

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. 9083
Order No. R-8408

APPLICATION OF HNG OIL COMPANY
FOR A NON-STANDARD OIL PRORATION
UNIT, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 18, 1987, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 4th day of March, 1987, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) By Order No. R-6139, dated October 12, 1979, the Division promulgated Special Rules and Regulations for the South Culebra Bluff-Bone Spring Pool, Eddy County, New Mexico, including a provision for 80-acre spacing and proration units consisting of the N/2, S/2, E/2, or W/2 of a governmental quarter section with wells to be located within 150 feet of the center of either quarter-quarter section.

(3) The applicant, HNG Oil Company, seeks approval of an 80-acre non-standard proration unit comprising the NE/4 SE/4 and the SE/4 NE/4 of Section 34, Township 23 South, Range 28 East, NMPM, Undesignated South Culebra Bluff-Bone Spring Pool, Eddy County, New Mexico, to be dedicated to its Pardue 34 Com Well No. 1, located in Unit H of said Section 34.

(4) Said Pardue 34 Com Well No. 1 is located within one mile of the outer boundary of the South Culebra Bluff-Bone Spring Pool

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and is therefore subject to the Special Pool Rules for said pool as described above.

(5) The entire non-standard proration unit may reasonably be presumed productive of oil from the Undesignated South Culebra Bluff-Bone Spring Pool and the entire non-standard oil proration unit can be efficiently and economically drained and developed by the aforesaid well.

(6) The applicant's Pardue 34 Com Well No. 1 located 2310 feet from the North line and 660 feet from the East line of said Section 34 was previously drilled to and completed in the Atoka formation and was drilled at a standard location for an Atoka gas well.

(7) Said well does not meet the well location requirements for the South Culebra Bluff-Bone Spring Pool.

(8) The applicant should be required to file an application for a non-standard well location for its Pardue 34 Com Well No. 1 with the Santa Fe office of the Division as per the provisions contained in Rule No. (5) of the Special Rules and Regulations for the South Culebra Bluff-Bone Spring Pool as promulgated by Division Order No. R-6139.

(9) Approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the oil in the Undesignated South Culebra Bluff-Bone Spring 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 THAT:

(1) The application of HNG Oil Company for an 80-acre non-standard proration unit comprising the NE/4 SE/4 and the SE/4 NE/4 of Section 34, Township 23 South, Range 28 East, NMPM, Undesignated South Culebra Bluff-Bone Spring Pool, Eddy County, New Mexico, is hereby approved, said unit to be dedicated to its Pardue 34 Com Well No. 1, located 2310 feet from the North line and 660 feet from the East line of said Section 34.

(2) Prior to the issuance of an oil allowable for the well, the applicant shall file with the Santa Fe Office of the Division an application for a non-standard well location for its Pardue 34 Com Well No. 1, as described above, as per the provisions contained in Rule No. (5) of the Special Rules and Regulations for the South

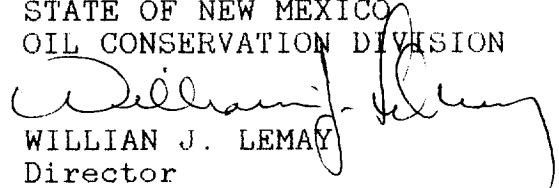
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Culebra Bluff-Bone Spring Pool, as promulgated by Division Order No. R-6139.

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

(4) DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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