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May 7, 1993

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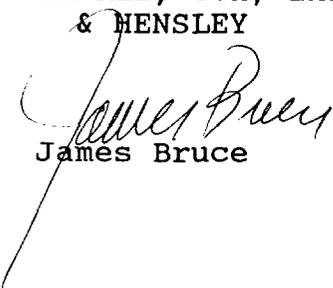
Michael E. Stogner
Oil Conservation Division
310 Old Santa Fe Trail
Santa Fe, New Mexico 87503

Dear Mr. Stogner:

Enclosed is a proposed Order regarding Case No. 10,718. Your prompt attention to this matter is appreciated. Thank you.

Very truly yours,

HINKLE, COX, EATON, COFFIELD
& HENSLEY


James Bruce

JB:frs
Enclosure

VIA HAND DELIVERY

JGB5\93906.c

**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. 10718
ORDER NO. R-

APPLICATION OF S & J OPERATING
COMPANY FOR AN UNORTHODOX OIL
WELL LOCATION, CHAVES COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 22, 1993,
at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this _____ day of May, 1993, 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 give as required by law,
the Division has jurisdiction of this cause and the subject matter
thereof.

(2) The applicant, S & J Operating Company, seeks approval of
an unorthodox oil well location 566 feet from the South line and 15
feet from the West line (Unit M) of Section 29, Township 11 South,
Range 28 East, N.M.P.M., Chaves County, New Mexico, to test the
Fusselman formation.

(3) The Fusselman formation is subject to Division Rules and Regulations requiring 40 acre spacing with wells to be not closer than 330 feet to the outer boundary of the well unit.

(4) The applicant's primary zone of interest for this well is the Fusselman formation, and the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 29 will be dedicated to the well, forming a standard 40-acre oil spacing and proration unit.

(5) The Fusselman formation in this area is a rollover anticline bounded to the west by a north-south trending fault.

(6) The applicant presented three dimensional seismic data which indicates that the proposed well will penetrate the top of the Fusselman formation at its structurally highest point.

(7) The Fred Pooling Drilling Mesquite Tank Well No. 1 was previously drilled on Unit M of said Section 29, and produced small amounts of oil. Said well has been plugged and abandoned.

(8) The applicant presented evidence that its proposed well is structurally higher than the Mesquite Tank Well No. 1, and thus more likely to be productive of hydrocarbons.

(9) The applicant presented evidence that ownership of working interests and royalty interests is uniform in the proposed well unit and in all offsetting quarter-quarter sections. Therefore, approval of the unorthodox well location will not adversely affect correlative rights.

(10) No interested party objected to the proposed unorthodox gas well location.

(11) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected formation, 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 application of S & J Operating Company for an unorthodox oil well location for the Fusselman formation is hereby approved for a well to be located 556 feet from the South line and 15 feet from the West line (Unit M) of Section 29, Township 11 South, Range 28 East, N.M.P.M., Chaves County, New Mexico.

(2) The SW $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 29 shall be dedicated to the above-described well, forming a standard 40-acre oil spacing and proration unit.

(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

WILLIAM J. LEMAY
Director

S E A L

HINKLE, COX, EATON, COFFIELD & HENSLEY

Attorneys at Law

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FAX COVER SHEET

PLEASE DELIVER THE FOLLOWING PAGE(S) TO:

NAME: Ms. Florene Davidson

COMPANY & LOCATION: OCD

FAX #: 827-5741

FROM: T. Calder Ezzell, Jr.

TOTAL NUMBER OF PAGES: 4 **INCLUDING COVER SHEET.**

DATE 4/16/93 **TIME:** 3:45

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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. 10718

APPLICATION OF S&J Operating
Company for Unorthodox Oil
Well location, Chaves County,
New Mexico

PRE-HEARING STATEMENT

This prehearing statement is submitted by Applicant
as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

ATTORNEY

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name, address, phone and
contact person

OPPOSITION OR OTHER PARTY

ATTORNEY

NONE

NONE

name, address, phone and
contact person

Pre-hearing Statement
NMOCD Case No. 10718
Page 2

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Applicant seeks an unorthodox oil well location 566' FSL and 15' FWL of Section 29, Township 11 South, Range 28 East, NMPM, Chaves County, New Mexico for a 7400' Fusselman well. This location is dictated by geologic and geophysical data which will be presented at the Hearing. There are no offset operators other than the Applicant, and Applicant has not received notice of opposition to its Application from any party.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

NONE

Pre-hearing Statement
NMOCD Case No. 10718
Page 3

PROPOSED EVIDENCE

APPLICANT

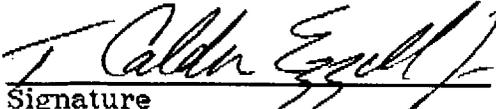
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Robert Patton Land	10 minutes	2
Thomas Ratliff Geophysics	15 minutes	6

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
NONE		

PROCEDURAL MATTERS

(Please identify any procedural matters which
need to be resolved prior to the hearing)


Signature