

CASE 5544: CONTINENTAL OIL CO.  
FOR AN UNORTHODOX OIL WELL  
LOCATION, LEA COUNTY, NEW MEXICO

CASE NO.

55 44

---

APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
August 27, 1975

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company  
for an unorthodox oil well location,  
Lea County, New Mexico.

CASE  
5544

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil  
Conservation Commission:

William F. Carr, Esq.  
Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

For the Applicant:

Jason Kellahin, Esq.  
KELLAHIN & FOX  
500 Don Gaspar  
Santa Fe, New Mexico

sid morrish reporting service  
General Court Reporting Service  
825 Calle Meja, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 987-9212

I N D E X

Page

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

VICTOR T. LYON

Direct Examination by Mr. Kellahin

3

EXHIBIT INDEX

Page

Offered Admitted

Exhibit Number One, Plat

9

9

Exhibit Number Two, Map

9

9

Exhibit Number Three, Tabulation

9

9

sid morrish reporting service  
General Court Reporting Service  
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 962-9212

1 MR. STAMETS: We will call the next case, 5544.

2 MR. CARR: Case 5544, application of Continental  
3 Oil Company for an unorthodox oil well location, Lea County,  
4 New Mexico.

5 MR. KELLAHIN: If the Commission please, Jason  
6 Kellahin, Kellahin and Fox, Santa Fe, appearing for the  
7 applicant. I have one witness to be sworn.

8 (THEREUPON, the witness was duly sworn.)

9 MR. STAMETS: You may proceed, Mr. Kellahin.

10 VICTOR T. LYON

11 called as a witness, having been first duly sworn, was  
12 examined and testified as follows:

13

14

DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q Would you state your name, please?

17 A Victor T. Lyon.

18 Q By whom are you employed and in what position,

19 Mr. Lyon?

20 A I'm employed by Continental Oil Company as Conserva-  
21 tion Coordinator in the Hobbs Division Office, Hobbs, New  
22 Mexico.

23 Q You are a petroleum engineer?

24 A Yes, I am.

25 Q Have you testified before the Oil Conservation

sid morrish reporting service  
General Court Reporting Service  
825 Calle Meja, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 982-9212

1 Commission and made your qualifications a matter of record?

2 A. Yes, I have.

3 MR. KELLAHIN: Are his qualifications acceptable?

4 MR. STAMETS: They are.

5 Q (Mr. Kellahin continuing.) Are you familiar with  
6 the application of Continental Oil Company in Case 5544?

7 A. Yes, sir.

8 Q Briefly what is proposed by the applicant in this  
9 case?

10 A Case 5544 is the application of Continental Oil  
11 Company for approval of an unorthodox location for its  
12 Southeast Monument Unit well Number 96 in the Cass-  
13 Pennsylvanian Pool, the well to be located sixteen hundred  
14 and fifty feet from the south line and nine hundred and ninety  
15 feet from the east line of Section 23, Township 20 South,  
16 Range 37 East, Lea County, New Mexico.

17 Q I hand you what has been marked as Applicant's  
18 Exhibit Number One, and would you identify that exhibit,  
19 please?

20 A Exhibit Number One is a location plat showing the  
21 area of the proposed well. The heavy dashed line which  
22 surrounds an area covering the central and right-hand lower  
23 portion of the exhibit is the boundary of the Southeast  
24 Monument Unit. The proposed well, Number 96, is shown  
25 circled in red, the location sixteen hundred and fifty feet

sid morrish reporting service

General Court Reporting Service  
825 Calle Meja, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 981-9212

1 from the south line and nine hundred and ninety feet from  
2 the east line of Section 23. We have also shown the location  
3 ownership of leases and surrounding wells to the best of our  
4 knowledge and belief.

5 The wells which have produced from the Cass-Penn  
6 Pool are shown circled in black. All of the wells in this  
7 pool have ceased to produce with the exception of well Number  
8 96, which is shown in Unit J of Section 23.

