

**CASE 5183: Application of AMINI
OIL CO. FOR AN UNORTHODOX OIL
WELL LOCATION, LEA COUNTY.**

CASE No.

5/83

Application,
Transcripts,
Small Exhibits

ETC.

EXAMINER HEARING

Case No.
5183

TRANSCRIPT OF HEARING

Clarence Hinkle, Esq.
HINKLE, BONDURANT, COX
& EATON
Hinkle Building
Roswell, New Mexico

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

CASE 5183
Page.....2.....

I N D E X

PAGE

JAMES L. HUGHES

Direct Examination by Mr. Hinkle
Cross Examination by Mr. Stamets

3
7

E X H I B I T S

Marked

Admitted

Applicant's Exhibits Nos.
1 and 2

--

7

HUGHES-DIRECT

CASE 5183

Page 3

MR. STAMETS: We call the next case. Case 5183

MR. CARR: Case 5183. Application of Amini Oil Company for an unorthodox oil well location, Lea County, New Mexico.

MR. HINKLE: We have 1 witness and 1 exhibit; we would like to have the Witness sworn.

(Witness sworn.)

JAMES L. HUGHES

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. HINKLE

Q State your name, your residence and by whom you are employed?

A James L. Hughes, I'm a Geologist for Amini Oil Company, Midland, Texas.

Q Have you previously testified before the Commission?

A No, I have not.

Q State briefly your educational background and experience as a geologist.

A I have a Bachelor of Science Degree, 1966, in Geology, from West Texas State University; Seven and a

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HUGHES-DIRECT

CASE 5183

Page.....4

half plus years of experience in New Mexico and West Texas as an exploration and development geologist.

MR. STAMETS: How many years?

MR. HUGHES: Seven and a half.

BY MR. HINKLE:

Q Are you familiar with the area that is involved in this Case?

A Yes, I am.

Q Made a study of this area?

A Yes.

MR. HINKLE: Are the Witness' qualifications sufficient?

MR. STAMETS: They are.

BY MR. HINKLE:

Q What is Amini Oil Company seeking to accomplish in this Case?

A Unorthodox oil well location as an exception to the Vacuum Abo North Pool rules in Lea County, New Mexico, and concerning the Amini No. 2 Pennzoil State in Section 36, Township 16, 34. The new well is apparently located at 1780 from the south line and 460 feet from the west line, which is, by my understanding, approximately 82 feet out of center as called for in the Vacuum Abo Pool.

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Q Now, refer to Exhibit No. 1 and explain what this is and what it shows.

A This is a combination structure map and ownership map on the 1 to 4000 scale. The structure is contoured on a Vacuum Abo marker which is approximately the pay horizon; the color coding is designed to show off-set proration and spacing operators in lease holders. The structure map was designed to illustrate that this well can reasonably be assumed to be productive, based on its structural position with relation to the two southeast off-set locations, as it is as high or higher than production.

Q What is the history of the well?

A The well was staked in early January; Application for drilling was made. This Application was approved, the well was spudded, and at the time of setting its 8-5/8ths intermediate casing at 1750 feet, we were notified by the OCC that this was an unorthodox location and we would have to seek an exception hearing to be granted an allowable for this well. Well, it was obviously impossible at that time to move the location, therefore we do seek this exception. We have recently perforated the well; it today, as I understand it, is being acidized in preparation for production.

HUGHES-DIRECT

CASE 5183

Page 6

being made.

Q From all the information you have, does it appear that it will make a commercial well?

A Yes, sir.

Q Have you contacted all of the off-set owners and tried to obtain waivers?

A As a matter of fact, as indicated by the color code, Pennzoil is the nearest off-set proration operator, shaded in green. I have a letter, Exhibit 2, which waivers all exception to this location. The northeast proration spacing would be Sinclair and in the conversation -- or Atlantic -- and in conversation with Atlantic yesterday, their position is at this time they'll take no position. Amini, of course, is the direct off-set to the west; to the southwest, Mr. C.R. Gallagher, and I have a verbal commitment from Mr. Gallagher not to oppose or take exception to this. Exxon or Humble, directly to the south of this, has agreed verbally not to oppose or take exception to this.

