

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION



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March 21, 1991

KELLAHIN, KELLAHIN & AUBREY  
Attorneys at Law  
P. O. Drawer 2265  
Santa Fe, New Mexico 87504

RE: CASE NO. 10248  
ORDER NO. R-9471

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

A handwritten signature in cursive script that reads "Florene Davidson".

Florene Davidson  
OC Staff Specialist

FD/sl

cc: BLM - Carlsbad

KELLAHIN, KELLAHIN AND AUBREY

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OF COUNSEL

March 18, 1991

Mr. Michael E. Stogner  
Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87504

HAND DELIVERED

Re: Pitts Energy Company  
Unorthodox Oil Well Location,  
NMOCD Case No. 10248

Dear Mike:

The referenced case was heard by David Catanach on February 21, 1991. At the hearing it was discovered that the OCD docket incorrectly showed the well to be in Eddy County instead of Lea County.

The case was continued and is now on your docket for Thursday of this week. Mr. Pitts' lease is due to expire on April 1, 1991 and I would appreciate your assistance in having the order issued in this case as soon as can be accomplished. All of the interest owners in the SE/4 are the same so the 40-acre tract (NW/4SE/4 crowds interest owners in the well.

I have prepared and enclosed a sample order and a WordPerfect disk to aid in the issuance of the order.

Please call me if you have any questions.

Very truly yours,

  
W. Thomas Kellahin

WTK/tic  
Enclosures

cc: Jerry Pitts w/enclosure

1trt318.621

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. 10248  
ORDER NO. R-

APPLICATION OF PITTS ENERGY CO.  
FOR AN UNORTHODOX OIL WELL  
LOCATION, LEA COUNTY, NEW MEXICO

PITTS ENERGY CO.'S PROPOSED  
ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on  
February 21, 1991, at Santa Fe, New Mexico, before  
Examiner David R. Catanach and on March 21, 1991 before  
Examiner Michael E. Stogner.

NOW, on this 22nd day of March, 1991, the Division  
Director, having considered the testimony, the record  
and the recommendations of the Examiner, and being  
fully advised in the premises,

CASE NO. 10248  
ORDER NO. R-  
PAGE NO. 2

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) Applicant seeks approval of an unorthodox oil well location to be drilled 1500 feet from the South line and 1650 feet from the East line (Unit J) of Section 5, Township 12 South, Range 38 East, N.M.P.M. Lea County, New Mexico, the NW/4SE/4 of said Section 5 to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing from the surface to the base of the Devonian formations, which presently includes but is not necessarily limited to the Gladiola-Wolfcamp Pool, Undesignated Gladiola-Mississippian Pool, and Gladiola-Devonian Pool. Said unit is located approximately 5 miles northeast of Gladiola, New Mexico.

CASE NO. 10248  
ORDER NO. R-  
PAGE NO. 3

(3) The NW/4SE/4 of Section 5 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for both pools.

(4) The unorthodox location is requested for the Kendrick No. 1 well in order to stay as close as possible to a high seismic shot point. The structure, as defined by seismic and subsurface geology, is small. Pitts Energy would be drilling within 600 feet of a depleted producer to test the Devonian reservoir which has a very strong water drive. This means that a loss of even a small amount of structure could result in the loss of a large amount of oil. It could make a difference between a dry hole and a producing oil well.

(5) Some Devonian wells in the area have produced over a million barrels of oil for 40 feet of closure. If Pitts Energy Co. is required to move 150 feet further north as needed for an orthodox location, it could result in a loss of ten or more feet of structure. A loss of ten feet in structure could

CASE NO. 10248  
ORDER NO. R-  
PAGE NO. 4

reduce reserves by as much as 250,000 barrels of oil.

These reserves probably would never be recovered.

(6) The proposed unorthodox location is the closest surface location which would be out of the flood plain and acceptable by the USBLM.

(7) Said location also serves to move the well up-dip from the oil/water contact line in the Gladiola-Devonian zone, thereby increasing the applicant's chances of obtaining a commercially productive well.

(8) Since said well is within the applicant's leasehold operations for the SE/4 of said section, there being common working interest and royalty interest in this 160 acres, there are no offsetting operators affected; therefore correlative rights are protected.

(9) No interested party appeared and/or objected to the proposed unorthodox location.

(10) Approval of the subject application will afford the applicant the opportunity to produce its

CASE NO. 10248  
ORDER NO. R-  
PAGE NO. 5

just and equitable share of the oil in the 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.

IT IS THEREFORE ORDERED THAT:

(1) The application of Pitts Energy Co. for an unorthodox oil well location for any 40-acre spaced oil pool including but not limited to the Gladiola-Wolfcamp Pool, Undesignated Gladiola-Mississippian Pool, and Gladiola-Devonian Pool is hereby approved for its Kendrick No. 1 well to be located at a point 1500 feet from the South line and 1650 feet from the east line (Unit J) of Section 5, Township 12 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

(2) The NW/4SE/4 of said Section 5 shall be dedicated to the above described well forming a 40-acre oil spacing and proration unit for said pools.

CASE NO. 10248  
ORDER NO. R-  
PAGE NO. 6

(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

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