

*Entered February 21, 1974
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. 5166
Order No. R-4732

APPLICATION OF SKELLY OIL 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 February 13, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 21st day of February, 1974, 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 approval for an unorthodox gas well location for its South Salt Lake Unit Well No. 1 at a point 660 feet from the North line and 660 feet from the West line of Section 21, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico.

(3) That the W/2 of said Section 21 is to be dedicated to the well.

(4) That a well at said unorthodox location will better enable the applicant to produce the gas underlying the proration unit.

(5) That no offset operator objected to the proposed unorthodox location.

(6) That the applicant further seeks the establishment of an administrative procedure whereby additional wells may be approved without notice and hearing which would be drilled at unorthodox locations within the South Salt Lake Unit Area but not closer than standard locations to the outer boundary of said unit area.

(7) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in 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 will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Skelly Oil Company, is hereby granted approval of an unorthodox gas well location for its South Salt Lake Unit Well No. 1 to be located 660 feet from the North line and 660 feet from the West line of Section 21, Township 21 South, Range 32 East, NMPM, Lea County, New Mexico.

(2) That the W/2 of said Section 21 shall be dedicated to the above-described well.

(3) That the Secretary-Director of the Commission may approve the drilling of wells at unorthodox locations within the South Salt Lake Unit area without notice and hearing;

PROVIDED THAT, an application for such unorthodox location is filed in such form, style, numbers, and with such notice and waiting period as may be required by paragraphs 2 and 3 of Commission Rule 104 F, or such rule as it may be revised;

PROVIDED FURTHER, that such application is for a well to be located no closer to the outer boundary of said unit area than a well drilled at a standard location for the spacing and proration unit to be dedicated to the well.

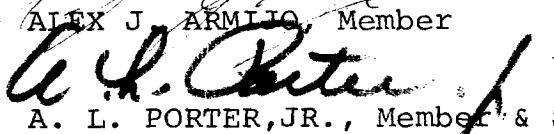
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman


ALEX J. ARMILLO, Member


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

S E A L

jr/
