

Entered March 13, 1984
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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8094
Order No. R-4139-A

APPLICATION OF ZIA ENERGY, INC.
FOR A NON-STANDARD GAS PRORATION
UNIT, UNORTHODOX GAS WELL LOCATION,
AND SIMULTANEOUS DEDICATION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on February 29, 1984, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 13th day of March, 1984, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Zia Energy, Inc., seeks approval for a 280-acre non-standard gas proration unit comprising the SW/4, E/2 NW/4, and SW/4 NW/4 of Section 20, Township 22 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its Cities Federal Well No. 2 to be drilled at an unorthodox gas well location 660 feet from the South and West lines of said Section 20 and to its existing Cities Federal Well No. 1 located 2310 feet from the South line and 330 feet from the West line of said Section 20.

(3) That Division Order No. R-4139, dated May 6, 1971, approved the 280-acre non-standard Jalmat gas proration unit comprising the SW/4, E/2 NW/4, and SW/4 NW/4 of said Section 20 to be dedicated to the aforesaid Cities Federal Well No. 1.



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(4) That that portion of this application seeking the 280-acre non-standard gas proration unit should be dismissed.

(5) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(6) That no offset operator objected to the proposed unorthodox location and simultaneous dedication.

(7) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject 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:

(1) That the applicant, Zia Energy, Inc., is hereby authorized to drill its Cities Federal Well No. 2 at an unorthodox gas well location 660 feet from the South and West lines of Section 20, Township 22 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico.

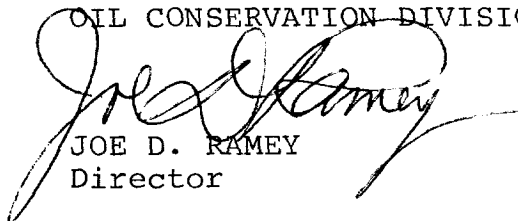
(2) That the previously approved 280-acre non-standard Jalmat gas proration unit comprising the SW/4, E/2 NW/4, and SW/4 NW/4 of said Section 20 (Division Order No. R-4139, dated May 6, 1971) shall be simultaneously dedicated to the above-described well and to applicant's existing Cities Federal Well No. 1 located 2310 feet from the South line and 330 feet from the West line of said Section 20.

(3) That that portion of the subject application seeking approval of said non-standard gas proration unit is hereby dismissed.

(4) That jurisdiction of this cause is 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 herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

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