

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 8974
Order No. R-8347

APPLICATION OF GEO-ENGINEERING, INC.
FOR EXCEPTIONS TO DIVISION GENERAL
RULES 104(F) AND 104(C) (I), MCKINLEY
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 20 and October 22, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 26th day of November, 1986, 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. 8974, 8932, and 8933 were consolidated at the time of the hearing for the purpose of testimony.

(3) The subject case was originally heard on August 20, 1986, and was subsequently reopened and heard again on October 22, 1986, at the request of The Navajo Nation, a surface interest owner and lessee of lands surrounding Section 28, Township 20 North, Range 9 West, NMPM, McKinley County, New Mexico.

(4) At the time of the hearing on October 22, a representative of The Navajo Nation testified that an agreement between themselves and the applicant had been reached, and subsequently withdrew their objection to the application.

(5) The applicant is the owner of all oil and gas interests in the Menefee member of the Mesaverde formation

underlying the NE/4 and W/2 of Section 28, Township 20 North, Range 9 West, NMPM, McKinley County, New Mexico.

(6) The applicant seeks exceptions to Division General Rules 104(F) and 104(C)(I) to allow the drilling of oil wells closer than 330 feet to one another but no closer than 165 feet to the outer boundary of the lease nor nearer than 10 feet to any quarter-quarter section line or subdivision inner boundary for wells completed in the Menefee member of the Mesaverde formation and, further, to allow the drilling of more than four wells on each 40-acre tract within the above-described area.

(7) The NE/4 and W/2 of Section 28 lies within a portion of the Chaco Wash-Mesaverde Oil Pool which is governed by Statewide 40-acre spacing and proration units.

(8) The applicant testified that due to the low energy reservoir drive mechanism under primary production, the drainage radius of wells completed in the Menefee member is less than five acres.

(9) The applicant further testified that due to the complex geologic nature of the depositional sands within the Menefee member, the requested well spacing is necessary in order to define the horizontal limits of the reservoir.

(10) It is the intention of the applicant to initiate secondary recovery operations within the above-described area after primary depletion if it is economically feasible.

(11) Due to the poor drainage characteristics of the Menefee member, drainage across lease boundaries should not occur.

(12) No offset operator objected to the proposed application.

(13) Approval of the subject application will enable the applicant the opportunity to produce its share of the oil in the pool, will prevent waste as a result of the drilling of too few wells, and will protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Geo Engineering, Inc., is hereby authorized to drill producing wells within the Menefee member of the Mesaverde formation closer than 330 feet to one another but no closer than 165 feet to the outer boundary of the lease nor nearer than 10 feet to any quarter-quarter section line or subdivision inner boundary within the NE/4 and W/2 of Section

Case No. 8974
Order No. R-8347

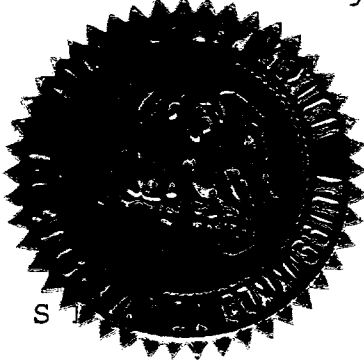
28, Township 20 North, Range 9 West, NMPM, McKinley County, New Mexico.

PROVIDED HOWEVER THAT, the applicant shall file Division Forms C-101 and C-102 with the Aztec district office of the Division to obtain approval for the drilling of said wells.

(2) The applicant is further authorized to drill more than four wells within a quarter-quarter section within the above-described area.

(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

A handwritten signature in cursive script, appearing to read 'R. L. Stamets', is written over the typed name.

R. L. STAMETS,
Director