

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-9471

APPLICATION OF PITTS ENERGY CO.
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 February 21 and March 21, 1991, at Santa Fe, New Mexico, before Examiners David R. Catanach and Michael E. Stogner, respectively.

NOW, on this 21st 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,

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, Pitts Energy Co., seeks approval to drill its proposed Kendrick Well No. 1 at an unorthodox oil well location 1500 feet from the South line and 1650 feet from the East line (Unit J) of Section 5, Township 12 South, Range 38 East, NMPM, Lea County, New Mexico.

(3) The applicant proposes to dedicate the NW/4 SE/4 of said Section 5 to the subject 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 formation, which presently includes but is not necessarily limited to the Gladiola-Wolfcamp Pool, Undesignated Gladiola-Mississippian Pool and Gladiola-Devonian Pool.

(4) According to applicant's evidence and testimony, the primary target within the subject well is the Devonian formation, Gladiola-Devonian Pool.

(5) The applicant presented geologic evidence and testimony which indicates that a well at the proposed location should penetrate the Devonian formation at a higher structural position above the oil-water contact than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial oil production.

(6) Division records indicate that the Sinclair Oil & Gas Company Kendrick Estate Well No. 1, which was drilled in March, 1957 and is located 1980 feet from the South and East lines (Unit J) of said Section 5, produced approximately 306,225 barrels of oil from the Gladiola-Devonian Pool before being plugged and abandoned in December, 1965.

(7) A well at the proposed location should enable the applicant the opportunity to recover additional oil which may not have been recovered by the aforesaid Kendrick Estate Well No. 1, thereby preventing waste.

(8) Further evidence indicates that the interest within the SE/4 of said Section 5 is common throughout, and therefore approval of the proposed location should not adversely affect any interest owner.

(9) No 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.

IT IS THEREFORE ORDERED THAT:

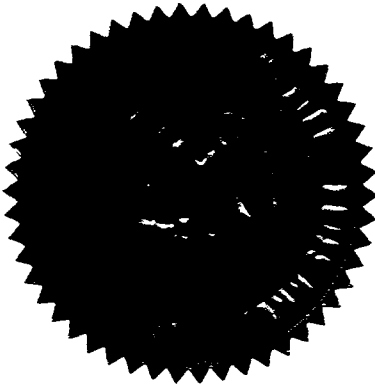
(1) The applicant, Pitts Energy Co., is hereby authorized to drill its Kendrick Well No. 1 at an unorthodox oil well location 1500 feet from the South line and 1650 feet from the East line (Unit J) of Section 5, Township 12 South, Range 38 East, NMPM, Lea County, New Mexico.

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(2) The NW/4 SE/4 of said Section 5 shall be dedicated to the subject 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 formation, which presently includes but is not necessarily limited to the Gladiola-Wolfcamp Pool, Undesignated Gladiola-Mississippian Pool and Gladiola-Devonian 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.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director