

Entered July 1, 1981
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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7277
Order No. R-6717

APPLICATION OF HOLLY ENERGY, INC.
FOR AN UNORTHODOX OIL WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 17, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 1st day of July, 1981, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Holly Energy, Inc., seeks approval of an unorthodox oil well location for its Beeson Well No. 2 to be drilled 1100 feet from the North line and 2300 feet from the West line of Section 29, Township 17 South, Range 30 East, NMPM, to test the Grayburg and San Andres formations, Grayburg-Jackson Pool, Eddy County, New Mexico.
- (3) That the NE/4 NW/4 of said Section 29 is to be dedicated to the well.
- (4) That a well at said unorthodox location will better enable applicant to produce the oil underlying the proration unit.
- (5) That no offset operator objected to the proposed unorthodox location.



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(6) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the subject 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 will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

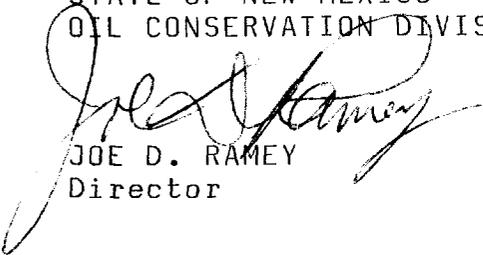
(1) That an unorthodox oil well location for the Grayburg and San Andres formations is hereby approved for the Holly Energy, Inc. Beeson Well No. 2 to be located at a point 1100 feet from the North line and 2300 feet from the West line of Section 29, Township 17 South, Range 30 East, NMPM, Grayburg-Jackson Pool, Eddy County, New Mexico.

(2) That the NE/4 NW/4 of said Section 29 shall be dedicated to the above-described well.

(3) That jurisdiction of this cause is 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

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