9 MR. STAMETS: I believe that is 95.

10 A I'm sorry, You're right, Number 95. And it was  
11 completed February 24th of this year with an initial potential  
12 of two hundred and thirty-nine barrels of oil, two hundred  
13 and twenty-one barrels of water and on the most recent test  
14 taken March 3rd, it produced one hundred and ninety-six  
15 barrels of oil, two hundred and sixty-four barrels of water  
16 and thirty-four MCF of gas, and since its completion, through  
17 the month of June it has produced eleven thousand one hundred  
18 and eleven barrels of oil.

19 Q (Mr. Kellahin continuing.) You are referring to what  
20 has been marked Exhibit Number Two, will you identify that  
21 exhibit?

22 A Exhibit Number Two is a structure map showing the  
23 structural configurations of the Pennsylvanian formations.  
24 As you can see the structure is a northwest-southeast trending  
25 series of anticlines. The Pennsylvanian formation pinches out

sid morrish reporting service

General Court Reporting Service  
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 983-9212

1 against the Central Basin platform to the east and evidences are  
2 extremely active water drop.

3 All of the wells that have been drilled to and  
4 completed in that Cass-Penn Pool have been abandoned with  
5 the exception of Number 95.

6 Because of the strong water drive from the west,  
7 we believe that possibly the oil-water contact is tilted  
8 because of the hydrodynamic affect of the water drive.

9 We interpret that there are considerable volumes of  
10 oil which can be recovered if locations can be chosen to pene-  
11 trate the cap of oil that exists on top of a large volume of  
12 water.

13 Q Is that the principal reason for your proposed  
14 location then?

15 A Yes, it is.

16 Q Now, referring to what has been marked Exhibit  
17 Number Three, will you identify that?

18 Exhibit Number Three is a tabulation showing the  
19 cumulative oil which has been produced from the Cass-Penn  
20 Pool. It may be helpful to refer back to Exhibits One and/or  
21 Two as I discuss these, but the wells are the Amoco Guillie B  
22 Federal Number 12 in Unit J of Section 22, which has produced  
23 six thousand seven hundred and seventy-two barrels of oil,  
24 and Conoco Britt B-15 Number 9 in J of 15 which produced  
25 four thousand nine hundred and thirteen barrels, and the

**sid morrison reporting service**

General Court Reporting Service  
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 982-9212



**sid morrish reporting service**  
General Court Reporting Service  
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 982-9212

1 Southeast Monument Unit Number 2 in E of 23 has produced over  
2 seven hundred thousand barrels. Number 3 in K of 23 has  
3 produced over eight hundred thousand barrels. Number 4 in  
4 G of 23 has produced nearly six hundred thousand barrels.  
5 Number 7 in F of 23 has produced over five hundred and fifty  
6 thousand barrels. Number 61 in P of 15 produced eighty-eight  
7 thousand barrels and Number 95 which is still producing in  
8 J of 23 has produced eleven thousand barrels as I testified,  
9 as of the end of June.

10 The second portion of the exhibit shows the latest  
11 test from the wells which have most recently produced from  
12 the pool and as you can see some of these tests are four and  
13 five years old. But you will notice that all of the wells  
14 indicate an extremely high water cut on the last test and  
15 Number 95 is producing better than fifty percent water cut,  
16 which, of course, we expect to increase.

17 Q What is the standard location in this pool?

18 A The standard location is the center of a quarter-  
19 quarter section. This pool has an eighty acre proration  
20 unit. The standard location is the center of a quarter-  
21 quarter section with a tolerance of one hundred fifty feet --  
22 I believe it is two hundred feet -- in any direction for  
23 topographic reasons.

24 Q Referring to Exhibit Number Two, where would that  
25 place your well in connection with the structural position?

sid morrish reporting service  
General Court Reporting Service  
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 982-9212

1 A. Well, if you look at the wells which were drilled,  
2 dry or wet, in the pool, you will notice that they have been  
3 drilled at forty-one fifty or below. Now, there may be  
4 some exceptions to this in some of the locations, but they  
5 were on separate closures. For instance, Number 9 up in  
6 Section 15 produced at a higher elevation than that, but it  
7 is a separate closure from the one that we have here. And  
8 a standard location would place that well very close to the  
9 minus forty-one fifty contour. By moving to the proposed  
10 location we can come up structure some fifteen to twenty feet  
11 which could be just the difference between recovering oil and  
12 not recovering oil.

