

Entered January 21, 1981
JHR

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. 7091
Order No. R-6566

APPLICATION OF LAYTON ENTERPRISES,
INC. FOR A NON-STANDARD PRORATION
UNIT, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 25, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 21st day of January, 1981, 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, Layton Enterprises, Inc., seeks approval of an 80-acre non-standard oil proration unit comprising the N/2 NW/4 of Section 14, Township 9 South, Range 34 East, NMPM, Vada-Pennsylvanian Pool, Lea County, New Mexico, to be dedicated to an old well to be re-entered 660 feet from the North line and 1830 feet from the West line of said Section 14.

(3) That there is a reasonable expectancy that the entire NW/4 of said Section 14 may be presumed productive of oil from the Vada-Pennsylvanian Pool.

(4) That the owner of the S/2 NW/4 of said Section 14 appeared at the hearing and objected to the formation of the proposed 80-acre non-standard proration unit comprising the N/2 NW/4 of Section 14.

(5) That the entire NW/4 of Section 14, comprising a standard 160-acre proration unit, was originally dedicated to

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the well which applicant proposes to re-enter and to dedicate to the N/2 NW/4 only.

(6) That said well was prematurely abandoned in 1978 due to equipment failure in the wellbore.

(7) That approval of the application and formation of the proposed 80-acre non-standard proration unit would leave the S/2 NW/4 of Section 14 undedicated to any well unless the owner thereof drilled a well on said lands.

(8) That the Vada-Pennsylvanian Pool in the area of the subject application was developed approximately ten to twelve years ago and has undergone considerable depletion since original development.

(9) That although there probably are recoverable reserves remaining under the S/2 NW/4 of Section 14, such reserves are probably insufficient to render the drilling and completion of a well thereon economical.

(10) That approval of the application would impair the correlative rights of the owner of the S/2 NW/4 of Section 14.

(11) That to protect his correlative rights if the application were approved, the owner of the S/2 NW/4 of Section 14 would be required to drill a well thereon.

(12) That said well, being unnecessary, would cause economic waste.

(13) That the application should be denied, and the applicant, owner of the N/2 NW/4 of Section 14, and the owner of the S/2 NW/4 of Section 14 should communitize their lands to form a standard 160-acre unit for the Vada-Pennsylvanian Pool to be dedicated to the subject well.

IT IS THEREFORE ORDERED:

(1) That the application of Layton Enterprises, Inc., for a non-standard 80-acre unit comprising the N/2 NW/4 of Section 14, Township 9 South, Range 34 East, NMPM, Vada-Pennsylvanian Pool, Lea County, New Mexico, is hereby denied.

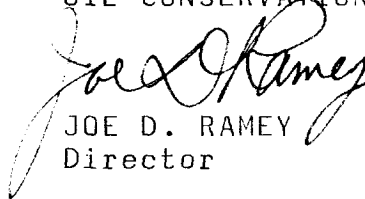
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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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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