

**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. 12696  
ORDER NO. R-11635**

**APPLICATION OF MCKAY OIL CORPORATION FOR AN UNORTHODOX  
GAS WELL LOCATION, CHAVES COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This case came on for hearing at 8:15 a.m. on July 12, 2001, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 13th day of August, 2001, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

**FINDS THAT:**

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, McKay Oil Corporation, seeks approval to drill its Cactus Federal Well No. 7 at an unorthodox gas well location 380 feet from the South line and 2130 feet from the East line (Unit O) of Section 35, Township 6 South, Range 22 East, NMPM, Chaves County, New Mexico, to test the Abo formation, West Pecos Slope-Abo Gas Pool. The SE/4 of Section 35 is to be dedicated to the well forming a standard 160-acre gas spacing and proration unit.

(3) The applicant appeared at the hearing and submitted evidence to support its application. The evidence presented demonstrates that approval of the proposed unorthodox gas well location will prevent waste and protect correlative rights.

(4) No offset operator or interest owner appeared at the hearing in opposition to the application.

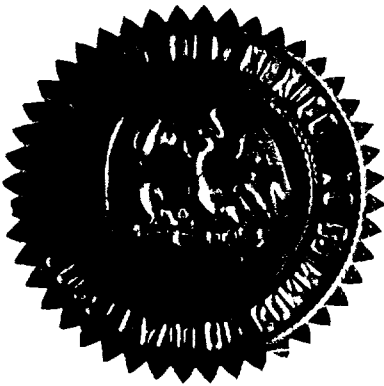
(5) The application should be approved.

**IT IS THEREFORE ORDERED THAT:**

(1) The applicant, McKay Oil Corporation, is hereby authorized to drill its Cactus Federal Well No. 7 at an unorthodox gas well location 380 feet from the South line and 2130 feet from the East line (Unit O) of Section 35, Township 6 South Range 22 East, NMPM, Chaves County, New Mexico, to test the Abo formation, West Pecos Slope-Abo Gas Pool. The SE/4 of Section 35 shall be dedicated to the well forming a standard 160-acre gas spacing and proration unit.

(2) 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.



S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
LORI WROTENBERY  
Director