

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. 11125  
ORDER NO. R-10276

APPLICATION OF ENRON OIL & GAS COMPANY FOR AN UNORTHODOX OIL  
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 October 27, 1994 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 14th day of December, 1994 the Division Director, having considered 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, Enron Oil & Gas Company, seeks approval of an unorthodox oil well location for its Hallwood "12" Federal Well No. 9 to be drilled 1830 feet from the North line and 1650 feet from the West line (Unit F) of Section 12, Township 25 South, Range 33 East, NMPM, to test the Bone Spring formation, Undesignated Red Hills-Bone Spring Pool, Lea County, New Mexico.
- (3) The proposed well location is within the governing limits of the Red Hills-Bone Spring Pool and as such is subject to the Special Rules and Regulations for said pool, as promulgated by Division Order No. R-10109, dated April 26, 1994, which provides for 80-acre standard oil spacing and proration units and requires that wells be located within 150 feet of the center of a governmental quarter-quarter section or lot.
- (4) The S/2 NW/4 of said Section 12 is to be dedicated to said well to form a standard 80-acre oil spacing and proration unit for said pool.

(5) The desired location for a Bone Spring oil well in the proposed 80-acre unit, according to the testimony presented at the hearing, is in the SE/4 NW/4 of said Section 12. The U.S. Bureau of Land Management, being the surface ~~management~~ agency for this land tract, requested the applicant to move off of the standard location window for this particular quarter-quarter section as to avoid a surface drainage area. The geological evidence presented by the applicant indicates that a move to the east of the standard window in the SE/4 NW/4 is toward a more favorable geologic position, thereby increasing the likelihood of obtaining commercial oil production.

(6) The applicant is the only offsetting operator to all properties surrounding the proposed unit.

(7) No other interested party appeared at the hearing in opposition to this application.

(8) Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Undesignated Red Hills-Bone Spring 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.

**IT IS THEREFORE ORDERED THAT:**

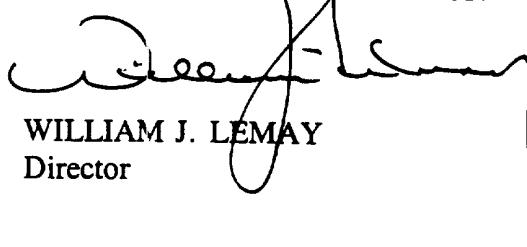
(1) The application of Enron Oil & Gas Company to drill its Hallwood "12" Federal Well No. 9 at an unorthodox oil well location 1830 feet from the North line and 1650 feet from the West line (Unit F) of Section 12, Township 25 South, Range 33 East, NMPM, to test the Bone Spring formation, Undesignated Red Hills-Bone Spring Pool, Lea County, New Mexico, is hereby approved.

(2) The S/2 NW/4 of said Section 12 shall be dedicated to said well forming a standard 80-acre oil spacing and proration unit for said pool.

(3) 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  
Director

S E A L



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

October 13, 1994

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

**Enron Oil & Gas Company**  
**P. O. Box 2267**  
**Midland, Texas 79702**

**Attention: Betty Gildon**

**RE: *Administrative Application for an Unorthodox Oil Well Location. Hallwood "12" Federal Well No. 9; 1580'FNL-1980'FWL (Unit F) of Section 7, Township 25 South, Range 34 East, NMPM, Undesignated Red Hills-Bone Spring Pool, Lea County, New Mexico.***

Dear Ms. Gildon:

The subject application dated September 16, 1994 cannot be approved at this time due to insufficient data.

Please provide *all applicable* information and supporting data pursuant to Division Memorandum 1-90 (see copy attached).

Should you have any questions or comments concerning these rules, requirements and/or procedures after you have reviewed them, please contact me at (505) 827-5811.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner".

Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: Oil Conservation Division - Hobbs  
U. S. Bureau of Land Management - Carlsbad



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

GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2098  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

No. 1-90

**MEMORANDUM**

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**TO:** All Operators

**FROM:** William J. LeMay, Director *WJL*

**SUBJECT:** Administrative Applications for Unorthodox Locations

**DATE:** March 21, 1990

Division Memorandum No. 3-89, dated March 24, 1989, advised the industry that the OCD would no longer automatically approve unopposed unorthodox location applications. Unorthodox locations can be approved administratively in accordance with the Rules and Regulations or applicable special pool rules if surface conditions truly prevent the use of a legal location and if directional drilling to a legal location is not feasible.

