

Entered May 29, 1968
A.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. 3750
Order No. R-3418

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR AN UNORTHODOX GAS WELL
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 24, 1968, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 29th day of May, 1968, 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, Pan American Petroleum Corporation, seeks authority to drill its State "AZ" Well No. 4 at an unorthodox gas well location in the West Ranger Lake-Devonian Gas Pool 990 feet from the North line and 990 feet from the East line of Section 34, Township 12 South, Range 34 East, NMPM, Lea County, New Mexico, to be dedicated to a standard unit comprising the E/2 of said Section 34.

(3) That a standard location for the subject well would require the well to be located not closer than 660 feet to the nearest side boundary of the dedicated tract nor closer than 1980 feet to the nearest end boundary nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary.

(4) That the evidence indicates that the subject pool is an active water-drive reservoir.

-2-

CASE No. 3750
Order No. R-3418

(5) That the evidence indicates that a well located up-structure at the proposed non-standard location in said Section 34 should recover more gas than a well located a a standard location.

(6) That the correlative rights of some offset operators will be impaired if the entire E/2 of said Section 34 is dedicated to the subject well.

(7) That to offset the advantage to be gained over offset operators by the drilling of a well at the proposed non-standard location, the acreage to be dedicated to the subject well should be reduced by 18.75 percent.

(8) That approval of the proposed unorthodox location will not violate correlative rights and will afford the applicant the opportunity to produce its just and equitable share of the gas in the West Ranger Lake-Devonian Gas 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 otherwise prevent waste, provided no more than 260 acres is dedicated to the subject well.

IT IS THEREFORE ORDERED:

(1) That the applicant, Pan American Petroleum Corporation, is hereby authorized to drill its State "AZ" Well No. 4 at an unorthodox gas well location in the West Ranger Lake-Devonian Gas Pool 990 feet from the North line and 990 feet from the East line of Section 34, Township 12 South, Range 34 East, NMPM, Lea County, New Mexico;

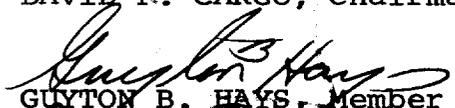
PROVIDED HOWEVER, that no more than 260 acres shall be dedicated to said well, being the NE/4, N/2 SE/4, and the N/2 N/2 S/2 SE/4 of said Section 34.

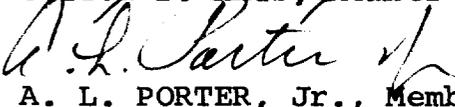
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman


GUYTON B. HAYS, Member


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

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