

Entered March 9, 1983
JER

251

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. 7815
Order No. R-7234

APPLICATION OF SOUTHLAND ROYALTY
COMPANY FOR COMPULSORY POOLING AND
AND UNORTHODOX OIL WELL LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 2, 1983,
at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 9th day of March, 1983, 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, Southland Royalty Company, seeks
an order pooling all mineral interests in the Bone Springs
formation underlying the S/2 NW/4 of Section 9, Township 19
South, Range 35 East, NMPM, Scharb-Bone Springs Pool, Lea
County, New Mexico.

(3) That the applicant has the right to drill and
proposes to drill a well at an unorthodox location 1980 feet
from the North and West lines of said Section 9.

(4) That at the time of the hearing all parties in the
proposed proration unit had reached agreement and that portion
of the application relating to compulsory pooling should
therefore be dismissed.

(5) That the S/2 NW/4 of said Section 9 is to be
dedicated to the well.

-2-

Case No. 7815
Order No. R-7234

(6) That a well at said unorthodox location will better enable applicant to produce the oil underlying the proration unit.

(7) That no offset operator objected to the proposed unorthodox location.

(8) 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 the application of Southland Royalty Company for an unorthodox oil well location is hereby approved for a well to be located at a point 1980 feet from the North and West lines of Section 9, Township 19 South, Range 35 East, NMPM, Scharb-Bone Springs Pool, Lea County, New Mexico.

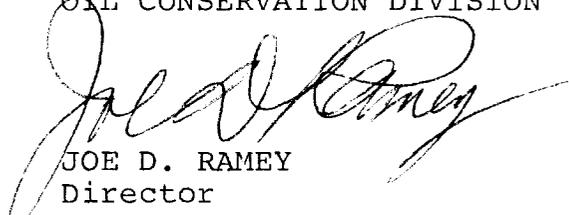
(2) That the S/2 NW/4 of said Section 9 shall be dedicated to the above-described well.

(3) That that part of this case seeking the compulsory pooling of all mineral interests in the Bone Springs formation underlying the S/2 NW/4 of said Section 9 is hereby dismissed.

(4) That jurisdiction of this cause is retained for 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

S E A L