

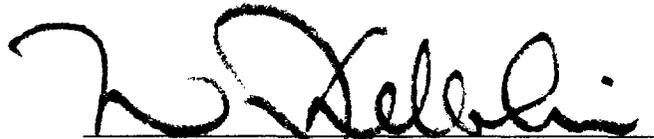
STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF ORYX ENERGY COMPANY FOR TWO
UNORTHODOX GAS WELL LOCATIONS,
LEA COUNTY, NEW MEXICO

CASE NO. 9928

CERTIFICATE OF MAILING
AND
COMPLIANCE WITH ORDER R-8054

In Accordance with Division Rule 1207 (Order R-8054) I hereby certify that on April 9, 1990, notice of the hearing and a copy of the Application for the above referenced case was mailed by certified mail return-receipt, at least twenty days prior to the hearing set for May 2, 1990, to the interested parties listed on Exhibit "A" attached hereto.


W. Thomas Keenan

SUBSCRIBED AND SWORN to before me this 1st day of
May, 1990.


Notary Public

My Commission Expires:

July 25, 1993

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
ORYX	EXHIBIT NO. <u>8</u>
CASE NO.	<u>9928</u>

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

CASE NO. 9928 (Reopened)
ORDER NO. R-9185-A(1)

APPLICATION OF ORYX ENERGY COMPANY
FOR TWO UNORTHODOX GAS WELL LOCATIONS,
LEA COUNTY, NEW MEXICO.

NUNC PRO TUNC ORDER

BY THE DIVISION:

It appearing to the Division that Order No. R-9185-A dated September 5, 1991, does not correctly state the intended order of the Division,

IT IS THEREFORE ORDERED THAT:

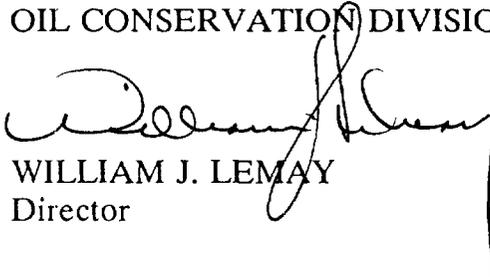
(1) Decretory Paragraph No. (1) on page 3 of said Division Order No. R-9185-A, be and the same, is hereby amended to read in its entirety as follows:

"(1) The applicant, Oryx Energy Company, is hereby authorized to drill its Ojo Chiso Federal Well No 3 at an unorthodox gas well location 990 feet from the South and West lines (Unit M) of Section 26, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, to a sufficient depth in order to test the Undesignated Ojo Chiso-Morrow Gas Pool. The S/2 of said Section 26 shall be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool."

(2) The corrections set forth in this order be entered nunc pro tunc as of September 5, 1991.

DONE at Santa Fe, New Mexico, on this 12th day of February, 1992.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

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. 9928 (Reopened)
ORDER NO. R-9185-A

**APPLICATION OF ORYX ENERGY COMPANY
FOR TWO UNORTHODOX GAS WELL LOCATIONS,
LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 25, 1991, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 5th day of September, 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) Oryx Energy Company possesses the operating rights to the Atoka and Morrow formations underlying all of Section 26, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico. Currently Oryx is developing the Antelope Ridge-Atoka Gas pool in the E/2 of said Section 26 with its Ojo Chiso Federal Well No. 2 located in Unit O and the Ojo Chiso-Morrow Gas Pool in the N/2 of said Section 26 with its Ojo Chiso Federal Well No. 1 located in Unit C.

(3) On June 20, 1991 Oryx filed an application for administrative approval, based on geological reasons, to deepen its proposed Ojo Chiso Federal Well No. 3 to a sufficient depth in order to test the Morrow formation, said well to be drilled at a previously approved unorthodox Antelope Ridge-Atoka Gas well location 990 feet from the South and West lines (Unit M) of said Section 26. The applicant further requested to dedicate the S/2 of said Section 26 to the well thereby forming a standard 320-acre gas spacing and proration unit in the Morrow interval.

(4) Said administrative application appeared to be contradictory to the evidence presented at the May 2, 1990 hearing in original Case No. 9928 whereby Oryx had sought approval for two unorthodox gas well locations in said Section 26 to test any and all formations and/or pools from the top of the Wolfcamp formation to the base of the Morrow formation developed on 320-acre spacing, the E/2 to be dedicated to said Ojo Chiso Federal Well No. 2 and the W/2 to be dedicated to the proposed Ojo Chiso Federal Well No. 3.

(5) At Oryx's request, the Morrow zone was dropped from consideration at that hearing and Order No. R-9185 was issued authorizing the two unorthodox gas well locations for the Atoka formation only. The E/2 and W/2 of said Section 26 were dedicated to the wells forming two standard 320-acre gas spacing and proration units in the Antelope Ridge-Atoka Gas Pool.

(6) This matter has therefore been reopened in order to resolve the conflicting request and to enable Oryx to present adequate evidence to support their position.

(7) At the time of the prior hearing of this case held on May 2, 1990, evidence indicated that the anticipated reservoir pressure in the Atoka formation would be in the range of 7,000 psi to 8,000 psi which would create a substantial drilling risk for the applicant should it attempt to penetrate through the Atoka formation and test the Morrow formation.

(8) At the current hearing held on July 25, 1991, applicant presented new evidence not previously available now indicating that the reservoir pressure in the Atoka formation has been reduced to approximately 3,500 psi as the result of pressure depletion in the immediate area.

