

*Entered August 2, 1966
CLP*

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3426
Order No. R-3098

APPLICATION OF PENROC OIL CORPORATION
FOR AN UNORTHODOX GAS WELL LOCATION AND
FOR THE AMENDMENT OF ORDER NO. R-2581,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 13, 1966, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 2nd day of August, 1966, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Penroc Oil Corporation, is the operator of the Indian Federal Well No. 1, located 1980 feet from the North line and 1980 feet from the East line of Section 19, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico.

(3) That by Order No. R-2581, dated October 25, 1963, all mineral interests in the Upper Pennsylvanian formation underlying said section were pooled to form a 640-acre gas proration unit dedicated to said well; that the applicant, Penroc Oil Corporation, was named the operator of said well and unit.

(4) That the applicant seeks an exception to the Special Rules and Regulations governing the Indian Basin-Upper Pennsylvanian Gas Pool to drill its Indian Federal Well No. 2 at an

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unorthodox location 660 feet from the South line and 660 feet from the East line of Section 19, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico; to simultaneously dedicate said Section 19 to the above-mentioned two wells, Indian Federal Well No. 1 and Indian Federal Well No. 2, with assignment of a single 640-acre Indian Basin-Upper Pennsylvanian Gas Pool allowable to the unit and authority to produce any or all of the allowable from either well or both of said wells.

(5) That the applicant further requests an amendment to said Order No. R-2581 to permit the allocation of well costs to both wells among the interest owners of said unit and the recovery thereof out of production from either or both of said wells, together with costs of operations thereof.

(6) That the drilling of a well at the proposed location may result in said well recovering a disproportionate share of the reserves in the Indian Basin-Upper Pennsylvanian Gas Pool, thereby impairing correlative rights.

(7) That the application to drill a well at an unorthodox location 660 feet from the South line and 660 feet from the East line of said Section 19 should be denied.

(8) That inasmuch as the Commission finds that the application for an unorthodox gas well location 660 feet from the South line and 660 feet from the East line should be denied, it becomes unnecessary at this time for the Commission to rule upon the applicant's request to produce the unit allowable from either or both of said wells or upon applicant's request to amend said Order No. R-2581.

IT IS THEREFORE ORDERED:

(1) That the application of Penroc Oil Corporation for an unorthodox gas well location in the Indian Basin-Upper Pennsylvanian Gas Pool for its Indian Federal Well No. 2 660 feet from the South line and 660 feet from the East line of Section 19, Township 21 South, Range 24 East, NMPM, Eddy County, New Mexico, is hereby denied.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JACK M. CAMPBELL, Chairman


GUYTON B. HAYS, Member


A. L. PORTER, Jr., Member & Secretary

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