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September 12, 1985

Mr. Gilbert P. Quintana, Examiner
New Mexico Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Proposed Division Order
Wayne Newkumet Case No. 8701

Dear Mr. Quintana:

Enclosed herewith is our proposed order to be entered in Case No. 8701, which is the application of Wayne Newkumet for the amendment of the Special Rules and Regulations for the High Plains Permo-Pennsylvanian Pool in Lea County, New Mexico.

This order would amend the rules to permit the drilling of wells in the High Plains pool in any 40-acre tract within the 160-acre unit rather than only in the NE/4 or SW/4 as is required by the rules at the present time.

As stated at the hearing, we feel that this flexibility is necessary at the present time inasmuch as the pool is in the latter stages of development, and the added flexibility will permit the drilling of a number of locations around the perimeter of the pool which would otherwise go undrilled.

Please do not hesitate to call if we may be of any further assistance in this matter.

Very truly yours,



Daniel S. Nutter, P.E.

DSN:ms

cc: Mr. Wayne Newkumet
Newkumet Exploration
P.O. Box 11330
Midland, TX 79702

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Santa Fe, M, 87501

D R A F T

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. 8701
Order No. R-2874-C

APPLICATION OF WAYNE NEWKUMET FOR
AMENDMENT OF DIVISION ORDER NO. R-2874,
AS AMENDED, LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:00 a.m. on
September 11, 1985, at Santa Fe, New Mexico, before Examiner
Gilbert P. Quintana.

NOW, on this ____ day of September, 1985, 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 notice having been given as required by law,
the Division has jurisdiction of this cause and the subject
matter thereof.

(2) The applicant, Wayne Newkumet, is the owner of
substantial interests in the High Plains Permo-Pennsylvanian
Pool, Lea County, New Mexico.

(3) The applicant seeks the amendment of the Special
Pool Rules for the High Plains Permo-Pennsylvanian Pool, as
promulgated by Division Order No. R-2874, as amended, to
permit certain flexibility in the location of wells drilled
to and completed in said pool, which is in the late stage of
development.

(4) Rule 4 of the special pool rules requires that
wells drilled to and completed in the subject pool be
located within 150 feet of the center of the northeast
quarter or the southwest quarter of a governmental quarter
section.

(5) Specified quarter-quarter sections for the location of wells in 160-acre spaced pools are satisfactory during the early development, particularly through the fairway, of a pool but do not provide sufficient flexibility to maximize additional drilling of the perimeter of the pool during later stages of development.

(6) The applicant in this case proposes that Rule 4 of the special rules for the subject pool be amended to read in its entirety as follows:

"RULE 4. Each well shall be located no nearer than 660 feet to the outer boundary of the proration unit nor nearer than 330 feet to any governmental quarter-quarter section line."

(7) The amendment of Rule 4 of the Special Rules and Regulations For the High Plains Permo-Pennsylvanian Pool as described in Finding No. (6) above will not violate correlative rights nor cause waste, but will in fact prevent waste by permitting additional wells to be drilled and additional reserves to be produced, and should be approved.

IT IS THEREFORE ORDERED THAT:

(1) Rule 4 of the Special Rules and Regulations for the High Plains Permo-Pennsylvanian Pool as promulgated by Division Order No. R-2874, as amended, is hereby amended to read in its entirety as follows:

"RULE 4. Each well shall be located no nearer than 660 feet to the outer boundary of the proration unit nor nearer than 330 feet to any governmental quarter-quarter section line."

(2) 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

RICHARD L. STAMETS
Director