Q So you really have no objections to the approval?

A That's true.

Q In your opinion, will the approval of this Application be in the interests of conservation, prevention of

HUGHES-DIRECT
CROSS

CASE 5183
Page.....7.....

waste and protect correlative rights?

A Yes, sir.

Q Did you prepare Exhibit No. 1?

A Yes, I did.

MR. HINKLE: We would like to offer Exhibits 1 and 2.

MR. STAMETS: Exhibits 1 and 2 will be admitted
into evidence.

(Whereupon, Applicant's Exhibits
Nos. 1 and 2 were admitted into evidence.)

MR. HINKLE: That's all we have on direct.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Hughes, is it fair to say that this well was
drilled at this location through error that everyone in
good faith attributed to?

A Well, I guess as operator we have to take a substan-
tial portion because we did ask the well to be staked there.
It was surveyed and staked and was drilled on our part at that
point, but it was in good faith and is, in fact, an error.

Q At the time it was staked at this location and
spotted, you thought that that was the proper location?

A Yes, sir, I did.

MR. STAMETS: Are there any questions of this

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Witness? He may be excused.

Is there anything further in this Case?

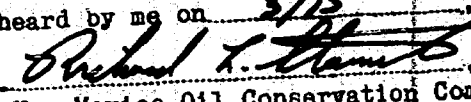
MR. HINKLE: No.

MR. STAMETS: We'll take the Case under advise-
ment.

STATE OF NEW MEXICO)
) SS.
COUNTY OF SANTA FE)

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.


RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5183 heard by me on 2/13 1974.
, Examiner
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

March 26, 1974

I. R. TRUJILLO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMILLO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

Mr. Clarence Hinkle
Hinkle, Bondurant, Cox & Eaton
Attorneys at Law
Post Office Box 10
Roswell, New Mexico 88201

Re: CASE NO. 5183
ORDER NO. R-4755
Applicant:
Amini Oil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC
Aztec OCC

Other

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5183
Order No. R-4755

APPLICATION OF AMINI OIL COMPANY
FOR AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 13, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 26th day of March, 1974, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Amini Oil Company, seeks, as an exception to the North Vacuum-Abo Pool Rules, authority to drill its Pennzoil State Well No. 2 at an unorthodox location for said pool 1780 feet from the South line and 460 feet from the West line of Section 36, Township 16 South, Range 34 East, NMPM, Lea County, New Mexico.

(3) That the W/2 SW/4 of said Section 36 is to be dedicated to the well.

(4) That the W/2 SW/4 of said Section 36 can be efficiently and economically drained and developed by said well.

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

(6) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the oil in the North Vacuum Abo Pool, and will otherwise prevent economic waste and protect correlative rights.

-2-

Case No. 5183
Order No. R-4755

IT IS THEREFORE ORDERED:

(1) That the applicant, Amini Oil Company, is hereby authorized to drill its Pennzoil State Well No. 2 at an unorthodox location 1780 feet from the South line and 460 feet from the West line of Section 36, Township 16 South, Range 34 East, NMPM, North Vacuum-Abo Pool, Lea County, New Mexico.

(2) That the W/2 SW/4 of said Section 36 shall be dedicated to the well.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



I. R. Trujillo
I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member / Secretary

S E A L

dr/

Docket No. 6-74

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 13, 1974

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE:**
- (1) Consideration of the allowable production of gas for April, 1974, from seventeen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico;
 - (2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for April, 1974.

CASE 5179: Application of HNG Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Dogie Draw Unit Area comprising 5,122 acres, more or less of State, Federal, and fee lands in Township 26 South, Range 36 East, Lea County, New Mexico.

CASE 5180: Application of Amoco Production Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Rock Lake Unit Area comprising 5760 acres, more or less, of State and fee lands in Township 22 South, Range 35 East, Lea County, New Mexico.

CASE 5181: Application of Amoco Production Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Trail Canyon Unit Area comprising 5758 acres, more or less, of State, Federal and fee lands in Township 24 South, Range 23 East, Eddy County, New Mexico.

