Section 14, Township 21 South, Range 23 East, N.M.P.M., Eddy County, New Mexico (the "Subject Location").

Pursuant to New Mexico Oil Conservation Division ("OCD") Order No. R-8890 in Case No. 9618, Fenn obtained approval for an unorthodox gas well location for the Indian Basin-Upper Pennsylvanian Gas Pool and the Indian Basin-Morrow Gas Pool at the Subject Location. All of Section 14, Township 21 South, Range 23 East, N.M.P.M. was dedicated to form a standard 640 acre gas spacing and proration unit for both the Indian Basin-Upper Pennsylvanian Gas Pool and the Indian Basin-Morrow Gas Pool. The Order provided that the allowable for the Well for both pools would be 60% of top allowable, which is achieved by reducing the acreage factor to 0.6%.

Fenn drilled the Well at the Subject Location to a depth sufficient to test the Morrow Formation. The Morrow Formation proved not to be capable of commercial production, and Fenn proceeded to dually complete the Well up the hole in the Strawn and Upper Pennsylvanian-Cisco Formations. The closest Strawn Formation completion is approximately 15 miles from the Well.

Fenn is proposing to dedicate the N1/2 Section 14, Township 21 South, Range 23 East, N.M.P.M. to form a standard 320 acre gas spacing and proration unit for the Strawn Formation in the Well. Fenn requests that the OCD grant administrative approval of the unorthodox location for the Strawn Formation completion in the Well and that the OCD grant a full allowable for production from the Strawn Formation.

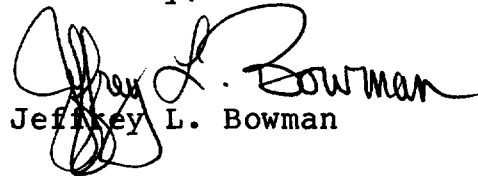
OCD

July 24, 1989

Page Two

A copy of this letter has been sent by certified mail to all offset operators, as listed in Exhibit "A", to provide notice of the administrative order requested herein. Exhibit "B" is a lease plat showing offset operators.

Sincerely,



Jeffrey L. Bowman

JLB/dc

Enc: List of offset operators
Lease plat

EXHIBIT "A"
OFFSETTING OPERATORS

Marathon Oil Company
Post Office Box 552
Midland, Texas 79702
Atten: Mr. Steve Daniels

Hondo Oil & Gas Company
Post Office Box 2208
Roswell, New Mexico 88202

Amoco Production Company
Post Office Box 68
Hobbs, New Mexico 88240

Bill Fenn, Inc.
Oil and Gas Exploration

BILL FENN, President
PAULA CHEW, Vice-President

P.O. Drawer 569
Giddings, Texas 78942
(409) 542-9631

July 24, 1989

New Mexico Oil Conservation Division
State Land Office Building
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Santa Fe, New Mexico 85701

Case 9756

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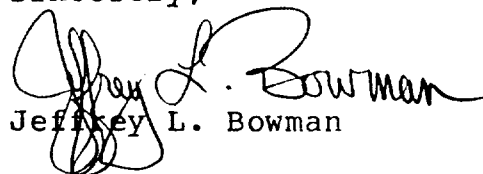
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JLB/dc

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Roswell, New Mexico 88202

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Post Office Box 68
Hobbs, New Mexico 88240

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Oil and Gas Exploration

BILL FENN, President
PAULA CHEW, Vice-President

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Giddings, Texas 78942
(409) 542-9631

July 24, 1989

New Mexico Oil Conservation Division
State Land Office Building
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Santa Fe, New Mexico 85701

Case 9756

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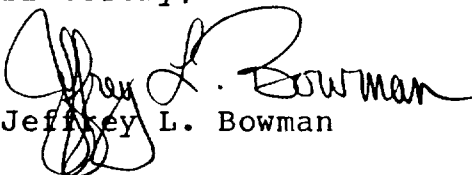
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July 24, 1989

