

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

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

CASE NO. 9152
Order No. R-8462

APPLICATION OF TEXACO PRODUCING, INC.
FOR AN UNORTHODOX GAS 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 June 17, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 6th day of July, 1987, 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, Texaco Producing, Inc., seeks approval of an unorthodox gas well location for its N.M. "R" State NCT-3 "TN" Well No. 24 which is presently drilling 860 feet from the South line and 660 feet from the East line (Unit P) of Section 1, Township 18 South, Range 34 East, NMPPM, to test the McKee formation, Lea County, New Mexico.

(3) The S/2 of said Section 1 is to be dedicated to the well forming a standard 320-acre gas proration unit for said formation.

(4) The McKee formation is the secondary objective for this well; the primary zones of interest are the Vacuum-Upper Pennsylvanian and Vacuum-Devonian Pools, which are both oil pools developed on 80-acre spacing.

(5) The E/2 SE/4 of said Section 1 is to be dedicated for both of these oil pools, to the subject well which is also at a standard oil well location thereon.

(6) A well at said unorthodox gas well location will better enable applicant to test for gas in the McKee formation within said gas proration unit.

(7) No offset operator objected to the proposed unorthodox gas well location.

(8) Approval of the subject application 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.

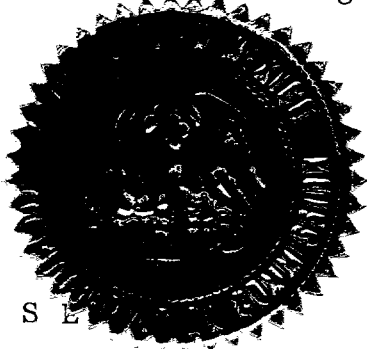
IT IS THEREFORE ORDERED THAT:

(1) The application of Texaco Producing, Inc. for an unorthodox gas well location for the McKee formation is hereby approved for its N.M. "R" State NCT-3 "TN" Well No. 24 located 860 feet from the South line and 660 feet from the East line (Unit P) of Section 1, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico.

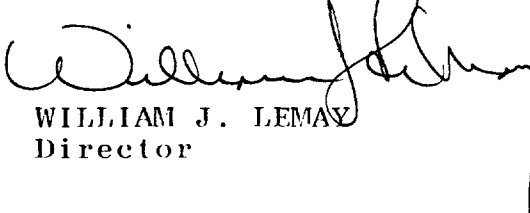
(2) The S/2 of said Section 1 shall be dedicated to the above-described well.

(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