

CASE 2122: Application of HONDO OIL
& GAS CO. for an unorthodox oil well
location for its Hondo-Western-Yates
Well No. 38-A.

14
Hondo
Yates

Case No.

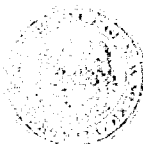
2122

Application, Transcript,
Small Exhibits, Etc.

GOVERNOR
JOHN BURROUGHS
CHAIRMAN

State of New Mexico
Oil Conservation Commission

LAND COMMISSIONER
MURRAY E. MORGAN
MEMBER



STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY DIRECTOR

P. O. BOX 871
SANTA FE

November 16, 1960

Mr. S. H. Cavin
Hondo Oil & Gas Company
Box 880
Roswell, New Mexico

Re: Case No. 2122
Order No. R-1821
Applicant:

Hondo Oil & Gas Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC X
Artesia OCC X
Aztec OCC

Other

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2122
Order No. R-1821

APPLICATION OF HONDO OIL & GAS
COMPANY FOR AN UNORTHODOX OIL
WELL LOCATION IN AN UNDESIGNATED
ABO POOL, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 14, 1960, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 16th day of November, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Hondo Oil & Gas Company, proposes to locate its Hondo-Western-Yates Well No. 38-A at an unorthodox oil well location in an undesignated Abo pool at a point 1160 feet from the North line and 330 feet from the East line of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico.
- (3) That due to physical conditions beyond the control of applicant, it is impracticable to locate a well at an orthodox location.
- (4) That a directional survey should be taken upon completion of the well as a producer.
- (5) That in the event the said directional survey establishes that the subject well is bottomed on the SE/4 NE/4 of said Section 32, the Commission may deem it necessary to adjust the allowable assigned to said well.
- (6) That inasmuch as the applicant is the owner and operator of all acreage offsetting the proposed unorthodox location,

-2-

CASE No. 2122
Order No. R-1821

approval of the subject application will neither cause waste nor impair correlative rights.

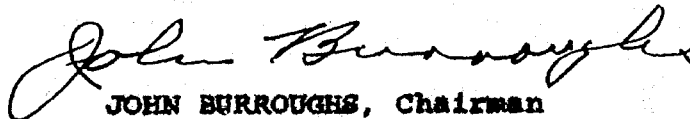
IT IS THEREFORE ORDERED:

That the applicant, Hondo Oil & Gas Company, be and the same is hereby authorized to locate its Hondo-Western-Yates Well No. 38-A at an unorthodox oil well location in an undesignated Abo pool at a point 1160 feet from the North line and 330 feet from the East line of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico.


PROVIDED HOWEVER, That a directional survey shall be taken upon completion of said well as a producer and the results of such survey shall be filed with the Commission within 30 days thereafter.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN BURROUGHS, Chairman


MURRAY E. MORGAN, Member


A. L. PORTER, Jr., Member & Secretary

esx/

DOMESTIC SERVICE	
Check the class of service desired; otherwise this message will be sent as a full rate telegram	
FULL RATE TELEGRAM	<input checked="" type="checkbox"/>
DAY LETTER	<input type="checkbox"/>
NIGHT LETTER	<input type="checkbox"/>

WESTERN UNION

1206 10-51

W. P. MARSHALL, PRESIDENT

INTERNATIONAL SERVICE	
Check the class of service desired; otherwise this message will be sent at the full rate	
FULL RATE	<input type="checkbox"/>
LETTER TELEGRAM	<input type="checkbox"/>
SHIP RADIOGRAM	<input type="checkbox"/>

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED
	COLLECT			11:00 A.M.

Send the following message, subject to the terms on back hereof, which are hereby agreed to

NOVEMBER 16, 1960

**MR. S. H. CAVIN
ATTORNEY FOR HONDO OIL & GAS COMPANY
ROSWELL, NEW MEXICO**

YOUR APPLICATION IN CASE 2122 APPROVED THIS DATE.