CASE 5182: Application of Perry R. Bass for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 15, Township 21 South, Range 27 East, adjacent to the Burton Flats Field, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location in the W/2 of said Section 15. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5183: Application of Amini Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the North Vacuum Abo Pool rules, authority to drill its Pennzoil State Well No. 2 at an unorthodox location for said pool 1780 feet from the South line and 460 feet from the West line of Section 36, Township 16 South, Range 34 East, Lea County, New Mexico.

CASE 5184: Application of Mountain States Petroleum Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the Buffalo Valley-Pennsylvanian Pool rules, approval for an unorthodox gas well location for a well to be drilled at a point 990 feet from the South and West lines of Section 36, Township 14 South, Range 27 East, Chaves County, New Mexico.

CASE 5185: Application of Rice Engineering & Operating, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation in the open-hole and perforated interval from 8442 feet to 9150 feet in its Abo SWD Well No. 2 located in Unit C of Section 2, Township 17 South, Range 36 East, Lovington Abo Pool, Lea County, New Mexico.

CASE 5186: Application of Amerada Hess Corporation for an unorthodox oil well location and two non-standard oil proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the Bagley Siluro-Devonian Pool rules, the formation of two non-standard proration units in Section 35, Township 11 South, Range 33 East, Lea County, New Mexico, the first being a 40-acre unit comprising the NW/4 SE/4 to be dedicated to applicant's State BTD Well No. 2, and the second being an 80-acre unit comprising the SE/4 SW/4 and the SW/4 SE/4 to be dedicated to applicant's State BTD Well No. 1, proposed to be drilled at an unorthodox location for said pool 660 feet from the South line and 1900 feet from the East line of said Section 35.

CASE 5187: Application of Inexco Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying Section 17, Township 21 South, Range 26 East, Eddy County, New Mexico, adjacent to the Catclaw Draw-Morrow Gas Pool, to be dedicated to a well to be drilled at a standard location for said pool. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

- CASE 5188: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Drinkard and Blinbry production in the wellbore of its Lockhart B-1 Well No. 8 located in Unit II of Section 1, Township 22 South, Range 36 East, Lea County, New Mexico.
- CASE 5189: Application of Craig Folsom for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well proposed to be drilled at a point 1340 feet from the South line and 1300 feet from the East line of Section 12, Township 13 South, Range 31 East, Caprock-Queen Pool, Chaves County, New Mexico.
- CASE 5190: Application of Union Oil Company of California for pool creation and special rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Morrow gas pool for its Pipeline Deep Unit Well No. 1 located in Unit J of Section 17, Township 19 South, Range 34 East, Lea County, New Mexico, and for the promulgation of special rules therefor including a provision for 640-acre spacing.
- CASE 5191: Application of Murphy Minerals Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water through two wells into the Grayburg-San Andres formation on its Gissler "B" lease in Sections 11 and 12, Township 17 South, Range 30 East, Square Lake Pool, Eddy County, New Mexico.
- CASE 5192: In the matter of the application of the Oil Conservation Commission of New Mexico upon its own motion for the extension of the following pools in Lea County:

Antelope Ridge-Morrow Gas Pool
EK Yates-Seven Rivers-Queen Pool
House-San Andres Pool
Humble City-Atoka Pool
North Shoe Bar-Wolfcamp Pool
Tres Papalotes-Pennsylvanian Pool
Wantz-Granite Wash Pool

- CASE 5124: (Continued from the February 13, 1974 Examiner Hearing)

Application of Belco Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the S/2 of Section 30, Township 20 South, Range 33 East, South Salt Lake-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 1300 feet from the East line of said Section 30. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

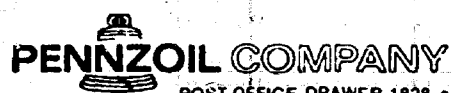
CASE 5140: (Continued from the February 13, 1974, Examiner Hearing)

Application of Pierce & Dehlinger for compulsory pooling, Vada-Pennsylvanian Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the NW/4 of Section 24, Township 9 South, Range 33 East, Lea County, New Mexico, to be dedicated to the King Resources Sheridan Well No. 1-A located in Unit C of said Section 24. Also to be considered is designation of the applicant as operator of the NW/4 of said Section 24 and the well located thereon, provision for allocation of actual operating costs and charges for supervision, and allocation of costs for reworking said well including a 200% charge attributable to any non-consenting working interest owner's pro rata share of said workover costs, for the risk involved in said workover.

