

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. 9842  
Order No. R-9098

APPLICATION OF TAHOE ENERGY INC.  
FOR AN UNORTHODOX GAS WELL LOCATION  
AND SIMULTANEOUS DEDICATION, LEA  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 13, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 9th day of January, 1990, 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, Tahoe Energy Inc., seeks authority to deepen and recomplete to the Jalmat Gas Pool its existing King Foundation et al Well No. 1 located 2310 feet from the North line and 330 feet from the West line (Unit E) of Section 20, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, said location being unorthodox for a Jalmat Gas Pool completion.

(3) The applicant further seeks authority to simultaneously dedicate the above-described well to an existing 240-acre non-standard gas proration unit consisting of the NW/4 and N/2 SW/4 of said Section 20 (previously approved by Division Order No. R-2867), which currently has dedicated to it the W. H. Harrison "C" WN Well No. 3 located at

CASE NO. 9842  
Order No. R-9098  
Page -2-

a standard Jalmat gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 20, and the W. H. Harrison "C" WN Well No. 5 located at an unorthodox Jalmat gas well location 1700 feet from the South line and 1680 feet from the West line (Unit K) of said Section 20 (previously approved by Division Order No. NSL-1328).

(4) The evidence and testimony presented indicates that the subject well was originally drilled and completed in September, 1977, as a Langlie Mattix Seven Rivers Queen Grayburg Pool producer at a standard oil well location, and that the subject well has subsequently depleted the reserves within said pool.

(5) The applicant seeks authority to deepen and recomplete said well as a Jalmat gas well in order to help drain the remaining gas reserves underlying the above-described non-standard gas proration unit.

(6) The evidence further indicates that at the time of the hearing, the applicant has secured a waiver of objection to the proposed re-entry and unorthodox gas well location from one of two affected offset operators.

(7) No other offset operators appeared and/or objected to the proposed re-entry, unorthodox gas well location, or simultaneous dedication.

(8) Approval of the proposed re-entry, unorthodox gas well location, and simultaneous dedication will afford the applicant the opportunity to produce its just and equitable share of the gas 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.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Tahoe Energy Inc., is hereby authorized to deepen and recomplete to the Jalmat Gas Pool its existing King Foundation et al Well No. 1 located at an unorthodox Jalmat gas well location 2310 feet from the North line and 330 feet from the West line (Unit E) of

CASE NO. 9842  
Order No. R-9098  
Page -3-

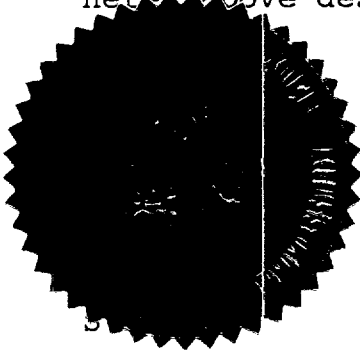
Section 20, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) The applicant is further authorized to simultaneously dedicate an existing 240-acre non-standard gas proration unit consisting of the NW/4 and the N/2 SW/4 of said Section 20 to the above-described well and to the existing W. H. Harrison "C" WN Well Nos. 3 and 5 located respectively 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 20, and 1700 feet from the South line and 1680 feet from the West line (Unit K) of said Section 20.

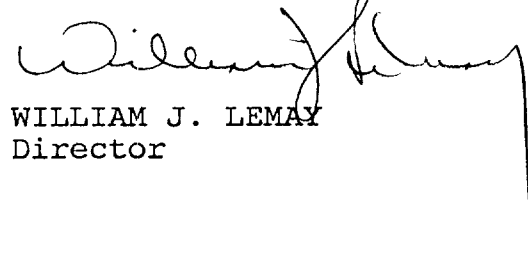
(3) The applicant may produce the gas allowable assigned to the above-described non-standard gas proration unit from the subject wells in any proportion.

(4) 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 hereinafter designated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LEMAY  
Director