**A. L. PORTER, JR.,
SECRETARY-DIRECTOR
OIL CONSERVATION COMMISSION**

ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeatable message rate is charged in addition. Unless otherwise indicated on its face, this is an unrepeatable message and paid for as such, in consideration whereof it is agreed between the sender of the message and the Telegraph Company as follows:

1. The Telegraph Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the unrepeatable message rate beyond the sum of five thousand dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeatable message rate beyond the sum of five thousand dollars, unless specifically valued; nor in any case for delays arising from unavoidable interruption in the working of its lines.
2. In any event the Telegraph Company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the actual loss, not exceeding in any event the sum of five thousand dollars, at which amount the sender of each message represents that the message is valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated-message rate is paid or agreed to be paid and an additional charge equal to one-tenth of one per cent of the amount by which such valuation shall exceed five thousand dollars.
3. The Telegraph Company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.
4. The applicable tariff charges on a message destined to any point in the continental United States listed in the Telegraph Company's Directory of Stations cover its delivery within the established city or community limits of the destination point. Beyond such limits and to points not listed in the Telegraph Company's Directory of Stations, the Telegraph Company does not undertake to make delivery but will endeavor to arrange for delivery by any available means as the agent of the sender, with the understanding that the sender authorizes the collection of any additional charge from the addressee and agrees to pay such additional charge if it is not collected from the addressee.
5. No responsibility attaches to the Telegraph Company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the Telegraph Company's messengers, he acts for that purpose as the agent of the sender; except that when the Telegraph Company sends a messenger to pick up a message, the messenger in that instance acts as the agent of the Telegraph Company in accepting the message, the Telegraph Company assuming responsibility from the time of such acceptance.
6. The Telegraph Company will not be liable for damages or statutory penalties when the claim is not presented in writing to the Telegraph Company, (a) within ninety days after the message is filed with the Telegraph Company for transmission in the case of a message between points within the United States (except in the case of an intrastate message in Texas) or between a point in the United States on the one hand and a point in Alaska, Canada, Mexico, or St. Pierre-Miquelon Islands on the other hand, or between a point in the United States and a ship at sea or in the air, (b) within 90 days after the cause of action, if any, shall have accrued in the case of an intrastate message in Texas, and (c) within 180 days after the message is filed with the Telegraph Company for transmission in the case of a message between a point in the United States and a foreign or overseas point other than the points specified above in this paragraph; provided, however, that this condition shall not apply to claims for damages or overcharges within the purview of Section 415 of the Communications Act of 1934, as amended.
7. It is agreed that in any action by the Telegraph Company to recover the tolls for any message or messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.
8. Special terms governing the transmission of messages according to their classes, as enumerated below, shall apply to messages in each of such respective classes in addition to all the foregoing terms.
9. No employee of the Telegraph Company is authorized to vary the foregoing.

4-54

CLASSES OF SERVICE

DOMESTIC SERVICES

TELEGRAM

The fastest domestic service.

DAY LETTER (DL)

A deferred same-day service, at low rates.

NIGHT LETTER (NL)

Economical overnight service. Accepted up to 2 A. M. for delivery the following morning, at rates lower than the Telegram or Day Letter rates.

INTERNATIONAL SERVICES

FULL RATE (FR)

The fastest overseas service. May be written in code, cipher, or in any language expressed in Roman letters.

LETTER TELEGRAM (LT)

For overnight plain language messages, at half-rate. Minimum charge for 22 words applies.

SHIP RADIOGRAM

For messages to and from ships at sea.

NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing (Daniel S. Nutter)Santa Fe, NEW MEXICOREGISTERHEARING DATE November 14, 1960 TIME: 9 a.m.

NAME:	REPRESENTING:	LOCATION:
E. D. COLTHARP	Continental Oil Co.	Artesia, N. Mex.
Jason Kellahin	Kellahin & Fox	Santa Fe, N. M.
W. D. Wilson	Hondo Oil & Gas Co.	Roswell, N. Mex.
S. H. Cavin	"	"

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
NOVEMBER 14, 1960

IN THE MATTER OF:

CASE 2122: Application of Hondo Oil & Gas Company for an unorthodox oil well location. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for the Abo formation, Eddy County, New Mexico, at a point 1160 feet from the North line and 330 feet from the East line of Section 32, Township 17 South, Range 28 East for its Hondo-Western-Yates Well No. 38-A.

BEFORE:

Daniel S. Nutter, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR.NUTTER: The hearing will come to order, please. The first case this morning will be Case 2122.

MR.MORRIS: Application of Hondo Oil & Gas Company for an unorthodox oil well location.

