

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. 10210
Order No. R-9416

APPLICATION OF SANTA FE ENERGY
OPERATING PARTNERS, L.P. 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 January 10, 1991, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 23rd day of January, 1991, 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, Santa Fe Energy Operating Partners, L.P., seeks approval of an unorthodox location for its Kachina "5" Federal Well No. 1 to be drilled 330 feet from the South line and 1980 feet from the East line (Unit O) of Section 5, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico, to test the Undesignated South Corbin-Wolfcamp Pool.

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(3) The applicant proposes to dedicate the S/2 SE/4 of said Section 5 to the subject well forming a standard 80-acre oil spacing and proration unit for said pool.

(4) The proposed well is located within one mile of the outer boundary of the South Corbin-Wolfcamp Pool and is therefore subject to the Special Rules and Regulations for said pool as promulgated by Division Order No. R-8181, as amended, which require 80-acre spacing and proration units with wells to be located within 150 feet of either quarter-quarter section or lot.

(5) The evidence presented by the applicant indicates that the subject well was initially staked at a standard location within the SW/4 SE/4 of said Section 5, but was moved at the request of the Bureau of Land Management due to an excessive amount of cut and fill which would have been required.

(6) According to further evidence presented, the proposed well location was moved south from the initial location due to geologic considerations.

(7) The applicant presented geologic evidence and testimony which indicates that a well drilled at the proposed location should encounter a greater amount of net carbonate pay within the Wolfcamp "AG" Carbonate than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(8) The applicant is the current operator of the affected offset acreage to the south.

(9) No other offset operator and/or interest owner 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 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.

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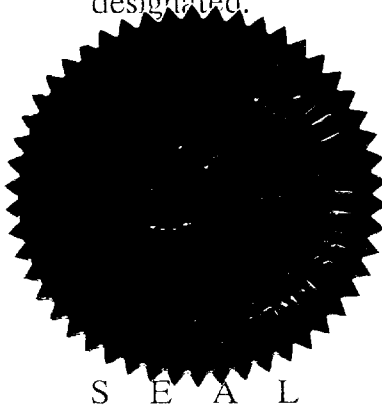
IT IS THEREFORE ORDERED THAT:

(1) The application of Santa Fe Energy Operating Partners, L.P. for an unorthodox location for its Kachina "5" Federal Well No. 1 to be drilled 330 feet from the South line and 1980 feet from the East line (Unit O) of Section 5, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico, to test the Undesignated South Corbin-Wolfcamp Pool is hereby approved.

(2) The S/2 SE/4 of said Section 5 shall be dedicated to the above-described well forming a standard 80-acre oil spacing and proration unit for said pool.

(3) Jurisdiction is hereby 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

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WILLIAM J. LEMAY
Director