

Enclosed December 11, 1973
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. 5063 De Novo
Order No. R-4639-B

APPLICATION OF SHELL 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 November 27, 1973, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 11th day of December, 1973, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 applicant, Shell Oil Company, seeks an exception to Rule 104 of the Commission Rules and Regulations for approval of an unorthodox oil well location for its Sanger Well No. 6-Y, proposed to be located 1220 feet from the North line and 180 feet from the West line of Section 27, Township 18 South, Range 38 East, NMPM, Hobbs Grayburg-San Andres Pool, Lea County, New Mexico.

(3) That Unit D in the NW/4 of the NW/4 of Section 27, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico, is now dedicated to applicant's Sanger Well No. 6, which is presently operating.

(4) That the matter came on for hearing before Examiner Elvis A. Utz on September 19, 1973, and pursuant to this hearing Order No. R-4639 was issued on October 11, 1973, which granted Shell's application and provided inter alia for an acreage factor for proration purposes of 58 percent for production from the Grayburg-San Andres formation.

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(5) That on October 29, 1973, application for Hearing De Novo was made by Samedan Oil Corporation and the matter set for hearing before the full Commission.

(6) That the matter came on for hearing de novo on November 2 1973, at which time both Shell Oil Company and Samedan Oil Corporation made extensive presentations.

(7) That based on the evidence presented at the de novo hearing the Commission concludes that a well drilled at the proposed location would drain offsetting operators.

(8) That the substitution of applicant's proposed Sanger Well No. 6-Y in the proposed unorthodox location for applicant's Sanger Well No. 6 will enable the applicant an opportunity to produce in excess of its just and equitable share of the subject pool, will cause economic loss by the drilling of unnecessary wells will augment risk arising from the drilling of an excessive number of wells, and will neither prevent waste nor protect correlative rights.

(9) That the application should be denied.

IT IS THEREFORE ORDERED:

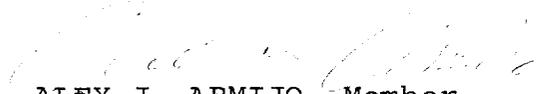
(1) That the application of Shell Oil Company for an exception to Rule 104 of the Commission Rules and Regulations for approval of an unorthodox oil well location for its Sanger Well No. 6-Y is hereby denied.

(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


I. R. TRUJILLO, Chairman


ALEX J. ARMIJO, Member


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

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