

**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. 12694
ORDER NO. R-11628**

**APPLICATION OF MCKAY OIL CORPORATION FOR AN UNORTHODOX
GAS WELL LOCATION, CHAVES COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 12, 2001, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 8th day of August, 2001, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, McKay Oil Corporation, seeks approval to drill its Tanner Fee Com Well No. 1 at an unorthodox gas well location 2310 feet from the North line and 660 feet from the West line (Unit E) of Section 35, Township 6 South, Range 22 East, NMPM, Chaves County, New Mexico, to test the Abo formation, West Pecos Slope-Abo Gas Pool. The NW/4 of Section 35 is to be dedicated to the well forming a standard 160-acre gas spacing and proration unit.

(3) The applicant appeared at the hearing and submitted evidence to support its application. The evidence presented demonstrates that approval of the proposed unorthodox gas well location will prevent waste and protect correlative rights.

(4) No offset operator or interest owner appeared at the hearing in opposition to the application.

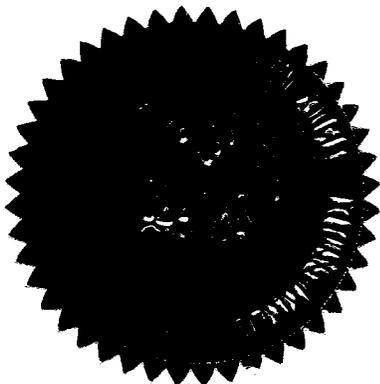
(5) The application should be approved.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, McKay Oil Corporation, is hereby authorized to drill its Tanner Fee Com Well No. 1 at an unorthodox gas well location 2310 feet from the North line and 660 feet from the West line (Unit E) of Section 35, Township 6 South, Range 22 East, NMPM, Chaves County, New Mexico, to test the Abo formation, West Pecos Slope-Abo Gas Pool. The NW/4 of Section 35 shall be dedicated to the well forming a standard 160-acre gas spacing and proration unit.

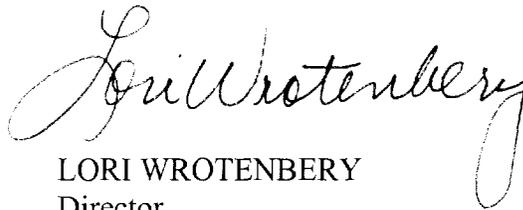
(2) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director