CASE 4956: (Reopened) (Continued from the February 13, 1974, Examiner Hearing)

Application of Pierce & Dehlinger for a determination of well costs, Lea County, New Mexico. Applicant, as operator of the Sheridan Well No. 1 located in Unit M of Section 13, Township 9 South, Range 33 East, Lea County, New Mexico, to which well is dedicated the SW/4 of said Section 13, all mineral interests in the Vada-Pennsylvanian Pool thereunder having been pooled by Commission Order No. R-4560, seeks the determination of reasonable well costs attributable to applicant and to King Resources, including, but not limited to, the costs of reworking and placing said Sheridan Well No. 1 back on production and attorneys fees in connection therewith. Applicant further seeks an order assessing, as a charge for the risk involved in the reworking of the well, 120% of the pro rata share of the reasonable well costs attributable to the working interest of King Resources.

*Penn
St. #2*



POST OFFICE DRAWER 1828 • MIDLAND, TEXAS 79701 • PHONE (915) 682-7316

March 6, 1974

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter

Re: New Mexico OCC Case 5183
Amini Oil Company
Exception to North Vacuum Abo
Pool Rules, Lea County, New Mexico

Gentlemen:

Pennzoil Company, as the offset lease owner, waives
all objections to the subject unorthodox location.

Yours very truly,

J. C. Raney
J. C. Raney
Petroleum Engineer
Pennzoil Company

JCR:lc

cc: Amini Oil Company
405 Wall Towers East
Midland, Texas

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
<i>C. H.</i>	EXHIBIT NO. <u>2</u>
CASE NO. <u>5183</u>	
Submitted by <u>Amini</u>	
Hearing Date <u>3-13-74</u>	

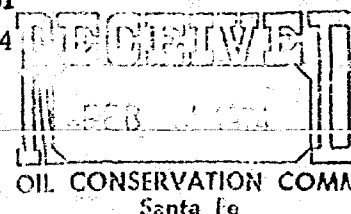
Case No. 5183

Amini Oil Company

405 Wall Towers East

Midland, Texas 79701

February 11, 1974



(915) 683-4793

Oil Conservation Commission
State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. William F. Carr
General Counsel

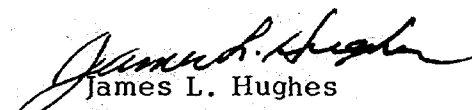
Gentlemen:

Amini Oil Company of Midland request a non standard location hearing concerning the Amini Oil #2 Pennzoil State, located 460' from the west line and 1780' from the south line of Section 36, T-16-S, R-34-E. This request is pursuant to notice by Joe D. Ramey, Supervisor, District I (copy enclosed) that the subject location does not conform to Vacuum Abo pool rules.

As indicated by the enclosed letter the location was approved for drilling on January 25, 1974. The well was spudded on January 26, 1974. At the time notice was received concerning the irregular nature of the location, the well was at a depth of 1750' waiting on cement after setting 1750' of 8-5/8" casing; therefore, it was impossible to move the location.

Since the location can not be moved, a hearing seeking exception to the pool rule is requested. Thank you.