MR. CAVIN: If the Commission please, my name is S. H. Cavin. I'm employed by the Hondo Oil & Gas Company, Law Department, Roswell, New Mexico, and I'm appearing for Hondo in this case. Hondo Oil & Gas Company is seeking an order approving an unorthodox well location for the Abo formation, Eddy County, New Mexico, a point 1160 feet from the North line and 330 feet from the East line, Section 32, Township 17 South, Range 28 East for its

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PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



Hondo-Western-Yates Well No. 38-A. Our only witness in this case is Mr. Wilbur D. Wilson. Mr. Wilson, would you be sworn?

(Witness sworn)

WILBUR D. WILSON,

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. CAVIN:

Q Would you please state your name and position, employer and place of residence?

A My name is Wilbur D. Wilson. I'm employed by Hondo Oil & Gas Company as district geologist for the Roswell office, and I reside at Roswell.

Q Have you previously appeared before the New Mexico Oil Conservation Commission and qualified and testified as an expert witness?

A No, I have not.

Q Would you please state your qualifications?

A After receiving a Bachelor of Science degree in geology from the University of Wyoming in 1951, and a Master of Arts degree in geology from the University of Texas in 1953, I joined the Stanolind Oil & Gas Company, now Pan American Petroleum Corporation as a geologist at Roswell, New Mexico. I worked in this capacity doing geological work in Southeastern New Mexico for three and a half years. I then accepted employment with Malco Refineries, In-

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corporated; now, Hondo Oil & Gas Company as a geologist in their Roswell, New Mexico office. In April of 1959 I was promoted to district geologist and in charge of Permian Basin operations. I'm presently working in that capacity.

MR. CAVIN: I would like to move that Mr. Wilson's qualifications be accepted.

MR. NUTTER: Mr. Wilson's qualifications are accepted. Please proceed.

Q (By Mr. Cavin) Are you familiar, Mr. Wilson, with Hondo's application for an unorthodox well location for its Hondo-Western-Yates No. 38-A Well, with the entire Abo field generally?

A I am.

Q What is the reason, Mr. Wilson, for the Hondo application for an unorthodox well location in this case?

A The location we had originally planned, 990 feet from the North line and 330 feet from the East line of Section 32, Township 17 South, Range 28 East, Eddy County, New Mexico, happened to fall directly under a five-wire power line, and the only direction we could move and stay in what we considered a potentially productive location was due South.

Q Have you prepared or at your direction had prepared a plat showing the location of the lease, the owners' leasehold estates within 660 feet from the unorthodox location?

A Yes, I have.

(Whereupon, Applicant's Exhibit 1 marked for identification.)

Q Would you please state what is shown on this plat?



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A Hondo-Western-Yates State 647 lease, insofar as it covers the southwest quarter and northeast quarter of Section 32, Township 17 South, Range 28 East, Eddy County, New Mexico, is outlined in orange, and the proposed unorthodox oil well location 1160 feet from the North line and 330 feet from the East line of Section 32, is circled in red.

The map shown on Exhibit 1 represents an isopach map of the gross Abo reef pay section. Below this is cross-section AA Prime showing the rapid thinning of the reef in the area of the proposed 38 State "A" location.

Q This 38-A location is the location concerned in this application?

A That is correct.

Q Is it correct that the working interest in this lease is jointly owned by Hondo Oil & Gas Company, Western Development Company of Delaware and Yates Brothers or Hondo Oil & Gas Company, Western Development of Delaware, Yates Brothers, and Pan American Petroleum Corporation, and that Hondo is presently the operator as to the entire Abo Pool under a joint operating agreement between those parties?

A That is correct.

Q The well to be drilled at the location referred to on the plat designated as Exhibit No. 1, and the well designated as No. 38-A is to be drilled to test what formation?

A The Abo reef at approximate depth of 6000 feet.



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Q Hondo is the operator for Hondo Oil & Gas Company, Western Development Company of Delaware, Yates Brothers and Pan American Petroleum Corporation as to this formation?

A That is correct.

Q Is there adversity of ownership in this lease, or is it all the same?

A It is all the same.

Q You have stated that the location originally planned for the 38-A Well was under a five-wire power line. Would you explain how this affects your operation?

A The line is fifty feet from the ground, and the rig that we would use to drill this well is one hundred forty-five feet in height, which naturally precludes our drilling under such a line.

Q I assume rerouting the power line would be impractical?

A Yes.

Q You have stated that the only direction in which you could move this location and still have a potentially productive location was to the south. Would you explain this?

A The proposed location, as shown on Exhibit No. 1, is located very near the northwest edge of the Abo reef. Moving the location north would increase the possibility of a nonproductive well by being too far north and outside of the limits of reef development.