Topographic conditions which will be considered to justify an unorthodox location include such traditional factors as terrain features (steep slopes, arroyos, etc.) which make drilling impractical. In addition, approval may be given to avoid archeological sites which may not be disturbed without substantial mitigation, incompatible surface uses such as buildings, recreation areas, etc. Applications should fully document the reason an unorthodox location is required.

The attached guidelines state the minimum information which should be submitted with applications for administrative approval of unorthodox locations. Failure to provide the necessary information will probably result in processing delays.

If the surface of the proration unit or proposed drill site is controlled by a Federal Surface Management Agency, a copy of the application must be sent to the appropriate agency office.

If there are legal locations within the proration unit which are drillable, but the operator chooses not to drill those locations for geological reasons the application cannot be approved administratively and a hearing will be required.

## NEW MEXICO OIL CONSERVATION DIVISION

### SUBMITTAL GUIDELINES FOR ADMINISTRATIVE APPROVAL OF NON-STANDARD LOCATION APPLICATIONS

- I. If the well is located on Federal or Indian Lands, the Federal Surface Management Agency must be notified and an on-site inspection conducted prior to filing the application. If an Application for Permit to drill or a Notice of Staking has been prepared, a copy must be submitted.
- II. Completed C-102 showing the well location, proration unit, leases within the unit and other required information.
- III. Land plat showing offset operators and working interest owners and any offsetting wells producing from the same pool or formation.
  - A. This information may be shown on the topo map if it does not impair the readability of the map.
  - B. The operator should certify that the information is current and correct.
- IV. Original or clear copy of topographic map, preferably 7.5 minute quad, showing contours and other mapped features impacting the location, with the following information marked thereon (In order to be able to adequately show all of the necessary surface conditions it may be necessary to enlarge the relevant portion of the topo map to provide room for detail):
  - A. The proposed well location and proration unit;
  - B. An outline of the orthodox drilling windows as provided in the applicable rules for the subject application;
  - C. The location of any wells to any formation within the area of the proration unit and a statement as to whether an existing pad can be used to drill the proposed well;
- V. An enlargement of the topo map showing the subject area with the applicable additional information:
  - A. Terrain features not shown on the map which make an orthodox location unusable;
  - B. Proposed access roads and pipelines if they affect the location selection;
  - C. The location of any surface uses which prevent use of a legal location;

- D. The location of any archeological sites identified in the archeological survey;
- E. The location and nature of any other surface conditions which prevent the use of an orthodox location.
- VI. If archeological sites are a reason for the unorthodox location request, a copy of the archeological survey, or a summary, identifying sites which cannot be disturbed or which must have any disturbance mitigated. In addition, the location of such areas should be marked on the enlarged topo so they can be clearly identified.
- VII. A narrative report of any on-site inspection of the potential locations. If such on-site has resulted in elimination of legal locations due to surface conditions, such information should also be noted on the enlarged topo.
- VIII. A statement of why directional drilling to reach a legal bottom-hole location is not feasible.
- IX. An affidavit that notice has been sent to all parties entitled thereto, under the Divisions Rules and Regulations with return receipt cards showing date of receipt of notice.



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GARREY CARRUTHERS  
GOVERNOR

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(505) 827-5800

No. 3-89

MEMORANDUM

TO: ALL OIL AND GAS OPERATORS  
FROM: WILLIAM J. LEMAY, DIRECTOR *WJL*  
SUBJECT: UNORTHODOX WELL LOCATIONS  
DATE: MARCH 24, 1989

Previously, it has been the practice of the Division to approve applications for unorthodox well locations without penalty if they were not opposed by any off-setting operator. However, due to the increased applications for unorthodox locations based predominantly on "closeology", this Division policy may no longer be appropriate. In the future, applications for unorthodox locations, whether for administrative approval or through the hearing process, will have to be supported by substantial evidence.

The Division will be reviewing future applications in an effort to develop guidelines for approving or denying such applications. Generally, if the application is based upon surface conditions, i.e., topography, archaeological considerations, etc., it will have to be clearly shown what obstructions prevent the drilling of the well at a legal location and the unorthodox location will have to be as close as practicable to the orthodox location. If unorthodox location is being requested for geological reasons, the applicant should be prepared to present evidence showing the geological factors that dictate the necessity for drilling an unorthodox location.

As always, the Division welcomes industry input into the process.

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