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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. 11369
Order No. R-10456**

**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 August 24, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 1st day of September, 1995, 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, Enron Oil & Gas Company, seeks approval to drill its Diamond "18" Federal Well No. 6 at an unorthodox oil well location 2310 feet from the South line and 1980 feet from the West line (Unit K) of Section 18, Township 25 South, Range 34 East, NMPM, to test the Undesignated Red Hills-Bone Spring Pool, Lea County, New Mexico. The E/2 SW/4 of Section 18 is to be dedicated to the subject well forming a standard 80-acre oil spacing and proration unit for said pool.

(3) The subject well is located within one mile of the outer boundary of the Red Hills-Bone Spring Pool which is currently governed by Special Rules and Regulations as promulgated by Division Order No. R-10109 which require standard 80-acre spacing and proration units with wells to be located within 150 feet of the center of either quarter-section or lot.

(4) According to applicant's evidence and testimony, the proposed unorthodox oil well location is necessitated by a combination of topographic and geologic considerations.

(5) The subject well was originally staked at a standard location 1980 feet from the South and West lines (Unit K) of Section 18, however, this location was unacceptable to the United States Bureau of Land Management (USBLM) due to the presence of an archaeological site.

(6) A standard well location within the SE/4 SW/4 of Section 18 is unacceptable to the applicant due to geologic considerations.

(7) Geologic evidence presented by the applicant indicates that a well drilled within the NE/4 SW/4 of Section 18 should encounter a considerably thicker pay section within the Bone Spring interval than a well drilled within the SE/4 SW/4.

(8) Geologic evidence further indicates that moving the well north of the originally proposed standard location represents the most favorable direction in which to move the well due to geologic considerations.

(9) The N/2 of Section 18, being the affected offset acreage, has been fully developed in the North Red Hills-Bone Spring Pool by the applicant.

(10) No other offset operator and/or interest owner appeared at the hearing in opposition to the application.

(10) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the 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 applicant, Enron Oil & Gas Company, is hereby authorized to drill its Diamond "18" Federal Well No. 6 at an unorthodox oil well location 2310 feet from the South line and 1980 feet from the West line (Unit K) of Section 18, Township 25 South, Range 34 East, NMPM, to test the Undesignated Red Hills-Bone Spring Pool, Lea County, New Mexico.

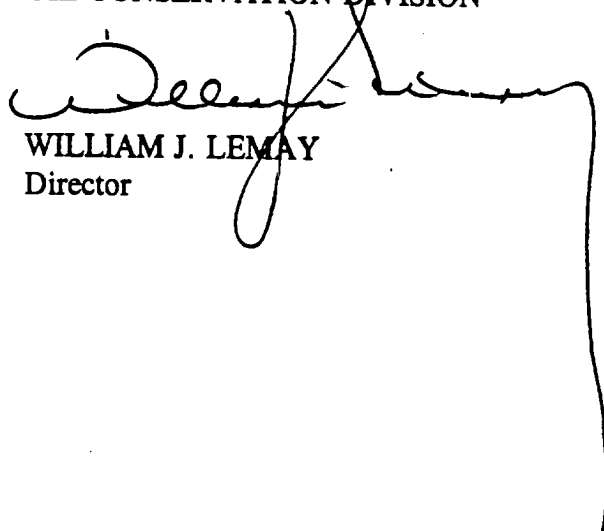
(2) The E/2 SW/4 of Section 18 shall be dedicated to the subject well forming a standard 80-acre oil spacing and proration unit for said pool.

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(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

A handwritten signature in dark ink, appearing to read 'William J. Lemay', is written over the typed name. The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

WILLIAM J. LEMAY
Director

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