Q The location has been moved 170 feet to the south. Would you please explain the reason for moving this precise distance?



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A The original location lies directly below the north wire of a five-wire power line running west-northwest and east-south-east. Maximum width between the north and south wires of the power line is 18 feet. Location was moved 170 feet to the south to eliminate the danger of the derrick falling and striking the south wire of the power line.

Q Has the consent of all the owners of oil and gas leases within a radius of 660 feet from the proposed unorthodox location been obtained?

A Yes.

Q In your opinion, would the granting of this application create any danger of waste?

A No.

Q In your opinion, would the granting of this application be in the interest of conservation, and will it protect correlative rights?

A Yes.

MR. CAVIN: I would like to move the Exhibit No. 1 in evidence.

MR. NUTTER: The Exhibit No. 1 will be entered in evidence.

(Whereupon, Applicant's Exhibit No. 1 received in evidence.)

MR. CAVIN: That's all we have.

MR. NUTTER: Does anyone have any questions of Mr. Wilson?



MR. MORRIS: Yes. sir.

CROSS EXAMINATION

BY MR. MORRIS:

Q Mr. Wilson, as I understand it, your unorthodox location is unorthodox only because it's crowding the quarter-quarter section line?

A Yes.

Q You crowd that by 160 feet -- I mean you are 160 feet from the quarter-quarter section line in your present location?

A Yes.

Q Do you have the same agreement in the southern half of this quarter section that you have in the northern half of the quarter section as to being the owner and operator of the Abo horizon?

A I believe you are asking now are we the operator in the southwest 160 as well as the northeast of that section; is that correct?

Q Let's see now. Did you testify that you were the operator in the entire northeast.--

A That's correct.

Q -- quarter of the section?

A Yes.

Q So, by moving down closer to the quarter-quarter section line, you would be crowding only yourself, is that correct?

A That is correct. We are actually crowding our own lease,

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ALBUQUERQUE, NEW MEXICO



yes.

MR. MORRIS: That's all I have.

MR. NUTTER:

Q Mr. Wilson, is it necessary to move the rig the full 170 feet south of the north wire of this power line in order to make the rig clear the wires in case it should fall?

A Yes, we feel it is, and also to have somewhat of a small safety factor in there. As I stated, in there, the power line is a five-wire line, and the original location fell directly below the north wire, and we propose moving it 170 feet south to give us somewhat of a safety factor in there, and also taking into consideration that the distance between the north and the south wire of the line is about 18 feet.

Q You've actually got lots of locations in that 40-acre tract, have you not, which you could drill?

A Yes.

Q But the one that you've picked, which is clear of the wires, is also a favorable structural position that you want to achieve?

A That is correct, yes, sir.

Q What assurances can you give the Commission that the bottom of the hole will be on the 40-acre tract on which the well is located?

A Well, I think we can give fairly good insurance on that since we will hold the deviation of the hole down.

Q Is Hondo willing to take a survey to establish where the



bottom of the hole is, upon completion of the well?

A If the Commission would so desire, I'm sure we would.

MR. NUTTER: Are there any further questions of Mr. Wilson? He may be excused.

(Witness excused)

MR. NUTTER: Do you have anything further, Mr. Cavin?

MR. CAVIN: That's all we have.

MR. NUTTER: Does anyone have anything further for Case 2122? We'll take the case under advisement and take next Case 2123.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, ADA DEARNLEY, Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in machine shorthand and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 18th day of November 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Ada Dearnley
NOTARY PUBLIC

My Commission expires:
June 19, 1963

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2122 heard by me on 11/14, 1960.
Adrian, Examiner
New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



MAILED
1960 OCT 27 11 05 AM

Case 2172

Hondo Oil & Gas Company

Box 660
Roswell, New Mexico
October 27, 1960

1320
1160
160

Oil Conservation Commission
State of New Mexico
Post Office Box 871
Santa Fe, New Mexico

Re: Application for Approval of Unorthodox
Location for Hondo-Western-Yates No.
38-A Well, NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 32, T-17S,
R-28E, N.M.P.M., Eddy County, New Mexico

Gentlemen:

East?

