

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. 10097
Order No. R-9318

APPLICATION OF TEXACO PRODUCING
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 September 19, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 2nd day of October, 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) Division Case Nos. 10096 and 10097 were consolidated at the time of the hearing for the purpose of testimony.

(3) The applicant, Texaco Producing Inc., seeks approval of an unorthodox oil well location for its West Dollarhide Drinkard Unit Well No. 112 to be drilled 54 feet from the North line and 130 feet from the East line (Unit B) of Irregular Section 4, Township 25 South, Range 38 East, NMPM, Dollarhide Tubb-Drinkard Pool, Lea County, New Mexico, said well

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to be dedicated to an existing 47.26-acre non-standard oil spacing and proration unit comprising Lot 1 and the NE/4 NW/4 of said Section 4, which is presently dedicated to the West Dollarhide Drinkard Unit Well No. 74 located 667 feet from the North line and 631 feet from the East line (Unit C) of said Section 4.

(4) The proposed well is located within the applicant's West Dollarhide Drinkard Unit Waterflood Project and is situated 130 feet from the New Mexico/Texas Stateline.

(5) According to evidence presented by the applicant, the West Dollarhide Drinkard Unit Waterflood Project is directly offset to the east in Texas by Oxy USA's Dollarhide Unit and Union Oil Company of California's Dollarhide Unit.

(6) Both Oxy USA's and Union Oil Company of California's Dollarhide Units are secondary recovery projects within the Clearfork formation, being the Texas nomenclature equivalent of the Drinkard formation.

(7) The evidence indicates that Union Oil Company of California has drilled two producing wells within its Dollarhide Unit which are located 100 and 105 feet from the New Mexico/Texas Stateline.

(8) The applicant seeks approval of the proposed unorthodox location in order to complete an efficient injection and production pattern between the West Dollarhide Drinkard Unit Waterflood Project and the Union Oil Company of California's Dollarhide Unit, and in order to protect its acreage from uncompensated drainage which may occur.

(9) Neither Oxy USA or Union Oil Company of California appeared at the hearing in opposition to the application.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject pool, will allow the applicant to complete an efficient injection and production pattern within its unit, will prevent the economic loss caused by the drilling of

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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.

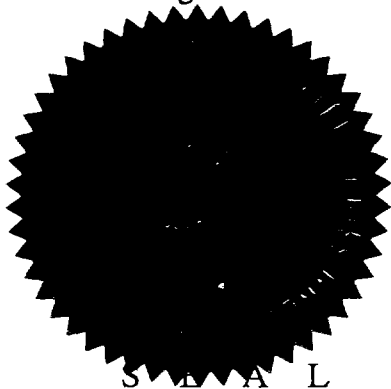
IT IS THEREFORE ORDERED THAT:

(1) The applicant, Texaco Producing Inc., is hereby authorized to drill its West Dollarhide Drinkard Unit Well No. 112 at an unorthodox oil well location 54 feet from the North line and 130 feet from the East line (Unit B) of Irregular Section 4, Township 25 South, Range 38 East, NMPM, Dollarhide Tubb-Drinkard Pool, Lea County, New Mexico.

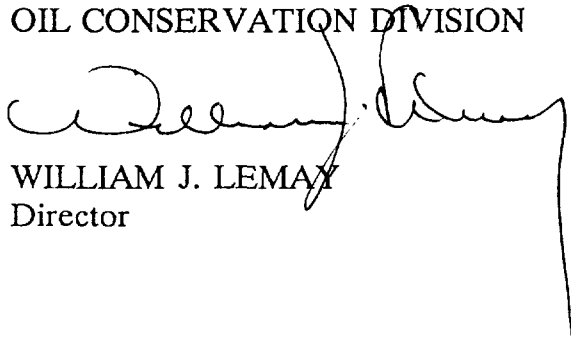
(2) An existing 47.26-acre non-standard oil spacing and proration unit comprising Lot 1 and the NE/4 NW/4 of said Section 4 shall be dedicated to the above-described well and to the existing West Dollarhide Drinkard Unit Well No. 74 located 667 feet from the North line and 631 feet from the East line (Unit C) of said Section 4.

(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 hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director