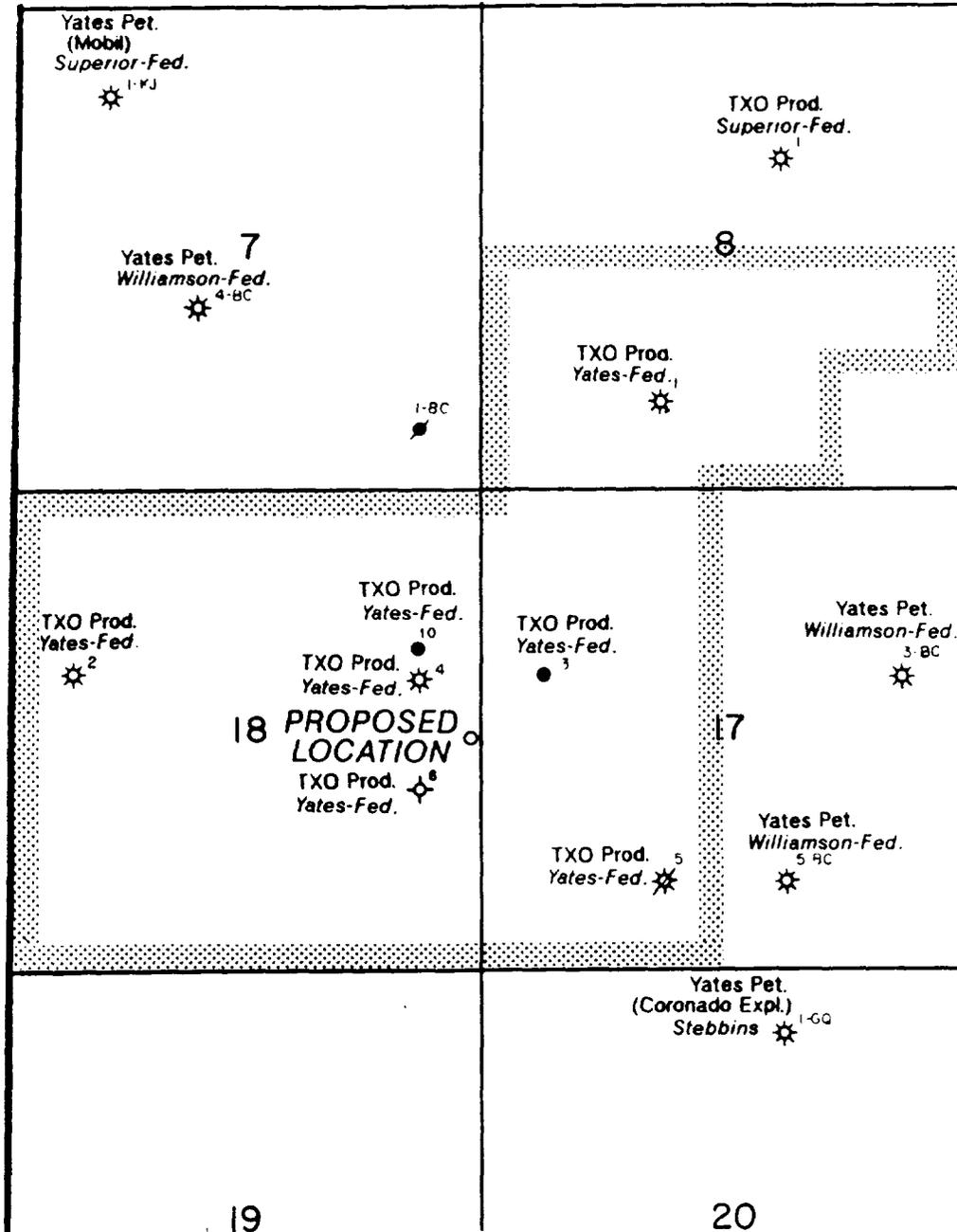
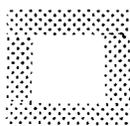


T-20-S, R-29-E



TXO



TXO LEASE

TXO Production Corp.
BURTON FLAT (DELAWARE) FIELD EDDY COUNTY, NEW MEXICO
UNORTHODOX LOCATION HEARING FOR TXO PROD. CORP. NO. 16 YATES-FEDERAL 2540' FSL & 100' FEL, SEC. 18, T-20-S, R-29-E
LAND PLAT

Scale: 1"=2000'

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 9996
ORDER NO. R-9243

APPLICATION OF TXO PRODUCTION FOR
AN UNORTHODOX OIL WELL LOCATION,
EDDY COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 11, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 14th day of August, 1990, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, TXO Production, seeks approval of an unorthodox oil well location for its Yates Federal Well No. 16 to be drilled 2540 feet from the South line and 100 feet from the East line (Unit I) of Section 18, Township 20 South, Range 29 East, NMPM, to test the Undesignated Burton-Delaware Pool, Eddy County, New Mexico.
- (3) The NE/4 SE/4 of said Section 18 is to be dedicated to the well forming a standard 40-acre oil spacing and proration unit for said pool.
- (4) Within the proposed proration unit the applicant has drilled its Yates Federal Well No. 6, located 1980 feet from the South line and 660 feet from the East line (Unit I) of said Section 18, tested the subject zone as dry and abandoned the well.

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(5) The geological evidence presented at the hearing indicates that a well drilled at the requested location is at a structurally advantageous position and the likelihood of intercepting either one or two of the producing sand stringers found in offsetting wells to the north and east of this unit is increased over the dry-hole location of said Yates Federal Well No. 6.

(6) The Yates Federal Lease in which the NE/4 SE/4 of said Section 18 is inclusive comprises the SW/4, N/2 SE/4, and SW/4 SE/4 of Section 8, W/2 of Section 17, and all of Section 18, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico; therefore all affected offsetting acreage is within the same lease operated by the applicant.

(7) No interested party either appeared at the hearing or objected to the proposed unorthodox oil well location.

(8) Approval of the subject application is in the best interest of conservation, will not violate correlative rights, will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected pool, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of TXO Production for an unorthodox oil well location for the Undesignated Burton-Delaware Pool is hereby approved for the proposed Yates Federal Well No. 16 to be located 2540 feet from the South line and 100 feet from the East line (Unit I) of Section 18, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico.

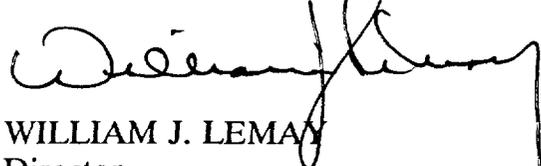
(2) The NE/4 SE/4 of said Section 18 shall be dedicated to the above-described well forming a standard 40-acre oil spacing and proration unit for said pool.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "William J. Lemay", written over the printed name and title.

WILLIAM J. LEMAY
Director

S E A L