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JLB/dc

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Lease plat

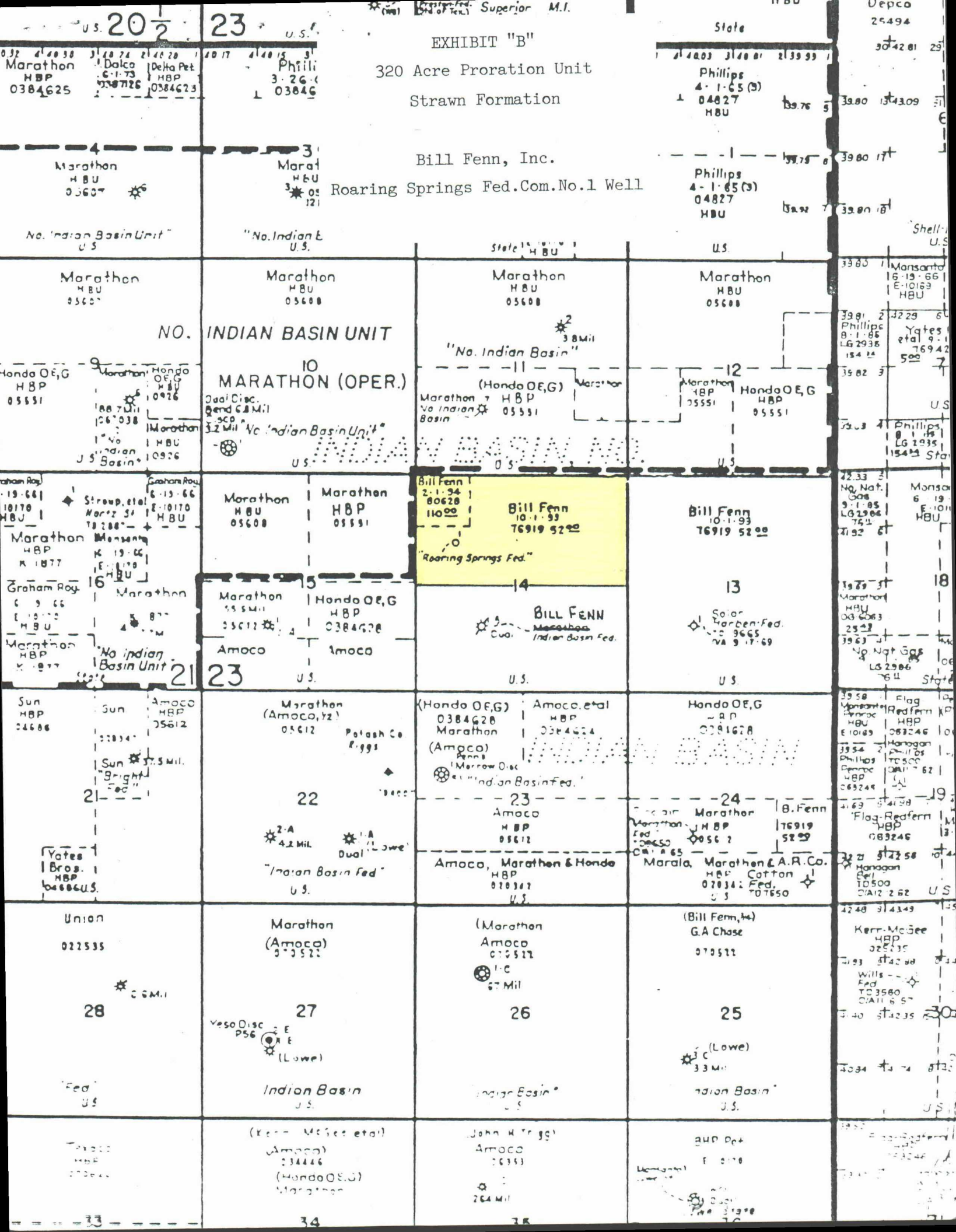


EXHIBIT "B"

320 Acre Proration Unit
Strawn Formation

Bill Fenn, Inc.

Roaring Springs Fed.Com.No.1 Well

No. Indian Basin Unit
U.S.

No. Indian &
U.S.

State HBU

U.S.

Shell
U.S.

Marathon
HBU
05600

Marathon
HBU
05600

Marathon
HBU
05600

Marathon
HBU
05600

NO. INDIAN BASIN UNIT

IO
MARATHON (OPER.)

"No. Indian Basin"

(Honda O.E.G.)
Marathon HBP
No. Indian Basin
05551

Marathon HBP
Honda O.E.G.
05551

INDIAN BASIN UNIT

Marathon
HBU
05600

Marathon
HBP
05551

Bill Fenn
2-1-34
00628
11000
10-1-93
76919 5200
"Roaring Springs Fed."

Bill Fenn
10-1-93
76919 5200

Marathon
HBP
05612

Honda O.E.G.
HBP
0384628

BILL FENN
Marathon
Indian Basin Fed.

Solar
Marathon Fed.
05665
VA 9-17-69

Amoco

Amoco

U.S.

U.S.

Sun
HBP
04686

Sun

Amoco
HBP
05612

Marathon
(Amoco, 1/2)
05612

(Honda O.E.G.)
0384628
Marathon
(Amoco)
Penna
Marrow O.C.
Indian Basin Fed.

Amoco, et al
HBP
0384624

Honda O.E.G.
HBP
0384628

Marathon
HBP
05612

Amoco
HBP
05612

Amoco
Marathon & Honda
HBP
070367
U.S.

Marathon
HBP
05612

B. Fenn
HBP
76919
5200

Marathon
(Amoco)
05612

(Marathon
Amoco
070367
U.S.

(Bill Fenn, et al)
GA Chase
070367

Kerr-McGee
HBP
025135

Vesco Disc
PSG
(Lowe)

Indian Basin
U.S.

Indian Basin
U.S.

(Lowe)
33 Mil

Indian Basin
U.S.

(Kerr-McGee et al)
Amoco
034446
(Honda O.E.G.)
Marathon

John H. Trigg
Amoco
06353
264 Mil

BHP Det

E 0170

Mid-Continent Region
Exploration United States



P.O. Box 552
Midland, Texas 79702
Telephone 915/682-1626

August 11, 1989

New Mexico Oil Conservation Division
State Land Office Building
310 Old Santa Fe Trail
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OVERNIGHT DELIVERY

Attention: Mr. David Catanach

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Please be advised that upon review of Fenn's Application, Marathon is not opposed to said unorthodox location provided that a 50% penalty is imposed on the allowable for said well.

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Very truly yours,

MARATHON OIL COMPANY

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Steve Daniels
Landman

SMD;mmc'

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Mr. J. L. Benson
Mr. L. D. Garcia
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