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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. 11291
Order No. R-10399**

**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 June 1 and 15, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 22nd day of June, 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 "7" Federal Well No. 5 at an unorthodox oil well location 160 feet from the North line and 2540 feet from the East line (Unit B) of Section 7, Township 25 South, Range 34 East, NMPM, Red Hills-Bone Spring Pool, Lea County, New Mexico. The N/2 NE/4 of Section 7 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 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-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 an unorthodox oil well location 660 feet from the North line and 2540 feet from the East line of Section 7, however, due to the presence of surface drainage features, the United States Bureau of Land Management (USBLM) required the applicant to move the location either 500 feet to the north, or in the alternative, to a standard location within the NW/4 NE/4 of Section 7.

(6) The applicant has opted to drill the subject well at the proposed unorthodox location for the following geologic reasons:

- a) a well at the proposed unorthodox location should encounter approximately 70 feet of net pay in the Third Bone Spring Sand interval, while a well drilled at a standard location within the NW/4 NE/4 of Section 7 would likely encounter approximately 46 feet of net pay within this interval;
- b) applicant's geologic and engineering data indicates that this area of the Red Hills-Bone Spring Pool is generally less permeable than other areas within the pool; and,
- c) by moving the Diamond "7" Federal Well No. 5 to the west, the applicant hopes to encounter the better permeability exhibited by wells in that area.

(7) The affected offset acreage, being the SW/4 SE/4 and SE/4 SW/4 of Section 6, is currently developed in the Red Hills-Bone Spring Pool.

(8) The evidence further indicates that the interest ownership between the proposed proration unit and the affected offset acreage, being the SW/4 SE/4 and SE/4 SW/4 of Section 6 and the NE/4 NW/4 of Section 7, is identical.

(9) 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:

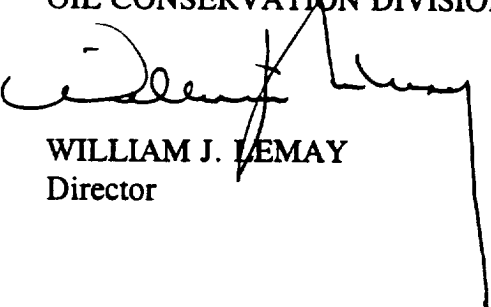
(1) The applicant, Enron Oil & Gas Company, is hereby authorized to drill its Diamond "7" Federal Well No. 5 at an unorthodox oil well location 160 feet from the North line and 2540 feet from the East line (Unit B) of Section 7, Township 25 South, Range 34 East, NMPM, Red Hills-Bone Spring Pool, Lea County, New Mexico.

(2) The N/2 NE/4 of Section 7 shall be dedicated to the subject 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

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