Very truly yours,


James L. Hughes
Geologist

JLH/ww

enclosure

cc: Mr. Joe Ramey
Oil Conservation Commission
State of New Mexico
P.O. Box 1980
Hobbs, New Mexico 88240

DOCKET MAILED

Date 3-1-74

Case no. 5183

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 1980 - HOBBS
January 29, 1974

RECEIVED
FEB 14 1974
OIL CONSERVATION COMM
Santa Fe

I. R. TRUJILLO
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER
STATE GEOLOGIST
L. PORTER, JR.
SECRETARY - DIRECTOR

Amini Oil Company
405 Wall Towers East
Midland, Texas 79701

Gentlemen:

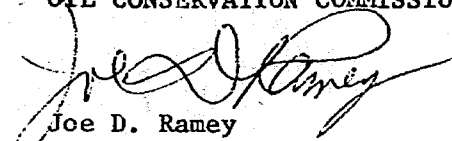
As you know, pool rules for the North Vacuum-Abo Pool state that all wells must be drilled within 200 feet of the center of either the northwest or southeast quarter-quarter sections.

On January 24 we received Forms C-101 and C-102 for your Pennzoil State Well No. 2 located in Unit L of Section 36, T-16-S, R-34-E. This well is to be drilled at a location 460 feet from the West line and 1780 feet from the South line. This location does not conform to the pool rules in that it is slightly over 282 feet from the center of the NW/4 SW/4. These forms were approved by this office on January 25, 1974.

Before an allowable can be assigned to this well, it will be necessary that you apply for a hearing for a non-standard location. The only alternative to having this hearing is to move the location to within the 200 foot tolerance as outlined in the pool rules.

Yours very truly,

OIL CONSERVATION COMMISSION


Joe D. Ramey
Supervisor, District I

JDR:fd

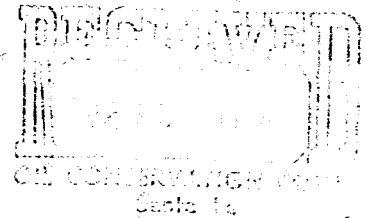
cc: Mr. William F. Carr, attorney
OCC, Santa Fe

*for
Case 5183*

OIL CONSERVATION COMMISSION

HOBBS, NEW MEXICO 88240

January 29, 1974



Amini Oil Company
405 Wall Towers East
Midland, Texas 79701

Gentlemen:

As you know, pool rules for the North Vacuum-Abo Pool state that all wells must be drilled within 200 feet of the center of either the northwest or southeast quarter-quarter sections.

On January 24 we received Forms C-101 and C-102 for your Pennzoil State Well No. 2 located in Unit L of Section 36, T-16-S, R-34-E. This well is to be drilled at a location 460 feet from the West line and 1780 feet from the South line. This location does not conform to the pool rules in that it is slightly over 282 feet from the center of the NW/4 SW/4. These forms were approved by this office on January 25, 1974.

Before an allowable can be assigned to this well, it will be necessary that you apply for a hearing for a non-standard location. The only alternative to having this hearing is to move the location to within the 200 foot tolerance as outlined in the pool rules.

Yours very truly,

OIL CONSERVATION COMMISSION

Joe D. Ramey
Supervisor, District I

JDR:fd

cc: Mr. William F. Carr, attorney
OCC, Santa Fe

C
O
P
Y

DRAFT

jr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5183

Order No. R-4755-

APPLICATION OF AMINI OIL COMPANY
FOR AN UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 13, 1974,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of March, 1974, the Commission,
a quorum being present, 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 Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Amini Oil Company, seeks, as an excep-
tion to the North Vacuum-Abo Pool rules, authority to drill its
Pennzoil State Well No. 2 at an unorthodox location for said pool
1780 feet from the South line and 460 feet from the West line of
Section 36, Township 16 South, Range 34 East, Lea County, New Mexico.

-2-

CASE NO. 5183

Order No. R-

(3) That the W/2 SW/4 of said Section 36 is to be dedicated to the well.

(4) That the W/2 SW/4 of said Section 36 can be efficiently and economically drained and developed by said well.

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

(6) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the oil in the North Vacuum Abo Pool, and will otherwise prevent economic waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Amini Oil Company, is hereby authorized to drill its Pennzoil State Well No. 2 at an unorthodox location 1780 feet from the South line and 460 feet from the West line of Section 36, Township 16 South, Range 34 East, ^{North Vacuum Abo Pool,} Lea County, New Mexico.

(2) That the W/2 SW/4 of said Section 36 shall be dedicated to the well.

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

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