

*Entered April 2, 1968
A/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. 3737
Order No. R-3397

APPLICATION OF SOUTHLAND ROYALTY
COMPANY FOR AN UNORTHODOX LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 20, 1968,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 2nd day of April, 1968, 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, Southland Royalty Company, seeks
authority to drill its O. D. McCoy Well No. 2 at an unorthodox
location 800 feet from the South line and 2120 feet from the
East line of Section 28, Township 9 South, Range 33 East, NMPM,
Flying "M" San Andres Pool, Lea County, New Mexico.

(3) That the Special Rules and Regulations governing the
Flying "M" San Andres Pool provide that the initial well on any
80-acre unit shall be located within 200 feet of the center of
either the northwest quarter or the southeast quarter of a
governmental quarter section.

(4) That the proposed location, in the SW/4 SE/4 of said
Section 28, is an off-pattern quarter-quarter section location.

(5) That the applicant proposes to dedicate the S/2 SE/4 of
the aforesaid Section 28 to the subject well.

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(6) That the entire S/2 SE/4 of the aforesaid Section 28 can reasonably be presumed productive of oil in the Flying "M" San Andres Pool.

(7) That the evidence indicates that a well drilled at the proposed non-standard location in the SW/4 SE/4 of said Section 28 should result in greater ultimate recovery of oil than a well drilled at a standard location, thereby preventing waste.

(8) That the correlative rights of offset operators will be impaired if the subject well is assigned a standard allowable for the subject pool.

(9) That approval of the proposed unorthodox location will not violate correlative rights and will afford the applicant the opportunity to produce its just and equitable share of the oil from 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 otherwise prevent waste, provided the subject well, in order to offset any advantage gained by the applicant over other producers by reason of said unorthodox location, receives no more than 60 percent of a standard allowable for the Flying "M" San Andres Pool.

IT IS THEREFORE ORDERED:

(1) That the applicant, Southland Royalty Company, is hereby authorized to drill its O. D. McCoy Well No. 2 at an unorthodox location 800 feet from the South line and 2120 feet from the East line of Section 28, Township 9 South, Range 33 East, NMPM, Flying "M" San Andres Pool, Lea County, New Mexico;

PROVIDED HOWEVER, that the subject well shall be assigned no more than 60 percent of a standard allowable for said pool.

(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

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