

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. 11008
ORDER NO. R-10145

**APPLICATION OF GECKO, INC. FOR AN UNORTHODOX OIL 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 June 23, 1994, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 5th day of July, 1994, 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) At the time of the hearing this case was consolidated with Division Case No. 11009 for the purpose of testimony.

(3) The applicant, GECKO, Inc., seeks approval for an unorthodox oil well location to be drilled 2414 feet from the North line and 1109 feet from the West line (Unit E) of Section 36, Township 16 South, Range 37 East, NMPM, to test the Shipp-Strawn Pool, Lea County, New Mexico.

(4) The S/2 NW/4 of said Section 36 is to be dedicated to said well forming a standard 80-acre oil spacing and proration unit for said pool.

(5) The proposed well location and 80-acre unit is within the Shipp-Strawn Pool and is therefore subject to the Special Rules and Regulations for said pool, as promulgated by Division Order No. R-8062-A, dated January 21, 1986, which provides for standard 80-acre oil spacing and proration units with wells to be located within 150 feet of the center of either governmental quarter-quarter section or lot.

(6) The applicant presented geological evidence and testimony which indicates that a well drilled at the proposed unorthodox location should penetrate a small algal reef mound within the Strawn formation at a more structurally advantageous position than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(7) The N/2 and SW/4 of said Section 36 is one State lease operated by the applicant; therefore, there is no other affected offset mineral interests other than GECKO.

(8) No other interested party appeared at the hearing in opposition to this application.

(9) Approval of this application will afford the applicant the opportunity to produce its just and equitable share of the oil in the Shipp-Strawn 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 THAT:

(1) The application of GECKO, Inc. for an unorthodox oil well location to be drilled 2414 feet from the North line and 1109 feet from the West line (Unit E) of Section 36, Township 16 South, Range 37 East, NMPM, to test the Shipp-Strawn Pool, Lea County, New Mexico, is hereby approved.

(2) The S/2 NW/4 of said Section 36 shall be dedicated to said well forming a standard 80-acre oil spacing and proration unit for said pool.

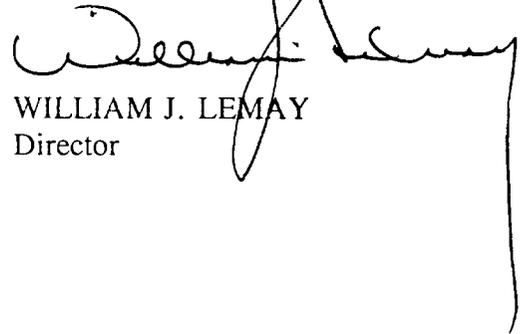
(3) Jurisdiction of this cause is hereby retained for the entry of such further orders as the Division may deem necessary.

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



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OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director