

- (4) According to testimony and Division records, the applicant's Lockhart "B" Well Nos. 7, 4 and 8, previously Eumont Gas Pool producing wells, were turned over to Chevron USA Inc. during January, 1987 for use in the Eunice Monument South Unit Waterflood Project.
- (5) The only well currently developing the Eumont Gas Pool within the subject non-standard gas proration unit is the applicant's Lockhart "B" Well No. 9 as described above.
- (6) Pursuant to the Special Rules and Regulations for the Eumont Gas Pool as promulgated by Division Order No. R-8170, as amended, the standard setback for a 480-acre non-standard gas proration unit is 990 feet from the outer boundary of the proration unit.
- (7) The vertical limits of the Eumont Gas Pool currently comprise the Yates, Seven Rivers and Queen formations.
- (8) According to applicant's evidence and testimony, development in the Eumont Gas Pool within the subject non-standard gas proration unit has thus far been essentially limited to the Penrose member of the Queen formation.
- (9) The applicant has recently discovered potential for significant gas production from the upper portion of the Seven Rivers formation within the northwestern portion of the subject non-standard gas proration unit.
- (10) According to applicant's geologic evidence and testimony, a well at the proposed location should encounter a greater amount of net pay in the upper portion of the Seven Rivers formation than a well drilled at a standard location thereon, which should ultimately result in the recovery of a greater amount of gas from the subject proration unit, thereby preventing waste.
- (11) Engineering estimates provided by the applicant at the hearing indicate that a well located at the proposed unorthodox location should recover approximately 25% more gas reserves from the subject proration unit than a well drilled at a standard well location thereon.
- (12) The affected offset operators, Lewis Burleson Inc., John Hendrix Corporation and Chevron USA Inc., did not appear at the hearing in opposition to the application.
- (13) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

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

(15) The subject non-standard gas proration unit should be assigned an acreage factor of 3.0 in the Eumont Gas Pool for the purpose of assigning a gas allowable. In addition, the applicant should be allowed to produce the gas allowable assigned to the subject unit from either the Lockhart "B" Well No. 9 or Well No. 11 in any proportion.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Conoco Inc., is hereby authorized to drill its Lockhart "B" Well No. 11 at an unorthodox gas well location 760 feet from the North line and 660 feet from the East line (Unit A) of Section 14, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico.

(2) Division Order No. R-4988 is hereby amended to allow the simultaneous dedication of an existing 480-acre non-standard gas proration unit in the Eumont Gas Pool comprising the W/2 of Section 13 and the E/2 E/2 of Section 14, Township 21 South, Range 36 East, NMPM, to the above-described Lockhart "B" Well No. 11 and to the existing Conoco Inc. Lockhart "B" Well No. 9 located in Unit L of Section 13.

(3) The subject non-standard gas proration unit shall be assigned an acreage factor of 3.0 in the Eumont Gas Pool for the purpose of assigning a gas allowable. In addition, the applicant shall be allowed to produce the gas allowable assigned to the subject unit from either the Lockhart "B" Well No. 9 or Well No. 11 in any proportion.

(4) Jurisdiction is hereby 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
WILLIAM J. LEMAY
Director

S E A L