

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. 9204
Order No. R-8519

APPLICATION OF SAMEDAN OIL
CORPORATION FOR A NON-STANDARD
GAS PRORATION UNIT, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 26, 1987, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 1st day of October, 1987, 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, Samedan Oil Corporation, seeks the approval of a 160-acre non-standard gas proration unit consisting of the SE/4 SW/4, NE/4 SE/4, and the S/2 SE/4 of Section 17, Township 23 South, Range 37 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to its Hughes Federal Well No. 3 located 660 feet from the South line and 2080 feet from the West line (Unit N) of said Section 17.

(3) The entire non-standard proration unit may reasonably be presumed productive of gas from the Jalmat Gas Pool and the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.

(4) Approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Jalmat Gas 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.

(5) At the time of the hearing, the applicant further requested that approval of the subject non-standard proration unit be made effective April 28, 1987, for purposes of assignment of allowable.

(6) The record in this case shows that an application for a non-standard proration unit was originally filed with the Division for administrative approval on April 28, 1987, and that the application was subsequently set for hearing.

(7) Inasmuch as the advertisement for this case does not contain the request by the applicant for an effective order date of April 28, 1987, the examiner at the time of the hearing directed the applicant to notify and obtain a waiver of objection from offset operators who had production in the Jalmat Gas Pool.

(8) Subsequent to the hearing, the applicant provided the Division with a waiver of objection from Penroc Oil Corporation, the only offset operator with Jalmat Gas Pool production.

(9) Approval of the subject application effective April 28, 1987, will not violate correlative rights and should therefore be approved.

IT IS THEREFORE ORDERED THAT:

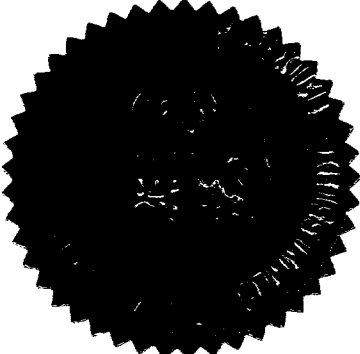
(1) A 160-acre non-standard gas proration unit in the Jalmat Gas Pool comprising the SE/4 SW/4, NE/4 SE/4, and the S/2 SE/4 of Section 17, Township 23 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby established and dedicated to the applicant's Hughes Federal Well No. 3 located 660 feet from the South line and 2080 feet from the West line (Unit N) of said Section 17.

(2) The effective date of this order shall be April 28, 1987.

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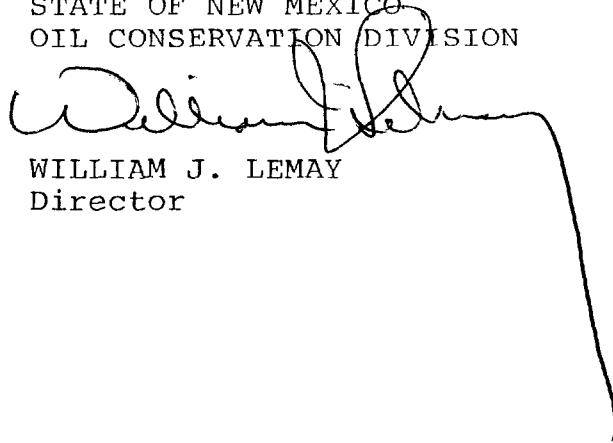
(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

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