

STANDARD
NEW MEXICO

DOCKET MAILED

Date 3/5/82

CASE NO.

7503

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
16 March 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Sun Oil Company for
an unorthodox gas well location
and non-standard gas proration unit,
Lea County, New Mexico.

CASE
7503

BEFORE: RICHARD L. STAMETS

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

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I N D E X

NATARAJAN SUBRAMAMIAM

Direct Examination by Mr. Kellahin

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E X H I B I T S

Applicant Exhibit One, Map

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2 MR. STAMETS: Call next Case 7503.

3 MR. PEARCE: Application of Sun Oil
4 Company for an unorthodox gas well location and a non-standard
5 gas proration unit, Lea County, New Mexico.

6 MR. KELLAHIN: Tom Kellahin of Santa Fe,
7 New Mexico, appearing on behalf of the applicant.

8 I'd like the record to reflect that Mr.
9 Subramamiam has already qualified as an expert geologist and
10 is still under oath.

11 MR. STAMETS: The record will so show.

12
13 NATARAJAN SUBRAMAMIAM

14 being called as a witness and being previously sworn upon his
15 oath, testified as follows, to-wit:

16
17 DIRECT EXAMINATION

18 BY MR. KELLAHIN:

19 Q Mr. Subramamiam, would you please refer
20 to what we've marked as Sun Oil Company's Exhibit Number One
21 in this case?

22 A Yes. This is a plat showing parts of
23 Section 22 -- the whole of Section 22, part of Section 23,
24 14, 15, of Township 22 South, Range 36 East, of Lea County,
25 New Mexico.

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Q In this case are you also seeking a non-standard Jalmat proration unit, are you not?

A Yes.

Q Would you identify that proration unit for us?

A The proration unit would be -- would consist of 120 acres in the northeast quarter of Section 22, Township 22 South, Range 36 East.

Q What's the current status of the 40-acre tract, being the northeast quarter of the northeast quarter of Section 22?

A That is assigned to the Well No. 1, which is being produced by Sinclair Development Corporation.

Q That Sinclair well is a producing Jalmat gas well?

A Yes.

Q And it is -- it has a 40-acre non-standard proration unit already assigned to it?

A Yes.

Q All right, sir, and where do you propose to have your well?

A We propose to have the well in the southwest quarter of the -- I'm sorry, in the southwest quarter of the northeast quarter of Section 22.

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Q Is that well location identified by the arrow?

A Yes.

Q All right. Why did you pick this particular location?

A It would be both geologically, structurally and porositywise, would be a better location.

Q Are there any other Jalmat gas wells on this 120-acre proration unit?

A No, there are not.

Q Do you have any opinion, Mr. Subramamiam, with regards to the potential for a well at this location to produce the allowable for 120-acre proration unit?

A It will be less than the allowable for the 120 acres.

Q The Jalmat is a prorated gas pool based on acreage?

A Yes.

Q All right, sir. What's identified over here on the right side of the exhibit?

A It's a type log, again, of one of the wells, nearby wells, the Shell No. 2-A Christmas, and shows the geological demarcation of the different units.

Q All right, sir. Was Exhibit Number One

1
2 prepared by you, Mr. Subramamiam?

3 A. Yes.

4 Q And in your opinion will approval of
5 this application be in the best interest of conservation,
6 prevention of waste, and the protection of correlative
7 rights?

8 A. Yes, I do.

9 MR. KELLAHIN: We move the introduction
10 of Exhibit Number One.

11 MR. STAMETS: Exhibit Number One will be
12 admitted.

13 Are there any questions of the witness?
14 He may be excused.

15 Anything further in this case?

16 The case will be taken under advisement.

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18 (Hearing concluded.)
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the examiner hearing of Case No. 2503 heard by me on 3-16-1982
Richard L. Ham Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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. 7503
Order No. R-6927

APPLICATION OF SUN OIL COMPANY FOR
AN UNORTHODOX GAS WELL LOCATION AND
NON-STANDARD GAS PRORATION UNIT, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 16, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 26th day of March, 1982, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Sun Oil Company, seeks approval of an unorthodox gas well location 1980 feet from the North line and 1400 feet from the East line of Section 22, Township 22 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico.

(3) That the applicant further seeks a 120-acre non-standard proration unit comprising the W/2 NE/4 and SE/4 NE/4 of said Section 22.

(4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox location.

-2-

Case No. 7503
Order No. R-6927

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject 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.