Hondo Oil & Gas Company, Operator for Hondo Oil & Gas Company, a corporation, Western Development Company of Delaware, a corporation, and Yates Brothers, a partnership, doing business as Hondo-Western-Yates, and Pan American Petroleum Corporation, a Delaware corporation, hereby make application for permission to locate and drill its Hondo-Western-Yates No. 38-A Well 1160 feet from the North line and 330 feet from the South line of Section 32, Township 17 South, Range 28 East, Eddy County, New Mexico, as an exception to Rule 104(C).

In support of this application, Hondo Oil & Gas Company states the following:

1. Hondo-Western-Yates, or Hondo-Western-Yates and Pan American Petroleum Corporation, is the owner and Hondo Oil & Gas Company is the operator of all producing rights below 500 feet below the top of the San Andres formation on Hondo-Western-Yates State 647 Lease insofar as the same covers the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 32, Township 17 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.
2. There is no diversity of royalty ownership underlying the above described lease.
3. The location originally planned for the above described well, 990 feet from the North line and 330 feet from the East line of Section 32, Township 17 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, falls directly under a 5-wire power line which makes drilling there impracticable.


*Locher
Mailed
11-4-60*

4. According to the best geological information available, the location of the perimeter of the Empire Abo Field is such that it would be impracticable to move the location of the Hondo-Western-Yates No. 38-A Well in any direction other than to the South.
5. The minimum distance which the location must be moved from the power line to insure the safety of the operation is 170 feet.
6. The consent of all owners of oil and gas leases within a radius of 660 feet from the proposed location has been obtained.
7. The granting of applicant's request in this case is in the interest of conservation, will protect correlative rights and will not create any danger of waste.

It is hereby respectfully requested that this matter be set for hearing at an early date.

Respectfully submitted,

HONDO-WESTERN-YATES and PAN
AMERICAN PETROLEUM CORPORATION
BY HONDO OIL & GAS COMPANY,
OPERATOR

By 
S. H. Cavin, Resident Attorney

DOCKET: EXAMINER HEARING, MONDAY, NOVEMBER 14, 1960

34-60

Oil Conservation Commission - 9 a.m., ROOM 109, State Capitol Building, Santa Fe, NM

The following cases will be heard before Daniel S. Nutter, Examiner, or Oliver E. Payne, Attorney, as alternate examiner:

CASE 2122:

Application of Hondo Oil & Gas Company for an unorthodox oil well location. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for the Abo formation, Eddy County, New Mexico, at a point 1160 feet from the North line and 330 feet from the East line of Section 32, Township 17 South, Range 28 East for its Hondo-Western-Yates Well No. 38-A.

CASE 2123:

Application of Continental Oil Company for an unorthodox oil well location. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its William Mitchell "A" Well No. 21 in the Maljamar-Paddock Pool, Lea County, New Mexico, at a point 1345 feet from the North line and 2615 feet from the West line of Section 20, Township 17 South, Range 32 East.

mz/

DRAFT

RSM/esr
November 14

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

pgm
11/14
11/14
IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2122
Order No. R-1821

APPLICATION OF HONDO OIL & GAS
COMPANY FOR AN UNORTHODOX OIL
WELL LOCATION IN AN UNDESIGNATED
ABO POOL, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 14, 1960, at Santa Fe, New Mexico, before Daniel S. Nutter Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this _____ day of November, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Hondo Oil & Gas Company, proposes to locate its Hondo-Western-Yates Well No. 38-A at an unorthodox oil well location in an undesignated Abo pool at a point 1160 feet from the North line and 330 feet from the East line of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico.

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(4) That a directional survey should be taken upon completion of the well as a producer.

5
(5) That in the event the said directional survey establishes that the subject well is bottomed on the SE/4 NE/4 of said Section 32, the Commission may deem it necessary to adjust the allowable assigned to said well.

(3) That due to physical conditions beyond the control of applicant, it is ~~impracticable~~ impracticable to locate a well at an orthodox location.

(6) That inasmuch as the applicant is the owner and operator of all acreage offsetting the proposed unorthodox location, approval of the subject application will neither cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

That the applicant, Hondo Oil & Gas Company, be and the same is hereby authorized to locate its Hondo-Western-Yates Well No. 38-A at an unorthodox oil well location in an undesignated Abo pool at a point 1160 feet from the North line and 330 feet from the East line of Section 32, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico.

PROVIDED HOWEVER, That a directional survey shall be taken upon completion of said well as a producer and the results of such survey shall be filed with the Commission within 30 days thereafter.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

Name

Address

Ph.

Remarks:

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18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

T R State
or County