

Entered July 27, 1966
A.L.P.

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. 3433
Order No. R-3094

APPLICATION OF SKELLY OIL COMPANY
FOR AN EXCEPTION TO RULE 104, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 19, 1966, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 27th day of July, 1966, 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, Skelly Oil Company, is the owner and operator of the following-described wells in Township 25 South, Range 38 East, NMPM, Lea County, New Mexico:

Mexico "L" Well No. 18, located 1656 feet from the North line and 990 feet from the East line of Section 5;

Mexico "L" Well No. 2, located 1980 feet from the North line and 660 feet from the East line of Section 5.

(3) That the applicant seeks approval of a non-standard oil well location in the West Dollarhide-Drinkard Pool as an exception

to Rule 104 C I of the Commission Rules and Regulations for its Mexico "L" Well No. 2 which is located nearer than 660 feet to the Mexico "L" Well No. 18, the nearest well capable of producing from the West Dollarhide-Drinkard Pool.

(4) That the Mexico "L" Well No. 2 was drilled at a standard location to produce from the Fusselman formation but is no longer economically productive from the Fusselman formation.

(5) That the applicant proposes to recomplete its Mexico "L" Well No. 2 to produce oil from the West Dollarhide-Drinkard Pool.

(6) That the applicant also seeks an exception to Rule 104 C I of the Commission Rules and Regulations to simultaneously dedicate the SE/4 NE/4 of said Section 5 to the Mexico "L" Well No. 2 and the Mexico "L" Well No. 18 with assignment of a single 40-acre West Dollarhide-Drinkard allowable to the unit and authority to produce any or all of the allowable from either well.

(7) That approval of the subject application will prevent the drilling of unnecessary wells, will avoid the augmentation of risk arising from the drilling of an excessive number of wells, will prevent reduced recovery which might result from the drilling of too few wells, will afford the applicant the opportunity to produce its just and equitable share of the oil and gas in the subject pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant is hereby granted an exception to Rule 104 C I of the Commission Rules and Regulations to recomplete its Mexico "L" Well No. 2 which is located nearer than 660 feet to the nearest well capable of producing from the West Dollarhide-Drinkard Pool to produce from the West Dollarhide-Drinkard Pool.

(2) That the applicant is hereby granted an exception to Rule 104 C I of the Commission Rules and Regulations to simultaneously dedicate the SE/4 NE/4 of Section 5, Township 25 South, Range 38 East, NMPM, Lea County, New Mexico, to its Mexico "L" Well No. 18, located 1656 feet from the North line and 990 feet from the East line of said Section 5 and to its Mexico "L" Well No. 2, located 1980 feet from the North line and 660 feet from the East line of said Section 5; that a single 40-acre West Dollarhide-Drinkard allowable shall be assigned to said 40-acre

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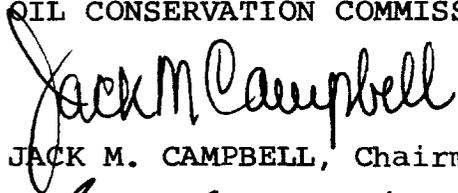
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unit; and that the applicant is hereby authorized to produce any or all of the West Dollarhide-Drinkard allowable from either well.

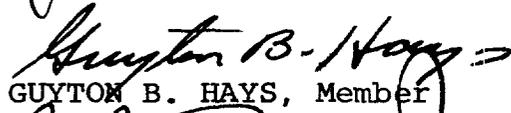
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



JACK M. CAMPBELL, Chairman



GUYTON B. HAYS, Member



A. L. PORTER, Jr., Member & Secretary

S E A L

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