(9) The reduction in the Atoka formation reservoir pressure now makes it economically feasible to penetrate through the Atoka formation and test for Morrow production in this wellbore.

(10) Evidence further shows that unless the Morrow is tested in this same wellbore, it is not economic to drill a separate well at a standard location to test only for Morrow production.

(11) The affected offset operator to the west and south of the proposed unorthodox location in the Morrow and Atoka formations, BTA Oil Producers, is an interest owner in the proposed well, actively supports the applicant's request and no other offset operators and/or interest owners appeared at the hearing in opposition to this proposed unorthodox gas well location.

(12) Approval of the subject application will afford the applicant and the owners in the S/2 of said Section 26 the opportunity to produce its just and equitable share of gas in the Morrow formation, 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.

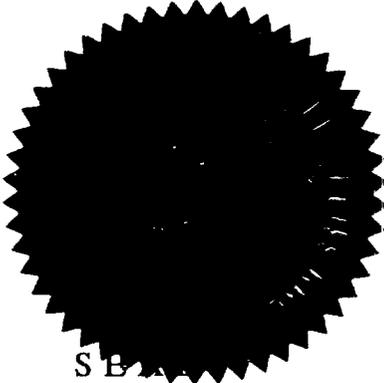
IT IS THEREFORE ORDERED THAT:

(1) The applicant, Oryx Energy Company, is hereby authorized to drill its Ojo Chiso Federal Well No 3 at an unorthodox gas well location 990 feet from the South and West lines (Unit M) of Section 26, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, to a sufficient depth in order to test the Undesignated Ojo Chiso-Morrow Gas Pool.

(2) All other provisions of Division Order No. R-9185, dated May 25, 1990 shall remain in full force and effect until further notice.

(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

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. 9928
Order No. R-9185

APPLICATION OF ORYX ENERGY
COMPANY FOR TWO UNORTHODOX
GAS WELL LOCATIONS, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 2, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 25th day of May, 1990, 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, Oryx Energy Company, seeks approval to drill its Ojo Chiso Federal Well No. 3 at an unorthodox gas well location 990 feet from the South and West lines (Unit M) of Section 26, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, to test the Antelope Ridge-Atoka Gas Pool.

(3) The applicant has recently drilled its Ojo Chiso Federal Well No. 2 at a standard gas well location 990 feet from the South line and 2030 feet from the East line (Unit O) of said Section 26, and has completed said well in the Antelope Ridge-Atoka Gas Pool. The S/2 of said Section 26 is currently dedicated to said Ojo Chiso Federal Well No. 2.

CASE NO. 9928
Order No. R-9185
Page -2-

(4) The applicant further seeks to re-dedicate the E/2 of said Section 26 to the Ojo Chiso Federal Well No. 2 as described above, which would result in an unorthodox gas well location for said well, and also seeks to dedicate the W/2 of said Section 26 to the proposed Ojo Chiso Federal Well No. 3.

(5) Preliminary engineering and geologic evidence presented indicates that the Ojo Chiso Federal Well No. 2 will drain an area considerably less than 320 acres, and as a result, a substantial portion of the SW/4 of said Section 26 is not being adequately drained.

(6) The applicant proposes to drill its Ojo Chiso Federal Well No. 3 in order to recover its gas reserves underlying the SW/4 of said Section 26 and also to protect said acreage from drainage which may be occurring from offset wells located in Sections 27, 34 and 35.

(7) The geologic evidence presented indicates that a well at the proposed unorthodox location should encounter a greater amount of net pay and porosity within the Atoka formation than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial gas production.

(8) The interest ownership within said Section 26 is common, and according to testimony by the applicant, all such interest owners have consented to the proposed proration unit realignment.

(9) The affected offset operator to the south of the proposed unorthodox location, BTA Oil Producers, is an interest owner in the proposed well in said Section 26, and no other affected offset operator and/or interest owner appeared at the hearing in opposition to the proposed unorthodox gas well location.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Antelope Ridge-Atoka Gas 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.

CASE NO. 9928
Order No. R-9185
Page -3-

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Oryx Energy Company, is hereby authorized to drill its Ojo Chiso Federal Well No. 3 at an unorthodox gas well location 990 feet from the South and West lines (Unit M) of Section 26, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, to test the Antelope Ridge-Atoka Gas Pool.

(2) The W/2 of said Section 26 shall be dedicated to the above-described well forming a standard 320-acre gas spacing and proration unit for said pool.

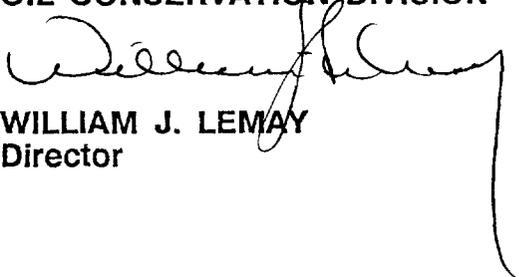
(3) The applicant is further authorized to dedicate the E/2 of said Section 26 to the existing Ojo Chiso Federal Well No. 2 located at an unorthodox gas well location 990 feet from the South line and 2030 feet from the East line (Unit O) of said Section 26, forming a standard 320-acre gas spacing and proration unit within the Antelope Ridge-Atoka Gas Pool.

(4) 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