

Entered February 18, 1980
JLR

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. 6792
Order No. R-6270

APPLICATION OF FLORIDA EXPLORATION
COMPANY FOR A NON-STANDARD GAS
PRORATION UNIT, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 16, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 18th day of February, 1980, 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, Florida Exploration Company, seeks approval of a 324.25-acre non-standard gas proration unit comprising Lots 1 and 2 and N/2 NE/4 of Section 33 and Lots 2, 3, and 4 and NW/4 NE/4 and N/2 NW/4 of Section 34, all in Township 26 South, Range 30 East, NMPM, to be dedicated to a well to be drilled to the Wolfcamp formation and possibly to the Pennsylvanian formation at a standard location thereon.

(3) That due to the New Mexico-Texas state line traversing Township 26 South, Range 30 East, directly through Sections 31 through 36, said sections are not of standard size and contain only approximately 260 acres each.

(4) That a standard size unit for a gas well in the Wolfcamp and Pennsylvanian formations in the subject area is 320 acres.

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(5) That the applicant is the operator of the Ross Draw Unit Area, which comprises, among other lands, the E/2 of Section 33 and all of Sections 34 and 35, Township 26 South, Range 30 East, NMPM, containing ten 40-acre tracts and 10 lots along the state line of approximately 25 acres each.

(6) That the 324.25-acre unit proposed by the applicant in this case comprises five 40-acre tracts and 5 lots along the state line of approximately 25 acres each, and such a combination of tracts and lots more closely approximates a standard size unit than any other combination of tracts or lots practicably possible in this area.

(7) That the proposed dedication will leave the applicant with 5 other 40-acre tracts and 5 other lots of approximately 25 acres each along the New-Mexico-Texas state line and within the boundary of the Ross Draw Unit Area to form a similar non-standard spacing and proration unit to be dedicated to a future well yet to be drilled, if such well appears feasible.

(8) That the entire non-standard proration unit as proposed may reasonably be presumed productive of gas from the Wolfcamp or Pennsylvanian formations, or both, and that the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.

(9) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the Ross Draw area, 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 a 324.25-acre non-standard gas proration unit in the Ross Draw area comprising Lots 1 and 2 and N/2 NE/4 of Section 33 and Lots 2, 3, and 4 and NW/4 NE/4 and N/2 NW/4 of Section 34, all in Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico, is hereby established and dedicated to a well to be drilled by the applicant, Florida Exploration Company, to the Wolfcamp formation and possibly to the Pennsylvanian formation at a standard location thereon.

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

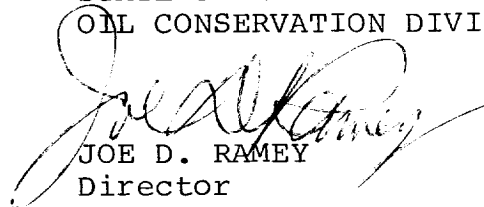
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DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

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