

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:

APPLICATION OF ORYX ENERGY COMPANY
FOR AN UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO

CASE NO. 9913

APPLICATION OF ORYX ENERGY COMPANY
FOR ACREAGE DEDICATION AND AN
UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO

CASE NO. 9914

ORDER NO. R-9162

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 18, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 27th day of April, 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) At the time of the hearing both Case Nos. 9913 and 9914 were consolidated for the purpose of testimony, and inasmuch as the subject for both cases involves the same area and both are dependent upon the other, one order should therefore be issued in this matter.

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(3) In Case No. 9913 the applicant, Oryx Energy Company (Oryx), seeks approval of an unorthodox gas well location 1046 feet from the North line and 1273 feet from the West line (Unit D) of Section 9, Township 22 South, Range 34 East, NMPM, to test the Grama Ridge-Morrow Gas Pool, Lea County, New Mexico; the W/2 of said Section 9 is to be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool.

(4) In Case No. 9914, Oryx seeks authorization to rededicate acreage for its Grama Ridge Federal Well No. 1 located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 9, Township 22 South, Range 34 East, NMPM, Grama Ridge-Morrow Gas Pool, Lea County, New Mexico, from its present N/2 dedication to an E/2 dedication thereby making the well location unorthodox for this pool.

(5) The Grama Ridge Federal Well No. 1 was spudded on October 14, 1989, completed in the Grama Ridge-Morrow Gas Pool on December 3, 1989 and commenced producing gas on January 16, 1990. Said well location was standard for the N/2 spacing unit in which it is presently dedicated.

(6) The geological evidence presented at the hearing indicates that there are two distinct producing horizons in the Grama Ridge-Morrow Gas Pool in said Section 9; in the Morrow "A" Sand from approximately 12,527 feet to approximately 12,677 feet and in the Morrow "C" Sand from approximately 13,120 feet to approximately 13,580 feet, as found on the Density-Neutron-GR Log from said No. 1 well.

(7) Considering all of the geological parameters presented at the hearing, the existing No. 1 well is properly located in and is adequately draining the Morrow "C" Sand; however, by forming two stand-up spacing units in said Section 6 and by locating a well in Unit D as proposed, the applicant should intersect with the Morrow "A" Sand up-dip from the gas/water contact at a more structurally advantageous position but would still be within the productive bounds of said zone.

(8) Said geological evidence presented at the hearing also indicates that the productive "A" Sand has watered-out in a well located in the W/2 of offsetting Section 8 and was not present in a well in the SE/4 of Section 5 offsetting to the northwest.

(9) At the hearing, Mr. C.W. Trainer, a working interest owner in Section 5, appeared at the hearing and objected to Oryx's applications; however, no testimony or evidence was offered by Mr. Trainer.

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(10) Approval of the subject applications will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected 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 application of Oryx Energy Company in Case No. 9914 for an unorthodox gas well location for the Grama Ridge-Morrow Gas Pool is hereby approved for its existing Grama Ridge Federal Well No. 1 located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 9, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico.

(2) The dedicated acreage for said well shall be redesignated from its present N/2 configuration to the E/2 of said Section 9 forming a standard 320-acre gas spacing and proration unit for said pool.

IT IS FURTHER ORDERED THAT:

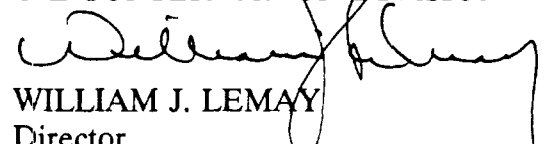
(3) The application of Oryx Energy Company in Case No. 9913 for an unorthodox gas well location for the Grama Ridge-Morrow Gas Pool is hereby approved for a well to be located at a point 1046 feet from the North line and 1273 feet from the West line (Unit D) of Section 9, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico.

(4) The W/2 of said Section 9 shall be dedicated to the above-described well forming a standard 320-acre gas spacing and proration unit for said pool.

(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

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