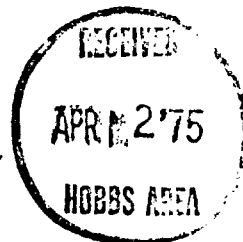


Case	Init.
Area Mgr	
Area Cool	
Area Engr	BB
Petr Engr	CRK
Drig Engr	
File	



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:

51504220

CASE NO. 5440
Order No. R-4989

APPLICATION OF GULF OIL CORPORATION
FOR TWO UNORTHODOX OIL WELL LOCATIONS,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 19, 1975, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 25th day of March, 1975, 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, Gulf Oil Corporation, seeks approval of the unorthodox location of its South Penrose Skelly Wells Nos. 220 and 262 to be located, respectively, 1034 feet from the South line and 2635 feet from the West line of Section 5 and 1300 feet from the South line and 1139 feet from the East line of Section 8, both in Township 22 South, Range 37 East, Penrose Skelly Pool, Lea County, New Mexico.
- (3) That the SE/4 SW/4 of said Section 5 and the SE/4 SE/4 of said Section 8, respectively, are to be dedicated to the wells.
- (4) That no offset operator objected to the proposed unorthodox location.
- (5) That the applicant further seeks the amendment of Order No. R-2794 to provide an administrative procedure for the approval of additional unorthodox locations for injection and producing wells within the South Penrose Skelly Unit Area.
- (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

BLISS PETROLEUM, INC.
Case No. 8773
4/2/86 Examiner Hearing
Exhibit No. 3

-2-

Case No. 5440
Order No. R-4989

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 unorthodox oil well locations are hereby approved for the South Penrose Skelly Wells Nos. 220 and 262 to be located, respectively, 1034 feet from the South line and 2635 feet from the West line of Section 5 and 1300 feet from the South line and 1139 feet from the East line of Section 8, both in Township 22 South, Range 37 East, Penrose Skelly Pool, Lea County, New Mexico.

(2) That the SE/4 SW/4 of said Section 5 and the SE/4 SE/4 of said Section 8 shall be dedicated to the above-described wells.

(3) That Order Paragraph No. (3) of Order No. R-2794 is hereby amended to read in its entirety as follows:

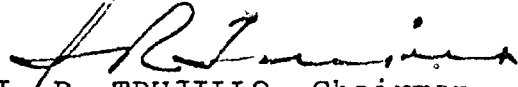
"(3) That monthly progress reports of the waterflood project herein authorized shall be submitted to the Commission in accordance with Rules 704 and 1120 of the Commission Rules and Regulations.

PROVIDED FURTHER, that the Secretary-Director of the Commission may approve expansion of the above-described waterflood project to include such additional injection and producing wells at orthodox and unorthodox locations in said project as may be necessary to complete an efficient injection and production pattern, provided however, no such unorthodox location shall be closer than 330 feet to the outer boundary of the unit area."

(4) 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


PHIL R. LUCERO, Member


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