13 Q Where is the nearest offset operator to your  
14 proposed location?

15 A. Well, you can see that the nearest offset operator  
16 would be at least a mile away.

17 Q That would either be Amoco or Texaco?

18 A. Right. Amoco is a mile to the west and they own  
19 a twenty-five percent interest in the property.

20 Q Now, based on your experience in this pool, what  
21 estimate do you give for recovery for this well?

22 A. We have estimated a recovery for Well Number 96  
23 as one hundred and eighty-one thousand barrels, and we also  
24 feel that if we are successful and if our interpretations  
25 are correct, there may be additional locations that we can

**sid morrish reporting service**  
*General Court Reporting Service*  
 825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
 Phone (303) 982-9212

1 drill which will be commercial and will recover still further  
 2 oil.

3 Q In your opinion, will granting of the application  
 4 prevent waste?

5 A Yes, it will.

6 Q Will additional oil be recovered that would not  
 7 otherwise be recovered?

8 A Yes, it will.

9 Q Are the correlative rights of any other operator  
 10 impaired?

11 A I do not believe so.

12 Q Were Exhibits One through Three prepared by you  
 13 or under your supervision?

14 A Yes, they were.

15 MR. KELLAHIN: At this time I would like to enter  
 16 into evidence Exhibits One, Two and Three.

17 MR. STAMETS: These exhibits will be admitted.

18 MR. KELLAHIN: That completes our testimony.

19 MR. STAMETS: Any questions of the witness? He  
 20 may be excused.

21 Anything further in this case? We will take the  
 22 case under advisement.

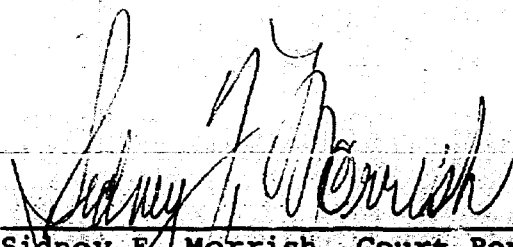
23

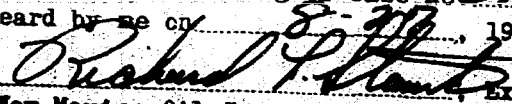
24

25

1  
2 State of New Mexico )  
3 County of Santa Fe ) ss.  
4

5 I, SIDNEY F. MORRISH, a court reporter, do hereby  
6 certify that the foregoing and attached Transcript of Hearing  
7 before the New Mexico Oil Conservation Commission was reported  
8 by me, and the same is a true and correct record of the said  
9 proceedings to the best of my knowledge, skill and ability.  
10

11  
12   
13 Sidney F. Morrish, Court Reporter  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5944  
heard by me on 8-27-1975.  
  
Richard P. Hunt, Examiner  
New Mexico Oil Conservation Commission

sid morrish reporting service

General Court Reporting Service  
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501  
Phone (505) 982-9212

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:

CASE NO. 5544  
Order No. R-5087

APPLICATION OF CONTINENTAL OIL  
COMPANY FOR AN UNORTHODOX OIL  
WELL LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 27, 1975, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 9th day of September, 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, Continental Oil Company, seeks approval of an unorthodox oil well location 1650 feet from the South line and 990 feet from the East line of Section 23, Township 20 South, Range 37 East, NMPM, to test the Pennsylvanian formation, Cass-Pennsylvanian Pool, Lea County, New Mexico.

(3) That the E/2 SE/4 of said Section 23 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.

(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.

-2-

Case No. 5544  
Order No. R-5087

IT IS THEREFORE ORDERED:

(1) That an unorthodox oil well location for the Pennsylvanian formation is hereby approved for a well to be located at a point 1650 feet from the South line and 990 feet from the East line of Section 23, Township 20 South, Range 37 East, NMPM, Cass-Pennsylvanian Pool, Lea County, New Mexico.