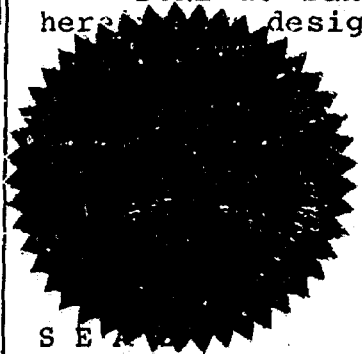
IT IS THEREFORE ORDERED:

(1) That Sun Oil Company is hereby authorized an unorthodox gas well location for a well to be located at a point 1980 feet from the North line and 1400 feet from the East line of Section 22, Township 22 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico.

(2) That a 120-acre non-standard proration unit comprising the W/2 NE/4 and SE/4 NE/4 of said Section 22 is hereby approved for the above-described well.

(3) That 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 hereinafter designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY,
Director

S E A L

Dockets Nos. 9-82 and 10-82 are tentatively set for March 31, and April 14, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - TUESDAY - MARCH 16, 1982

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel C. Nutter, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for April, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for April, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7502: Application of Sun Oil Company for an unorthodox gas well location and non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 760 feet from the South line and 960 feet from the East line of Section 6, Township 24 South, Range 37 East, Jalmat Gas Pool, and a 160-acre non-standard proration unit comprising the SE/4 of said Section 6.

CASE 7503: Application of Sun Oil Company for an unorthodox gas well location and non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1980 feet from the North line and 1400 feet from the East line of Section 22, Township 22 South, Range 36 East, Jalmat Gas Pool, and a 120-acre non-standard proration unit comprising the W/2 NE/4 and SE/4 NE/4 of said Section 22.

CASE 7504: Application of Cities Service Company for the extension of vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to a subsurface depth of 3416 feet underlying the NW/4 of Section 19, Township 24 South, Range 37 East.

CASE 7505: Application of BCO, Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Lybrook-Gallup and Basin-Dakota production in the wellbores of wells drilled and to be drilled in Section 2, 3, 4, 9 and 10, Township 23 North, Range 7 West.

CASE 7506: Application of Getty Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of salt water into the Abo formation in the perforated interval from 8900 feet to 9300 feet in its State "P" Well No. 1, located in Unit P, Section 32, Township 16 South, Range 37 East, Lovington-Abo Pool.

CASE 7507: Application of Sonny's Oilfield Service, Inc. for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the NW/4 NE/4 of Section 29, Township 18 South, Range 38 East.

CASE 7508: Application of P & O Oilfield Services, Inc. for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SW/4 NE/4 of Section 10, Township 25 South, Range 36 East.

CASE 7459: (Continued from February 17, 1982, Examiner Hearing)

Application of Red Mountain Associates for the Amendment of Order No. R-6538, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6538, which authorized applicant to conduct waterflood operations in the Chaco Wash-Mesa Verde Oil Pool. Applicant seeks approval for the injection of water through various other wells than those originally approved, seeks deletion of the requirement for packers in injection wells, and seeks an increase in the previously authorized 68-pound limitation on injection pressure.

CASE 7457: (Continued from February 17, 1982, Examiner Hearing)
(This Case will be continued to April 28, 1982)

Application of E. T. Ross for nine non-standard gas proration units, Harding County, New Mexico. Applicant, in the above-styled cause, seeks approval for nine 40-acre non-standard gas proration units in the Bravo Dome Carbon Dioxide Area. In Township 19 North, Range 30 East: Section 12, the NW/4 NW/4 and NE/4 NW/4; Section 14, the NW/4 NE/4, SW/4 NE/4, and SE/4 NE/4. In Township 20 North, Range 30 East: Section 11, the NE/4 SW/4, SW/4 SE/4, SE/4 SW/4, and NW/4 SE/4.

Page 2
Examiner Hearing
TUESDAY - MARCH 16, 1982

- CASE 7509:** Application of Supron Energy Corporation for a non-standard proration unit or compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard proration unit for the Dakota and Mesaverde formations comprising the SW/4 of Section 2, Township 21 North, Range 8 West, or in the alternative, an order pooling all mineral interests from the surface down through the Dakota formation underlying the S/2 of said Section 2, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7510:** Application of Union Oil Company of California for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Penn formations underlying the N/2 of Section 10, Township 22 South, Range 32 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7511:** (This Case will be continued to March 31, 1982)
Application of Buffton Oil & Gas Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp through Devonian formations underlying the W/2 of Section 35, Township 16 South, Range 35 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7496:** (Continued from March 3, 1982, Examiner Hearing)
Application of Viking Petroleum, Inc. for an unorthodox location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an Abo gas well to be drilled 62 feet from the South line and 1984 feet from the East line of Section 29, Township 5 South, Range 24 East, the SE/4 of said Section to be dedicated to the well.
- CASE 7512:** Application of Viking Petroleum, Inc. for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well located in Unit H of Section 31, Township 13 South, Range 34 East, Nonombre-Penn Pool, said well being a recompleted Morrow test and located in the SE/4 of the quarter section whereas the pool rules require wells to be located in the NE/4 or SW/4 of the quarter section.
- CASE 7476:** (Continued from March 3, 1982, Examiner Hearing)
Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through and including the Abo formation, underlying two 160-acre gas spacing units, being the NE/4 and SE/4, respectively, of Section 12, Township 5 South, Range 24 East, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.
- CASE 7513:** Application of Mesa Petroleum Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying the SE/4 of Section 12, Township 5 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7514:** Application of Santa Fe Exploration Co. for compulsory pooling, or in the alternative a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Permo-Penn, Strawn, Atoka and Morrow formations underlying the W/2 of Section 2, Township 20 South, Range 25 East to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200 percent charge for risk involved in drilling said well. In the event said 200 percent risk factor is not approved, applicant seeks a non-standard unit excluding the lands of owners not participating in the well.

