

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 9432
Order No. R-8703

APPLICATION OF LEONARD RESOURCE
CORPORATION FOR AN UNORTHODOX
GAS WELL LOCATION, EDDY COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 20, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 29th day of July, 1988, 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) The applicant, Leonard Resource Company, seeks approval of an unorthodox gas well location 510 feet from the North line and 660 feet from the East line (Unit A) of Section 24, Township 26 South, Range 24 East, NMPM, to test the Pennsylvanian formation, Eddy County, New Mexico.

(3) The N/2 of said Section 24 is to be dedicated to the well forming a standard 320-acre gas spacing and proration unit.

(4) The applicant presented geological evidence and testimony at the hearing which indicates that the proposed well location is at an optimal position on the downthrown side of an anticlinal feature in the Morrow formation, thereby increasing the likelihood of obtaining a commercial producing well.

(5) No offset operator objected to the proposed unorthodox gas well location.

(6) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in

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the affected formation, 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:

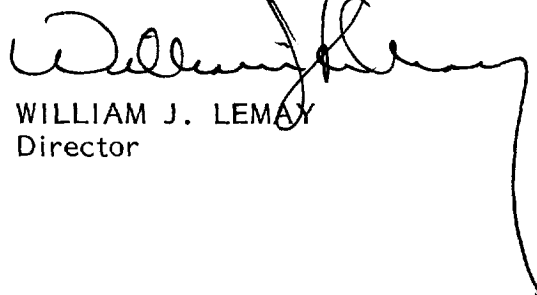
(1) The application of Leonard Resource Corporation for an unorthodox gas well location for the Pennsylvanian formation is hereby approved for a well to be located at a point 510 feet from the North line and 660 feet from the East line (Unit A) of Section 24, Township 26 South, Range 24 East, NMPM, Eddy County, New Mexico.

(2) The N/2 of said Section 24 shall be dedicated to the above-described well forming a standard 320-acre gas spacing and proration unit.

(3) 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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the typed name and title. The signature is fluid and cursive, with a long, sweeping tail that extends downwards and to the right.

WILLIAM J. LEMAY
Director

S E A L