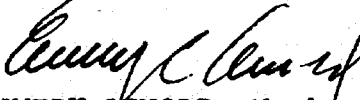
(2) That the E/2 SE/4 of said Section 23 shall be dedicated to the above-described well.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

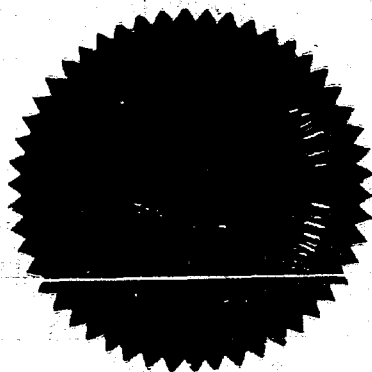
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
PHIL R. LUCERO, Chairman

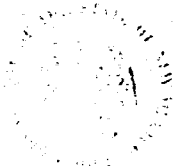
  
EMERY ARNOLD, Member

  
JOE D. RAMEY, Member & Secretary



S E A L

jr/



# OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

September 9, 1975

Jason Kellahin  
Kellahin & Fox  
Attorneys at Law  
Post Office Box 1769  
Santa Fe, New Mexico

Re: CASE NO. 5544  
ORDER NO. R-5087

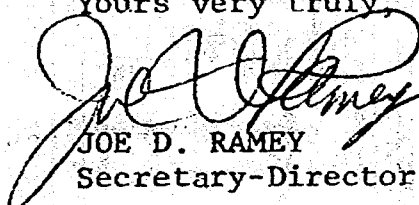
Applicant:

Continental Oil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Yours very truly,

