

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. 8833
Order No. R-8198

APPLICATION OF V-F PETROLEUM, INC.
FOR AN EXCEPTION TO DIVISION ORDER
NO. R-892, LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 19, 1986, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

Now, on this 7th day of April, 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 Special Rules and Regulations for the Dean Permo-Pennsylvanian Pool as promulgated by Division Order No. R-892, dated October 4, 1956, provide for 80-acre spacing and proration units with wells located on either quarter-quarter section or lot comprising the 80-acre unit, but not closer than 330 feet from the boundary of such quarter-quarter section or lot.

(3) The applicant, V-F Petroleum, Inc., seeks an exception to the above-described provisions of said Order No. R-892 to authorize an unorthodox oil well location for its Arco State Lease Well No. 1 located 1980 feet from the South line and 660 feet from the West line of Section 35, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico.

(4) The applicant further seeks approval of a 40-acre non-standard oil spacing and proration unit comprising the NW/4 SW/4 (Unit L) of said Section 35 to be dedicated to said well.

(5) The portion of this application requesting approval for an unorthodox oil well location for the above-described well should be dismissed as the location is standard for the Dean Permo-Pennsylvanian Pool.

(6) The entire non-standard proration unit may reasonably be presumed productive of oil from said pool and the entire non-standard oil proration unit can be efficiently and economically drained and developed by the aforesaid well.

(7) Approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the oil in the Dean Permo-Pennsylvanian 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.

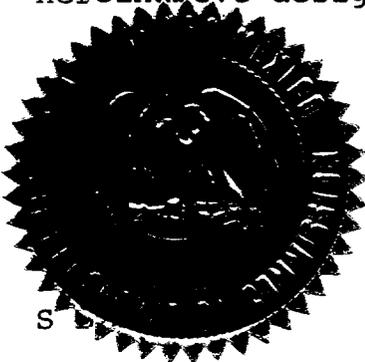
IT IS THEREFORE ORDERED THAT:

(1) V-F Petroleum, Inc., is hereby granted a 40-acre non-standard oil proration unit in the Dean Permo-Pennsylvanian Pool comprising the NW/4 SW/4 (Unit L) of Section 35, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico, to be dedicated to its Arco State Lease Well No. 1, located at a standard oil well location 1980 feet from the South line and 660 feet from the West line of said Section 35.

(2) That portion of this case seeking approval of an unorthodox well location is hereby dismissed.

(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.



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A handwritten signature in dark ink, appearing to read "R. L. Stamets", is written over the typed name.

R. L. STAMETS
Director