

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. 9005
Order No. R-8331

APPLICATION OF DIAMOND SHAMROCK EXPLORATION
COMPANY FOR AN UNORTHODOX GAS 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 22, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 4th day of November, 1986, 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, Diamond Shamrock Exploration Company, seeks the approval of an unorthodox gas well location 660 feet from the South and East lines of Section 34, Township 22 South, Range 34 East, NMPM, to test the Atoka formation, Antelope Ridge-Atoka Gas Pool, Lea County, New Mexico.

(3) The S/2 of said Section 34 is to be dedicated to the well.

(4) Geologic evidence presented by the applicant at the hearing indicated that a well at said unorthodox location would better enable the applicant to produce the gas underlying the proration unit.

(5) The applicant presented evidence that BTA Producers, the affected offset operator, has consented to the proposed location.

(6) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the affected pool, will prevent the economic loss

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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:

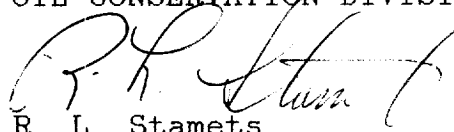
(1) The application of Diamond Shamrock Exploration Company for an unorthodox gas well location for the Atoka formation is hereby approved for a well to be located at a point 660 feet from the South and East lines of Section 34, Township 22 South, Range 34 East, NMPM, Antelope Ridge-Atoka Gas Pool, Lea County, New Mexico.

(2) The S/2 of said Section 34 shall be dedicated to the above-described well.

(3) 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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


R. L. Stamets
Director

S E A L