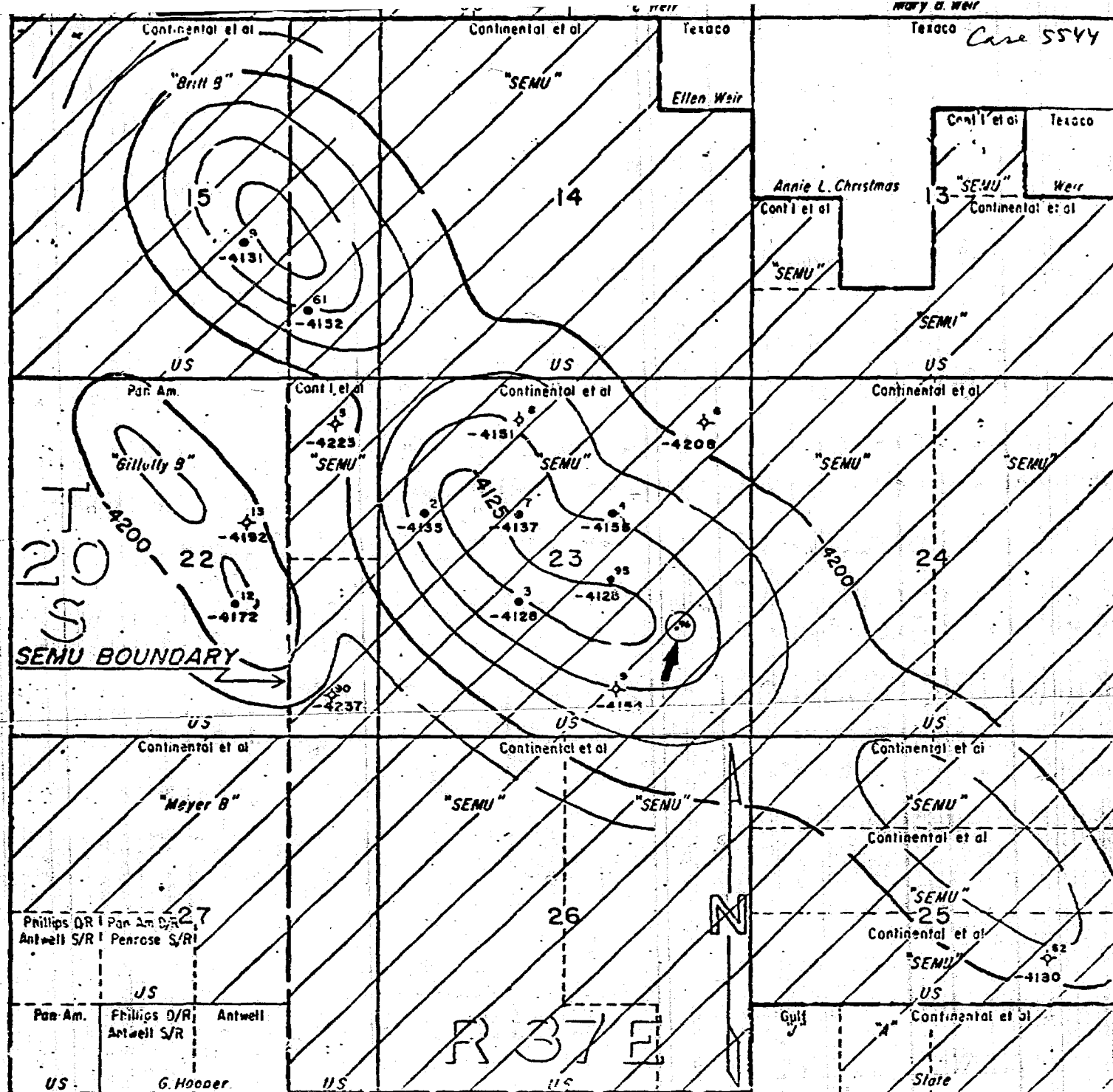
  
JOE D. RAMEY  
Secretary-Director

JDR/fd

Copy of order also sent to:

Hobbs OCC X  
Artesia OCC \_\_\_\_\_  
Aztec OCC \_\_\_\_\_

Other \_\_\_\_\_  
\_\_\_\_\_



<b>CONOCO</b>	
PRODUCTION DEPARTMENT	HOBS DIVISION
<b>CASS PENN POOL</b> <b>LEA COUNTY, NEW MEXICO</b> <b>STRUCTURE MAP</b> <b>TOP OF STRAWN</b> <b>CT: 25'</b>	
SCALE 0' 1000' 2000'	
NOC 8-75	



August 5, 1975

New Mexico Oil Conservation Commission (3)  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Attention Mr. J. D. Ramey, Secretary-Director

Gentlemen:

Application for Approval of Unorthodox Location - Southeast Monument Unit  
No. 96 - Cass Penn Pool, Lea County, New Mexico

Continental Oil Company on behalf of the Southeast Monument Unit is proposing to drill its unit Well No. 96 at a location 1650' FSL and 990' FEL of Section 23, T-20S, R-37E, Lea County, New Mexico. The special rules and regulations for the Cass Penn Pool contained in Order No. R-2825 require that a well be located within 150' of the center of a quarter-quarter section. Rule 5 provides for exceptions without notice and hearing upon notice to offset operators, provided no objection is received within twenty days. The proposed location is at least a mile from the nearest drillable location by another operator.

The attached structure map shows the proposed location and its structural position with relation to other wells. Operations in the Cass Penn Pool had been suspended because of high water production until Well No. 95 was drilled and completed in March of this year. No. 95 is producing at a substantial water-oil ratio and the proposed exception is needed in order to gain structural position to aid in the recovery of oil in this active water-drive area. Since no correlative rights are involved and a productive well will result in the recovery of additional oil and prevention of waste, it is respectfully requested that administrative approval of this application be granted and that the twenty-day waiting period be waived.

