

Entered June 2, 1970
R.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. 4359
Order No. R-3970

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR AN UNORTHODOX GAS WELL
LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 27, 1970,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 3rd day of June, 1970, 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, Pan American Petroleum Corporation,
seeks an exception to the Special Rules and Regulations for the
Atoka-Pennsylvanian Gas Pool to drill a gas well at an unorthodox
location 1650 feet from the South line and 990 feet from the West
line of Section 22, Township 18 South, Range 26 East, NMPM, Eddy
County, New Mexico.

(3) That the Special Rules and Regulations governing the
Atoka-Pennsylvanian Gas Pool provide that each well completed or
recompleted in said pool shall be located in the northwest quarter
or the southeast quarter of the section and shall be located no
nearer than 990 feet to the outer boundary of the quarter section
nor nearer than 330 feet to any governmental quarter-quarter sec-
tion line.

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(4) That the S/2 of said Section 22 is presently dedicated to applicant's Flint Gas Com Well No. 1 located in the SE/4 of said Section 22.

(5) That said Flint Gas Com Well No. 1 is no longer productive of gas in the Atoka-Pennsylvanian Gas Pool due to an influx of water from the southeast.

(6) That the proposed location, in the SW/4 of said Section 22, is an off-pattern quarter section location.

(7) That the evidence indicates that a well drilled at the proposed non-standard location should encounter the pay section above the gas/water contact.

(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 to offset the advantage to be gained over offset operators by the drilling of a well at the proposed non-standard location, the allowable for said well should be reduced.

(10) That approval of the proposed unorthodox location will not violate correlative rights and will afford the applicant the opportunity to produce his just and equitable share of the gas 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 receives no more than 62.50 percent of a standard allowable for the Atoka-Pennsylvanian Gas Pool.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pan American Petroleum Corporation, is hereby granted an exception to the well location requirements of the Special Rules and Regulations governing the Atoka-Pennsylvanian Gas Pool and is hereby authorized to drill a gas well at an unorthodox location 1650 feet from the South line and 990 feet from the West line of Section 22, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

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(2) That an acreage factor for proration purposes of 0.625 shall be assigned to said well.

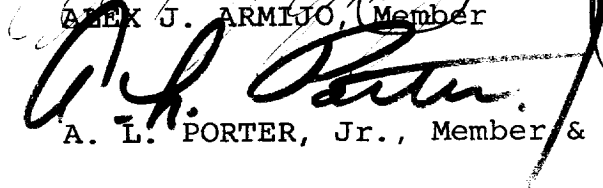
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARMILLO, Member


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

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