

Entered May 15, 1979

SR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6534
Order No. R-6009

APPLICATION OF AMOCO PRODUCTION
FOR SIMULTANEOUS DEDICATION AND
AN UNORTHODOX LOCATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 9, 1979,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th day of May, 1979, the Division
Director, 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 Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Amoco Production, seeks approval
for the simultaneous dedication of its Gilluly Fed. Well No. 17
at an unorthodox gas well location in Unit H of Section 24, Town-
ship 20 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County,
New Mexico, along with the three wells now dedicated to the
previously approved 480-acre unit comprising the N/2 and SE/4
of said Section 24.

(3) That the evidence presented demonstrates that the
three existing wells on the proration unit, namely the Gilluly
Federal Gas Com. Wells Nos. 4, 7, and 15, located in Units B,
O, and E, respectively, of said Section 24, are not effectively
and efficiently draining the entire 480-acre unit, and the
drilling of the subject well, the Gilluly Federal Gas Com Well
No. 17, at an unorthodox location 1980 feet from the North line
and 660 feet from the East line of said Section 24, is necessary
to effectively and efficiently drain that portion of the unit
not being so drained by the existing wells.

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(4) That the drilling of said Well No. 17 at the above location and the simultaneous dedication of said well to the unit should result in the production of additional gas which would otherwise be left unrecovered, thus preventing waste, and should be approved as an exception to the standard well spacing requirements for the Eumont Gas Pool.

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

(6) 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.

(7) That Division Order No. R-1177 which originally approved the subject 480-acre non-standard gas proration unit, and Division Orders Nos. R-4848 and R-5639, which authorized simultaneous dedication of additional wells to said unit, should be superseded.

IT IS THEREFORE ORDERED:

(1) That an unorthodox gas well location is hereby approved for the Amoco Production Company Gilluly Federal Gas Com Well No. 17, to be drilled at a point 1980 feet from the North line and 660 feet from the East line of Section 24, Township 20 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, and said well is hereby approved for simultaneous dedication, with applicant's Gilluly Federal Gas Com Wells Nos. 4, 7, and 15, located in Units B, O, and E, respectively, of said Section 24, to the non-standard Eumont gas proration unit comprising the N/2 and SE/4 of said Section 24.

(2) That Division Orders Nos. R-1177, R-4848, and R-5639 are hereby superseded.

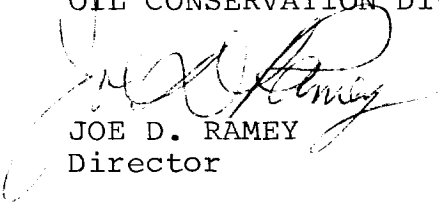
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY
Director

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