

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. 9275
Order No. R-8575

THE APPLICATION OF SUN EXPLORATION
AND PRODUCTION COMPANY FOR AMENDMENT
OF DIVISION ORDER NO. R-6483, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 16, 1987, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 4th day of January, 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 on this cause and the subject matter thereof.

(2) By Order No. R-6483 dated October 20, 1980, the Division authorized the Sun Exploration and Production Company to simultaneously dedicate its State "A" A/C-2 Wells Nos. 14, 36, 42, and 62 located respectively in Units B, M, E, and K of Section 11, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, to a standard 640-acre Jalmat Gas Pool proration unit consisting of said Section 11.

(3) The applicant in the present case, Sun Exploration and Production Company, seeks the amendment of said Division Order No. R-6483, for approval of an unorthodox Jalmat Gas Pool well location for its State "A" A/C-2 Well No. 73 located 990 feet from the South line and 660 feet from the East line (Unit P) of

said Section 11, and to further authorize the simultaneous dedication of the above described gas proration unit to its State "A" A/C-2 Well No. 73 and to the existing wells described in Finding No. (2) above.

(4) The applicant testified that the State "A" A/C-2 Well No. 73 was originally drilled at a standard oil well location within the Arrowhead-Grayburg Pool, was subsequently tested within the Grayburg formation, and proved to be non-commercial.

(5) The applicant further testified that said State "A" A/C-2 Well No. 73 was subsequently recompleted in the Penrose formation of the Jalmat Gas Pool and is currently capable of commercial production in said pool.

(6) The applicant presented drainage calculations which indicate that said State "A" A/C-2 Well No. 73 will drain a portion of the proration unit not currently being drained by the existing wells.

(7) The applicant further testified that approval of the subject application will enable the production of remaining gas reserves within the Jalmat Gas Pool underlying the proration unit which would otherwise not be recovered by the existing wells, thereby preventing waste.

(8) No offset operator objected to the proposed unorthodox location and simultaneous dedication.

(9) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject 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 should otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

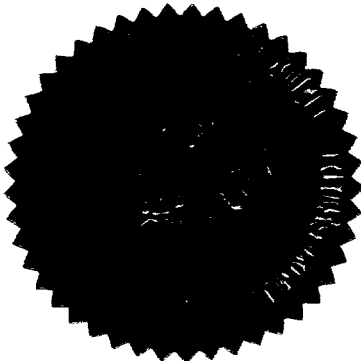
(1) Ordering Paragraph No. (2) of Division Order No. R-6483 is hereby amended to read in its entirety as follows:

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"The applicant is further authorized to simultaneously dedicate its State "A" A/C-2 Wells Nos. 14, 36, 42, and 62 located respectively in Units B, M, E, and K of Section 11, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, and its State "A" A/C-2 Well No. 73 located at an unorthodox location 990 feet from the South line and 660 feet from the East line (Unit P) of said Section 11, also hereby approved, to a standard 640-acre Jalmat Gas Pool proration unit consisting of all of said Section 11."

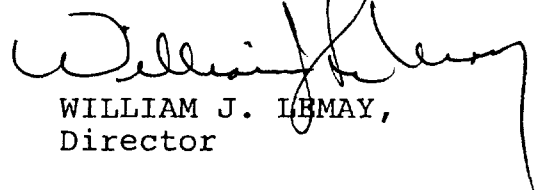
(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY,
Director