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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. 9755
ORDER NO. R-9009

APPLICATION OF BTA OIL PRODUCERS
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 September 6, 1989, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 3rd day of October, 1989, 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 in this matter, BTA Oil Producers, is the owner and operator of the only two wells presently developing Section 34, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico, Maxus "B" 8026 "JV-P" Well Nos. 1 and 2, located in Units P and N, respectively. The No. 1 well was originally drilled at an unorthodox gas well location 660 feet from the South and East lines of said Section 34 to test the Antelope Ridge-Atoka Gas Pool, the S/2 of said Section 34 being dedicated to the well forming a standard 320-acre gas spacing and proration unit, was approved by Division Order No. R-8331, dated November 4, 1986. On March 13, 1987, this order was amended by Division Order No. R-8331-A to include the Undesignated Antelope Ridge-Morrow Gas Pool. By letter from the Director of the Oil Conservation Division dated April 15, 1987, authorization was given to rededicate the E/2 of said Section 34 to the No. 1 well in both the Atoka and Morrow zones. The No. 2 well was also drilled at an unorthodox gas well location 990 feet from the South line and 1980 feet from the West line and was approved by Division Administrative Order No. NSL-2381 dated August 24, 1987, the W/2 of said Section 34 being dedicated to said well forming a standard 320-acre gas spacing and proration unit.

(3) The applicant now seeks approval of an unorthodox gas well location for its Maxus "B" 8026 JV-P Well No. 3 to be drilled 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 34, Township 22 South, Range 34 East, NMPM, to test the Antelope Ridge-Atoka Gas Pool and the Antelope Ridge-Morrow Gas Pool, Lea County, New Mexico.

(4) Further the applicant proposes to redesignate the proration units in said Section 34 in both the Antelope Ridge-Atoka and Antelope Ridge-Morrow Gas Pools from E/2 and W/2 dedications to N/2 and S/2 dedications, whereby the N/2 would be dedicated to the proposed Maxus "B" 8026 JV-P Well No. 3 and the S/2 would be dedicated to just the Maxus "B" 8026 JV-P Well No. 1. The Maxus "B" 8026 JV-P Well No. 2 will, upon completion of the No. 3 well, be plugged and abandoned in the Atoka and Morrow zones.

(5) The applicant presented geologic evidence and testimony which indicates that a well drilled at the proposed unorthodox location will penetrate the Atoka and Morrow formations at a more structurally advantageous position than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(6) No offset operator appeared at the hearing in opposition to the application.

(7) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pools, 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.

(8) This order should not be made effective until such time as the Maxus "B" 8026 JV-P Well No. 3 is placed on production.

IT IS THEREFORE ORDERED THAT:

(1) The application of BTA Oil Producers for an unorthodox gas well location for the Antelope Ridge-Atoka Gas Pool and the Antelope Ridge-Morrow Gas Pool is hereby approved for its Maxus "B" 8026 JV-P Well No. 3 to be located at a point 660 feet from the North line and 1650 feet from the East line of Section 34, Township 22 South, Range 34 East, NMPM, Lea County, New Mexico.

(2) The N/2 of said Section 34 shall be dedicated to the Maxus "B" 8026 JV-P Well No. 3 forming a standard gas spacing and proration unit for said pools.

(3) The S/2 of said Section 34 shall be rededicated in both the Atoka and Morrow zones to the Maxus "B" 8026 JV-P Well No. 1 located at a previously approved unorthodox gas well location 660 feet from the South and East lines (Unit P) of said Section 34.

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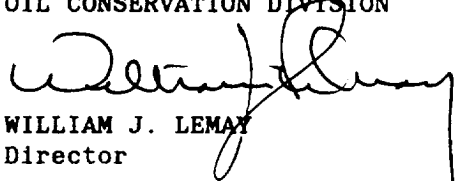
(4) Division Administrative Order No. NSL-2381 and the letter from the Director of the Oil Conservation Division dated April 15, 1989 concerning this matter are hereby placed in abeyance until further notice.

(5) This order shall not be made effective until such time as the Maxus "B" 8026 JV-P Well No. 3 is placed on production, also at such time the Maxus "B" 8026 JV-P Well No. 2 located 990 feet from the South line and 1980 feet from the West line (Unit N) of said Section 34 shall be plugged and abandoned in the Atoka and Morrow formations.

(6) 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

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