



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

September 30, 1991

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

Amerada Hess Corporation
P.O. Drawer "D"
Monument, New Mexico 88265

Attention: E.J. Haas
Sr. Petroleum Engineer

*RE: Administrative Application for an Unorthodox Oil Well Location
State BT "A" Well No. 3
1830' FNL - 1980' FEL (Unit G) of Section 2, Township 12 South,
Range 33 East, NMPM, Bagley - Siluro Devonian Pool, Lea County,
New Mexico.*

Dear Mr. Haas:

After thorough review of your application dated September 24, 1991 and the regulations applicable in this matter, including Division Order Nos. R-69, R-69-A, R-69-B, R-69-C, R-69-D, and Memorandum 4-86, it is determined that administrative approval cannot be granted. However, in this particular instance where the following facts seem apparent:

- 1) The pool has essentially been developed on 40-acre spacing within this general area;
- 2) the regulations effecting this pool were issued in 1951 and over the years the situation may have changed whereby such stringent procedures for various reasons may no longer be warranted; and,
- 3) the geological and engineering data submitted appears to indicate that the well would recover additional oil which might not otherwise be produced, exhibits good conservation measures, and would prevent waste.

The Division therefore sees no reason why additional testimony should be required, unless, of course, objections are encountered. This application shall therefore be advertised for the October 31, 1991 examiners hearing in the following style:

"APPLICATION OF AMERADA HESS CORPORATION FOR AN UNORTHODOX
OIL WELL LOCATION, LEA COUNTY, NEW MEXICO.

Applicant, in the above-styled cause, seeks an exception to the provisions of Division Order No. R-69-D, which order, in part, promulgated "Special Operating Procedures" for the Bagley Siluro - Denovian Pool. At this time the applicant seeks authorization for an unorthodox oil well location to the drilled 1830 feet from the North line and 1980 feet from the East line (unit G) of Section 2, Township 12 South, Range 33 East, said well go be dedicated to a previously approved 80-acre non-standard oil spacing and proration unit comprising the SW/4 NE/4 and NW/4 SE/4 of said Section 2 (Order No. R-69-D). Said unit is located approximately 9.5 miles southeast by east of Caprock, New Mexico.

IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN
UNDER ADVISEMENT."

Amerada Hess will still be required to make proper notice of this hearing pursuant to the provisions of General Rule 1207.

Should you have any questions concerning this matter, please contact me.

Sincerely,



MICHAEL E. STOGNER
Chief Hearing Officer/Engineer

MES/jc

cc: Oil Conservation Division - Hobbs
NMSLO - Santa Fe
William F. Carr - Santa Fe

R- 9624