

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. 9912
Order No. R-9180

APPLICATION OF CONOCO INC. 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 May 2, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 25th day of May, 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, Conoco Inc., seeks approval to drill its West Knowles Well No. 12 at an unorthodox oil well location 257 feet from the North line and 660 feet from the West line (Unit E) of Section 35, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, to test the Strawn formation, Undesignated Casey-Strawn Pool or Undesignated Shipp-Strawn Pool.

(3) The applicant proposes to dedicate the S/2 NW/4 of said Section 35 to the above-described well forming a standard 80-acre oil spacing and proration unit for said pool(s).

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(4) The proposed well is located within one mile of the outer boundary of both the Casey-Strawn and Shipp-Strawn Pools, and as such, is subject to the Special Rules and Regulations for said pools as promulgated by Division Order Nos. R-4992 and R-8062, as amended, respectively, which both require 80-acre spacing and proration units with wells to be located within 150 feet of the center of either quarter-quarter section or lot.

(5) The applicant presented geologic evidence and testimony which indicates that a well at the proposed location should penetrate the porous reef or algal mound within the Strawn formation in an area of greater porosity development than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(6) Testimony by the applicant further indicates that wells drilled to the Strawn formation in this area tend to drift substantially to the North and therefore it is likely that the bottomhole location of the subject well will be substantially less unorthodox than the surface location.

(7) The applicant is the owner of the affected offset acreage to the south of the proposed location, and the only other affected offset operator, Amerind Oil Company, did not appear at the hearing in opposition to the application.

(8) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in either the Casey-Strawn Pool or the Shipp-Strawn 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:

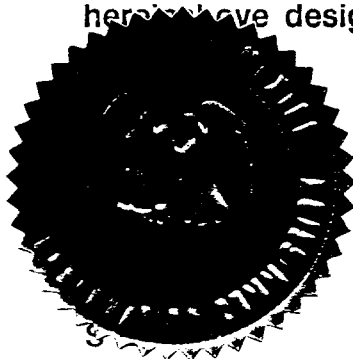
(1) The applicant, Conoco Inc., is hereby authorized to drill its West Knowles Well No. 12 at an unorthodox oil well location 2310 feet from the North line and 660 feet from the West line (Unit E) of Section 35, Township 16 South, Range 37 East, NMPM, Undesignated Casey-Strawn Pool or Undesignated Shipp-Strawn Pool, Lea County, New Mexico.

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(2) The S/2 NW/4 shall be dedicated to the above-described well forming a standard 80-acre spacing and proration unit for either pool.

(3) 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 hereabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read 'William J. Lemay', written over the printed name.

WILLIAM J. LEMAY
Director