

*Entered May 21, 1972
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. 4720
Order No. R-4318

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 17, 1972,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 31st day of May, 1972, 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, Rotary Oil & Gas Company, seeks
authority to drill a gas well at an unorthodox gas well location
in the Osudo-Devonian Gas Pool, 660 feet from the North line
and 1980 feet from the East line of Section 32, Township 20
South, Range 36 East, NMPM, Lea County, New Mexico, and seeks
approval of a non-standard gas proration unit in the Osudo-
Devonian Gas Pool comprising the NE/4 of Section 32 and the
NW/4 of Section 33, Township 20 South, Range 36 East, NMPM,
Lea County, New Mexico.

(3) That a standard location for the subject well would
require the well to be located not closer than 660 feet to the
nearest side boundary of the dedicated tract nor closer than
1980 feet to the nearest end boundary nor closer than 330 feet
to any quarter-quarter section or subdivision inner boundary.

(4) That the evidence indicates that the entire NE/4 of
said Section 32 and NW/4 of said Section 33 is productive of gas
from the Osudo-Devonian Gas Pool.

(5) That the entire NE/4 of said Section 32 and NW/4 of
said Section 33 can be efficiently and economically drained
and developed by the subject well.

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(6) That there is evidence that a well at the proposed unorthodox location would penetrate a thicker pay section and encounter it structurally higher than a well at an orthodox location.

(7) That due to the unorthodox location of the above-described well, the correlative rights of other producers in the pool will be impaired if unrestricted production by the subject well is permitted.

(8) That to offset the advantage to be gained over other producers in the pool, the subject well to be drilled at an unorthodox location in the NE/4 of Section 32 should be assigned a ratable take factor of 81 percent in the Osudo-Devonian Gas Pool.

(9) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Osudo-Devonian Gas Pool, will prevent the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights, provided the above-described acreage factor is assigned to the subject well.

IT IS THEREFORE ORDERED:

(1) That the applicant, Rotary Oil & Gas Company, is hereby authorized to drill a gas well at an unorthodox gas well location in the Osudo-Devonian Gas Pool, 660 feet from the North line and 1980 feet from the East line of Section 32, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico, and hereby approves a non-standard gas proration unit in the Osudo-Devonian Gas Pool comprising the NE/4 of Section 32 and the NW/4 of Section 33, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, that the subject well is assigned a ratable-take factor of 81%;

PROVIDED FURTHER, that in the event the subject pool be prorated, the subject well shall be assigned an acreage factor for proration purposes of .81;

PROVIDED FURTHER, that nothing herein contained shall be construed to prohibit the applicant from drilling a well 1980 feet from the end line and 660 feet from the side line of the above-described non-standard proration unit without penalty.

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

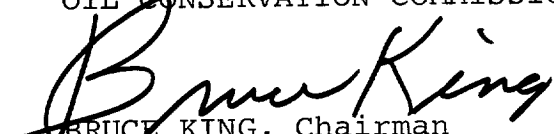
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DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


BRUCE KING, Chairman


ALEX. J. ARMIJO, Member


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

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