Yours very truly,



VTL:reh

CC:

U.S.G.S.  
P. O. Box 1157  
Hobbs, New Mexico 88240

Amoco Production Company  
P. O. Box 367  
Andrews, Texas 79714

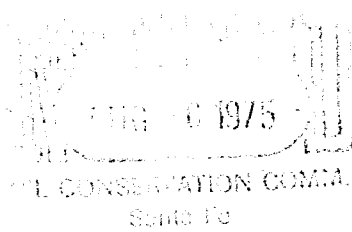
JCC: FOH: JWK

Atlantic Richfield Company  
P. O. Box 1710  
Hobbs, New Mexico 88240

Chevron Oil Company  
P. O. Box 1660  
Midland, Texas 79701

August 5, 1975

New Mexico Oil Conservation Commission (3)  
P. O. Box 2088  
Santa Fe, New Mexico 87501



Attention Mr. J. D. Ramey, Secretary-Director

Gentlemen:

Application for Approval of Unorthodox Location - Southeast Monument Unit  
No. 96 - Cass Penn Pool, Lea County, New Mexico

Continental Oil Company on behalf of the Southeast Monument Unit is proposing to drill its unit Well No. 96 at a location 1650' FSL and 990' FEL of Section 23, T-20S, R-37E, Lea County, New Mexico. The special rules and regulations for the Cass Penn Pool contained in Order No. R-2825 require that a well be located within 150' of the center of a quarter-quarter section. Rule 5 provides for exceptions without notice and hearing upon notice to offset operators, provided no objection is received within twenty days. The proposed location is at least a mile from the nearest drillable location by another operator.

The attached structure map shows the proposed location and its structural position with relation to other wells. Operations in the Cass Penn Pool had been suspended because of high water production until Well No. 95 was drilled and completed in March of this year. No. 95 is producing at a substantial water-oil ratio and the proposed exception is needed in order to gain structural position to aid in the recovery of oil in this active water-drive area. Since no correlative rights are involved and a productive well will result in the recovery of additional oil and prevention of waste, it is respectfully requested that administrative approval of this application be granted and that the twenty-day waiting period be waived.

Yours very truly,

A handwritten signature in dark ink, appearing to read "J. D. Ramey".

VTL:reh  
CC:  
U.S.G.S.  
P. O. Box 1157  
Hobbs, New Mexico 88240

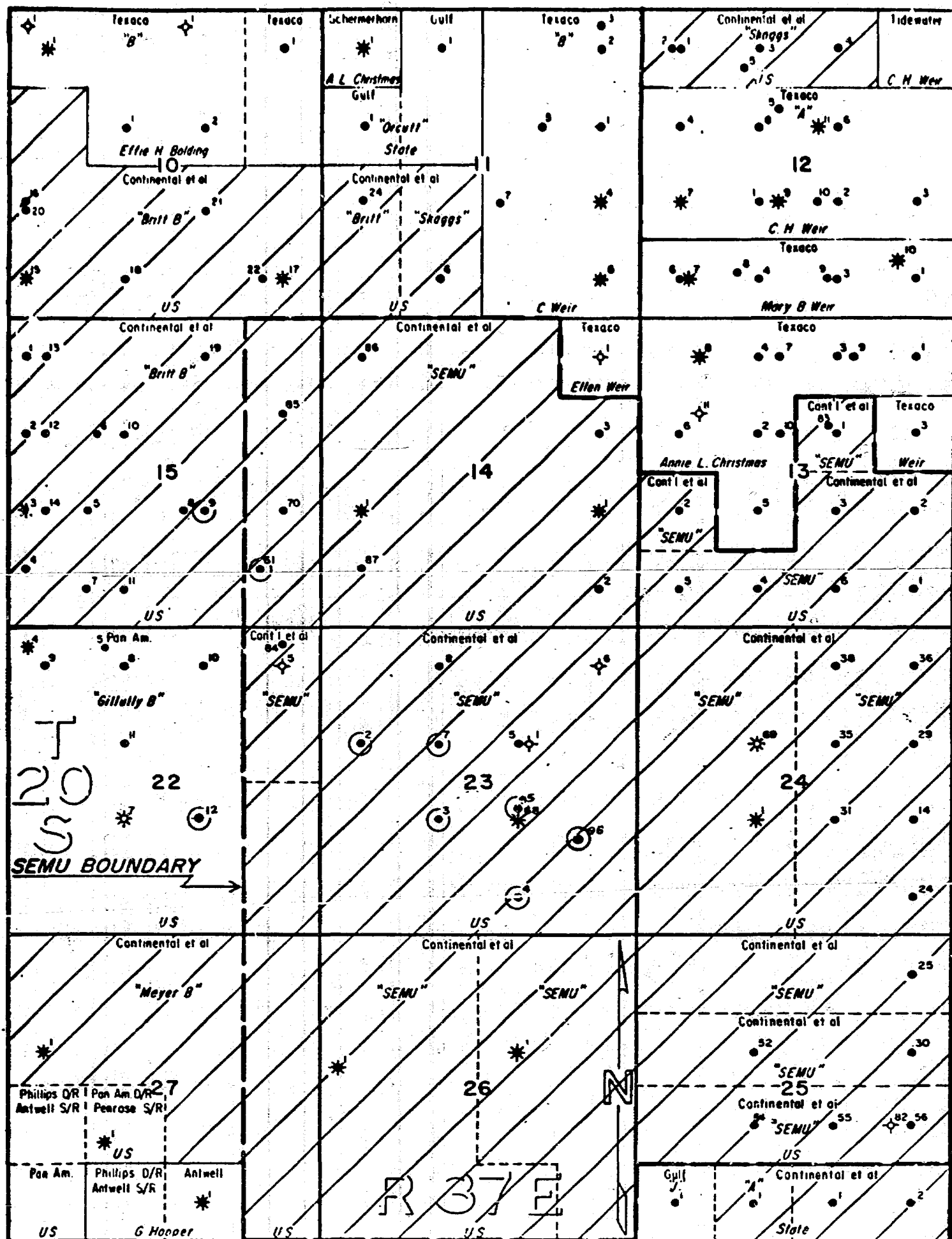
Amoco Production Company  
P. O. Box 367  
Andrews, Texas 79714

