

Entered July 14, 1976
JLR

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. 5707
Order No. R-5238

APPLICATION OF HARRINGTON TRANSPORTATION
INC. 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 July 7, 1976,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 14th day of July, 1976, 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, Harrington Transportation Inc.,
seeks approval of an unorthodox gas well location for its
Llano Inc. Terry Well No. 1 to be drilled 1650 feet from the
North line and 1880 feet from the East line of Section 14,
Township 18 South, Range 26 East, NMPM, to test the Pennsylvanian
formation, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico.

(3) That the E/2 of said Section 14 is to be dedicated
to the well.

(4) That all parties to the hearing agreed to the amendment of
the application to provide for the location of the well to be
1650 feet from the North line and 1880 feet from the East line
of said Section 14 rather than 1650 feet from the North line
and 1980 feet from the East line as originally proposed, in
order to minimize surface damage in a cultivated field.

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

-2-

Case No. 5707

Order No. R-5238

(6) That it is reasonable to assume that certain acreage in the S/2 of said proration unit is not productive of gas from the Atoka-Pennsylvanian Gas Pool.

(7) That in order to offset any advantage that applicant may gain over other operators in the Atoka-Pennsylvanian Gas Pool by reason of the proposed unorthodox well location, and to protect correlative rights and prevent waste, a reasonable penalty should be imposed upon any well drilled at the proposed location.

(8) That an acreage factor of 0.64 for allowable purposes would provide such a reasonable penalty and should be imposed.

(9) That approval of the subject application subject to the above acreage factor 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 Harrington Transportation Inc. is hereby authorized an unorthodox gas well location for the Pennsylvanian formation for its Llano Inc. Terry Well No. 1 to be drilled at a point 1650 feet from the North line and 1880 feet from the East line of Section 14, Township 18 South, Range 26 East, NMPM, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico.

(2) That the E/2 of said Section 14 shall be dedicated to the above-described well.

(3) That an acreage factor of 0.64 for allowable purposes in the Atoka-Pennsylvanian Gas Pool shall be assigned to said well upon completion in said pool.

(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

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

dr/