

Entered July 22, 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. 6946
Order No. R-6400

APPLICATION OF KNOX INDUSTRIES, INC.
FOR AN UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 25, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 22nd day of July, 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, Knox Industries, Inc., seeks approval of an unorthodox gas well location 1980 feet from the North line and 660 feet from the East line of Section 1, Township 19 South, Range 34 East, NMPM, to test the Morrow formation, Lea County, New Mexico.

(3) That the N/2 of said Section 1 is to be dedicated to the well.

(4) That approval of this unorthodox location will permit the applicant to utilize an abandoned 10,000 foot deep Bone Spring test well to drill deeper and test the Morrow formation at about half the cost of a new well.

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

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(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.

IT IS THEREFORE ORDERED:

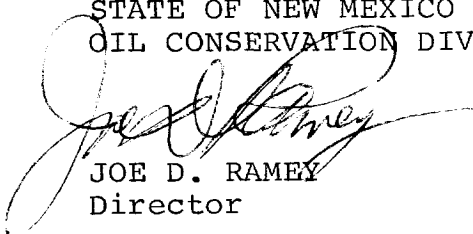
(1) That an unorthodox gas well location for the Morrow formation is hereby approved for a well to be drilled deeper at a point 1980 feet from the North line and 660 feet from the East line of Section 1, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico.

(2) That the N/2 of said Section 1 shall be dedicated to the above-described well.

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

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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