

*Entered July 19, 1971
R.J.B.*

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. 4562
Order No. R-4172

APPLICATION OF TEXAS OIL AND
GAS CORPORATION, FOR AN UN-
ORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 30, 1971,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 19th day of July, 1971, 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, Texas Oil and Gas Corporation,
seeks an exception to the Special Rules and Regulations for the
Indian Basin-Upper Pennsylvanian Gas Pool to drill a well at
an unorthodox location 990 feet from the North line and 990
feet from the West line of Section 22, Township 22 South,
Range 23 East, NMPM, Eddy County, New Mexico.

(3) That a standard location for the subject well would
require the well to be located no nearer than 1650 feet to the
outer boundary of the section and no nearer than 330 feet to
any governmental quarter-quarter section line.

-2-

CASE NO. 4562

Order No. R-4172

(4) That the evidence indicates that approximately 290 acres in the Southern and Eastern parts of said Section 22 is not productive of gas from the Upper Pennsylvanian formation.

(5) That the evidence indicates that approximately 350 acres in the northern and western parts of said Section 22 is probably productive of gas from the Upper Pennsylvanian formation.

(6) That there is evidence that a well at the proposed unorthodox location in said Section 22 would penetrate a thicker pay section and encounter it structurally higher than a well at an orthodox location.

(7) That the evidence indicates that a well at the proposed unorthodox location in said Section 22 should recover more gas than a well at an orthodox location.

(8) That to offset the advantage to be gained over some offset operators by the drilling of a well at the proposed non-standard location, the allowable for said well should be reduced.

(9) That approval of the proposed unorthodox location will afford the applicant the opportunity to produce his just and equitable share of the gas in the Indian Basin-Upper Pennsylvanian 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 the subject well receives no more than 55 percent of a standard allowable for the pool.

IT IS THEREFORE ORDERED:

(1) That the applicant, Texas Oil and Gas Corporation, is hereby authorized to drill a gas well at an unorthodox gas well location in the Indian Basin-Upper Pennsylvanian Gas Pool 990 feet from the North line and 990 feet from the East line of Section 22, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico;

PROVIDED HOWEVER, that as acreage factor for proration purposes of 0.55 shall be assigned to said well.

-3-

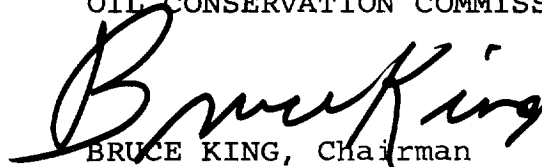
CASE NO. 4562

Order No. R-4172

(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


BRUCE KING, Chairman


ALEX J. ARMIJO, Member


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

S E A L

dr/