



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

October 7, 1988

Foran Oil Company
c/o Kellahin, Kellahin & Aubrey
P.O. Box 2265
Santa Fe, NM 87504-2265

Attention: W. Thomas Kellahin

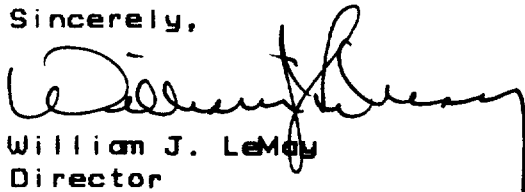
Administrative Order NSL-2592

Dear Mr. Kellahin:

Reference is made to your application of October 5, 1988 on behalf of Foran Oil Company for a non-standard gas well location for your State "ET" Well No. 1 located 990 feet from the North line and 1650 feet from the West line (Unit C) of Section 36, Township 15 South, Range 27 East, NMPM, Diamond Mound Atoka-Morrow Gas Pool, Chaves County, New Mexico. The W/2 of said Section 36 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool.

By the authority granted me under the provisions of General Rule 104 F(1), the above-described unorthodox gas well location is hereby approved.

Sincerely,



William J. LeMay
Director

WJL/MES/ag

cc: Oil Conservation Division - Artesia
New Mexico Oil & Gas Engineering Committee - Hobbs
State Land Office - Santa Fe
Case File No. 9491

REMARKS: This well was originally permitted and drilled at a standard gas well location for the Buffalo Valley-Pennsylvanian Gas Pool. On August 23, 1985, the Division issued a Nomenclature Order R-8021 which reclassified Section 36 to the Diamond Mound Atoka-Morrow Gas Pool and made the subject well an unorthodox well location.

KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

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Jason Kellahin
Of Counsel

Santa Fe, New Mexico 87504-2265

November 2, 1988

HAND DELIVERED

Mr. Michael E. Stogner
Oil Conservation Division
State Land Office
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

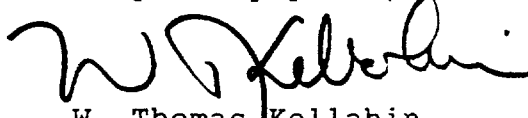
Re: Application of Foran Oil Company
For Simultaneous Dedication
NMOCD Case 9491

Dear Mr. Stogner:

Please find enclosed for your consideration a Proposed Order for Entry in the referenced case which was heard on September 28, 1988.

Please call me if I can be of assistance.

Very truly yours,


W. Thomas Kellahin

WTK/dm
Encl.

cc: Foran Oil Company

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

IN THE MATTER OF THE APPLICATION
OF FORAN OIL COMPANY FOR SIMULTANEOUS
DEDICATION, CHAVES COUNTY, NEW MEXICO

CASE 9491
ORDER R-_____

FORAN PROPOSED ORDER
OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 28, 1988 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this ____ day of November, 1988, 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, Foran Oil Company, seeks to simultaneously dedicate a standard 320-acre gas spacing and proration unit in the Diamond Mound Atoka-Morrow Gas Pool consisting of the W/2 of Section 36, T15S, R27E, to the existing State "ET" Well No. 1 located at a standard gas well location 990 feet from the North line and 1650 feet from the West line (Unit C) of said Section 36 and to a second well to be drilled at a standard gas well location in the SW/4 of said Section 36.
- (3) By Order R-6994 dated June 1, 1982, the Division abolished the Diamond Mound-Morrow Gas Pool and combined it with the Atoka formation to form the Diamond Mound Atoka-Morrow Gas Pool.

- (4) The State "ET" No. 1 well is currently perforated in the Morrow member of the Pool but is a low volume producer located in the NW/4 of said Section 36 and lacks the capacity to protect the SW/4 of the spacing unit from drainage from offsetting Morrow producing wells.
- (5) Foran Oil Company desires to drill a replacement Morrow well in the SW/4 of Section 36 in order to afford it the opportunity to better protect the subject spacing unit from drainage.
- (6) The drilling of a second well in the SW/4 will provide an opportunity to the owners of that spacing unit to produce hydrocarbons that might not otherwise be produced by the existing State "ET" Well No. 1.
- (7) Upon completion of a commercial well in the pool in the SW/4 of this section, Foran Oil Company further desires to recomplate the existing State "ET" well No. 1 in the Atoka member of the Diamond Mound Atoka-Morrow Gas Pool in an attempt to produce Atoka reserves that are not now being produced in the immediate area, thereby preventing waste.
- (8) In order to avoid gaining an unfair advantage over any offsetting operator with a single Morrow completion in a 320-acre spacing unit, Foran Oil Company should be precluded from producing the Morrow formation simultaneously with the proposed replacement well, with the exception of those test periods not to exceed 24 hours, necessary to evaluate the proposed second well.
- (9) In the event of a successful completion of the proposed second well in the subject spacing unit, Foran Oil Company should promptly commence to plug back the State "ET" Well No. 1 to a point above the top of the Morrow formation.
- (10) The simultaneous dedication of the W/2 of said Section 36 to the two wells, one of which will be completed in the Morrow formation and one completed in the Atoka formation, will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

- (1) The application of Foran Oil Company for the simultaneous dedication of the W/2 of Section 36, T15S, R27E, Diamond Mound Atoka-Morrow Gas Pool to the State "ET" Well No. 1 located in Unit C and a second well to be drilled to and completed in the Morrow formation of the same pool at a standard location in the SW/4 of said Section 36 is hereby APPROVED.
- (2) 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 herein above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

W.J. LeMay, Director

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

December 9, 1988

GARREY CARRUTHERS
GOVERNOR

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SANTA FE NEW MEXICO 87501
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Mr. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 9491
ORDER NO. R-3891

Applicant:

Foran Oil Company

Dear Sir:

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

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD _____

Other _____