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EXAMINER HEARING - TUESDAY - MARCH 16, 1982

CASE 7515: Application of Four Corners Gas Producers Association for designation of a tight formation, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Dakota formation underlying all or portions of Townships 26 and 27 North, Ranges 12, and 13 West, Township 29 North, Ranges 13 through 15 West, and Township 30 North, Ranges 14 and 15 West, containing 164,120 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271. 701-705.

CASE 7445: (Continued from February 17, 1982, Examiner Hearing)
(This Case will be continued to April 28, 1982)

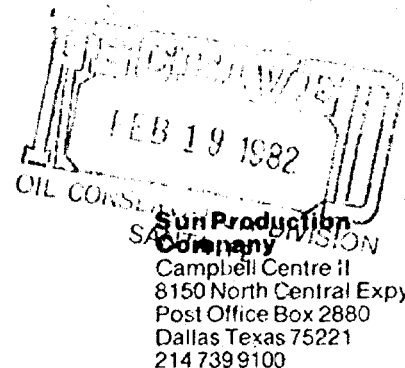
Application of Harvey E. Yates Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the San Andres formation for its Fulton Collier Well No. 1 in Unit G of Section 1, Township 18 South, Range 28 East.

CASE 7492: (Continued and Readadvertised)

Application of Harvey E. Yates Company for a tight formation, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Atoka-Morrow formation underlying all or portions of Townships 7, 8, and 9 South, Ranges 28, 29, 30 and 31 East, containing 161,280 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271. 701-705.

CASE 7500: (Continued from March 3, 1982, Examiner Hearing)

Application of Read & Stevens, Inc. for an exception to the maximum allowable base price provisions of the New Mexico Natural Gas Pricing Act, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order of the Division prescribing the price allowed for production enhancement gas under Section 107 of the Natural Gas Policy Act as the maximum allowable base price if production enhancement work which qualifies under the NGPA is performed on its Hackberry Hills Unit Well No. 4 located in Section 22, Township 22 South, Range 26 East, Eddy County, New Mexico.



February 17, 1982

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey

Re: Unorthodox Well Location and
Non-Standard Gas Proration Unit
H. S. Record Well No. 8
Jalmat Gas Pool, Lea County,
New Mexico

Gentlemen:

Sun Exploration and Production Co. has requested a hearing for permission to drill Well No. 8 on our H. S. Record lease as an unorthodox well location on a non-standard gas proration unit. Well No. 8 is to be located on Unit "G", 1980' from North line and 1400' from East line of Section 22, Township 22S, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

One hundred twenty (120) acres consisting of the West $\frac{1}{2}$ of the NE $\frac{1}{4}$ and the SE $\frac{1}{4}$ of the NE $\frac{1}{4}$, Section 22, T22S, R36E will be dedicated to the well.

A copy of this letter is being sent to our offset operators by certified mail as their notice of this application. These offset operators are:

Conoco, Inc., Box 460, Hobbs, New Mexico 88240
Getty Oil Co., Box 730, Hobbs, New Mexico 88240
Marathon Oil Co., Box 2409, Hobbs, New Mexico 88240
Shell Oil Co., Box 576, Houston, Texas 77001
Sinclair Development Corp., Box 2192, Midland, Texas 79701

Very truly yours,

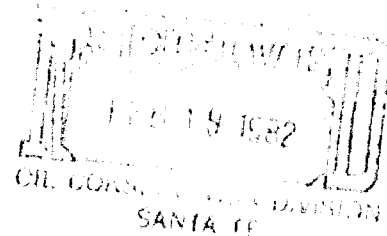
J. T. Power

By: 

J. T. Harris

JTP:JTH:cb

New Mexico Oil Conservation Division
February 17, 1982
Page Two



cc: Mr. Jerry T. Sexton
New Mexico Oil Conservation Division
Box 1980
Hobbs, New Mexico 88240

