

Entered October 11, 1967
Q.L.P.

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. 3645
Order No. R-3328

APPLICATION OF SKELLY OIL COMPANY
FOR SPECIAL POOL RULES, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 6, 1967, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 11th day of October, 1967, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Skelly Oil Company, seeks the promulgation of special rules and regulations for the Lazy "J" Pennsylvanian Pool, including a provision for 80-acre spacing units for that area east of a line drawn through the centers of Sections 26 and 35, and south of a line drawn along the south line of Sections 33, 34, and 35, all in Township 13 South, Range 33 East, NMPM, Lea County, New Mexico.

(3) That the applicant has not established that the wells in the Lazy "J" Pennsylvanian Pool can efficiently and economically drain and develop 80 acres or that the establishment of 80-acre spacing units for that area east of a line drawn through the centers of Sections 26 and 35, and south of a line drawn along the south

-2-

CASE No. 3645

Order No. R-3328

line of Sections 33, 34, and 35, would prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risks arising from the drilling of an excessive number of wells, prevent reduced recovery which might result from the drilling of too few wells, or otherwise prevent waste and adequately protect correlative rights, including those of royalty owners.

(4) That the subject application should be denied.

IT IS THEREFORE ORDERED:

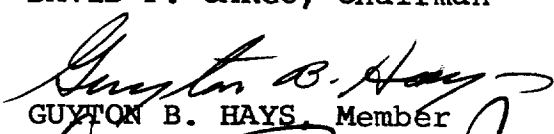
(1) That the subject application is hereby denied.

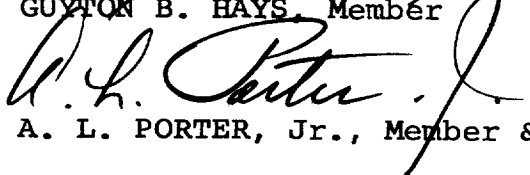
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


GUYTON B. HAYS, Member


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

S E A L

esr/