Mr. Tom Kellahin
500 Don Gaspar Ave., Box 1769
Santa Fe, New Mexico 87501

KELLAHIN and KELLAHIN

Attorneys at Law

500 Don Gaspar Avenue

Post Office Box 1769

Santa Fe, New Mexico 87501

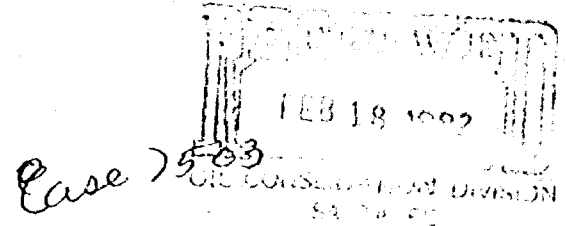
Telephone 982-4285

Area Code 505

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

February 18, 1982

Mr. Joe D. Ramey
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501



RE: Sun Oil Company

Dear Mr. Ramey:

Please set the enclosed application for Sun Oil Company's H. S. Record Well No. 8 for hearing on Tuesday, March 16, 1982.

Very truly yours,

W. Thomas Kellahin

WTK:jm
Enclosure
cc: Mr. J. T. Harris

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF SUN OIL COMPANY FOR AN UNORTHODOX
GAS WELL LOCATION AND NON-STANDARD
GAS PRORATION AND SPACING UNIT,
JALMAT GAS POOL, LEA COUNTY, NEW
MEXICO.

Case 7503

A P P L I C A T I O N

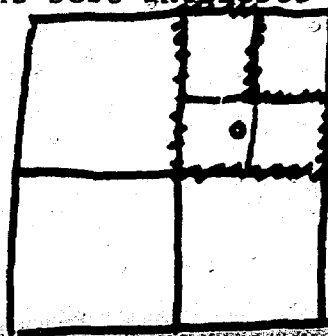
COMES NOW SUN OIL COMPANY, by and through its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division for approval for its H. S. Record Well No. 8, Unit G, Section 22, T22S, R36E, NMPM, of an unorthodox well location 1980 feet from the North line and 1400 feet from the East line of said section and a non-standard spacing and proration unit consisting of the W/2NE/4 and SE/4NE/4 of said Section 22 and in support thereof would show:

1. Applicant is the operator and has the right to drill and develop the Jalmat Gas Pool rights underlying the W/2NE/4 and SE/4NE/4 of Section 22, T22S, R36E, NMPM, Lea County, New Mexico.

2. Applicant proposes to drill its H. S. Record Well No. 8 in Unit G of said section at an unorthodox well location 1980 feet from the North line and 1400 feet from the East line of Section 22.

3. Applicant also proposes to dedicate the W/2NE/4 and SE/4NE/4 of said section as a non-standard spacing and proration unit for this well.

4. Approval of this application will prevent waste, result in the recovery of gas that would otherwise not be recovered, protect correlative rights and be in the best interests of conservation.



WHEREFORE, applicant requests that this application be set for hearing before the Division's Examiner and that after notice and hearing the application be granted as requested.

Respectfully submitted,

SUN OIL COMPANY

By



Kellahin & Kellahin
P.O. Box 1769
Santa Fe, New Mexico 87501
(505) 982-4285

ATTORNEYS FOR APPLICANT

*Heckle
Prison*

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JOR

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

MS
WOT
JOR

CASE NO. 7503

Order No. *R-6927*

APPLICATION OF SUN OIL COMPANY FOR
AN UNORTHODOX GAS WELL LOCATION AND
NON-STANDARD GAS PRORATION UNIT, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 16, 1982,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of March, 1982, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Sun Oil Company, seeks approval of an unorthodox gas well location 1980 feet from the North line and 1400 feet from the East line of Section 22, Township 22 South, Range 36 East, NMPM, ~~to test the~~ formation, Jalmat Gas Pool, Lea County, New Mexico.

(3) That the applicant further seeks a 120-acre non-standard proration unit comprising the W/2 NE/4 and SE/4 NE/4 of said Section 22.

Page 170 of 171 Change
(4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit. ~~potential of the~~ in the ~~of said Section~~.

(5) That no offset operator objected to the proposed unorthodox location.

(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject 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:

(1) That San Oil Company is hereby authorized an unorthodox gas well location for a well to be located at a point 1980 feet from the North line and 1400 feet from the East line of Section 22, Township 22 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico.

(2) That a 120-acre non-standard proration unit comprising the W/2 NE/4 and SE/4 NE/4 of said Section 22 is hereby approved for the above-described well.

(3) That 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

JOE D. RAMEY,

Director

S E A L