JCC: FOH: JWK

Atlantic Richfield Company  
P. O. Box 1710  
Hobbs, New Mexico 88240

Chevron Oil Company  
P. O. Box 1660  
Midland, Texas 79701





**CONTINENTAL OIL COMPANY**  
**PRODUCTION DEPARTMENT—HOBBS DISTRICT**

LEA COUNTY, NEW MEXICO

SCALE  
 0 1000 2000

Cass-Penn Pool

Cumulative Recoveries as of 6-30-75

Amoco - Gillyully "B" Federal No. 12	J-22-20-37	6,772
Conoco - Britt B-15 No. 9	J-15-20-37	4,913
Conoco - SEMU No. 2	E-23-20-37	701,509
Conoco - SEMU No. 3	K-23-20-37	804,045
Conoco - SEMU No. 4	G-23-20-37	599,612
Conoco - SEMU No. 7	F-23-20-37	551,833
Conoco - SEMU No. 61	P-15-20-37	88,438
Conoco - SEMU No. 95	J-23-20-37	11,111
		<u>2,768,233</u>

Latest Test Data

<u>Date</u>	<u>Well No.</u>	<u>Oil</u>	<u>Water</u>	<u>Gas</u>	<u>Current Status</u>
12-6-70	SEMU No. 2	24	4480	0	S.I.
10-8-72	SEMU No. 3	1	187	0	S.I.
4-17-71	SEMU No. 4	33	4722	0	S.I.
6-23-71	SEMU No. 7	12	4635	0	SWD
3-3-75	SEMU No. 95	196	264	34	Prod.

CASE 5496: (Continued & Readvertised)

Application of Mesa Petroleum Co. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox location to test the Pennsylvanian formation for its Nash Unit Well No. 2, to be located 1350 feet from the North line and 1300 feet from the West line, or in the alternative, 1350 feet from the North line and 1980 feet from the West line of Section 18, Township 23 South, Range 30 East, Eddy County, New Mexico.

CASE 5497: (Continued & Readvertised)

Application of Mesa Petroleum Co. for creation of two gas pools and special rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn gas pool and a new Morrow gas pool for its Nash Unit Well No. 1, located in Unit H of Section 13, Township 23 South, Range 29 East, Eddy County, New Mexico, and the promulgation of special pool rules therefor, including a provision for 640-acre spacing units.

CASE 5544: Application of Continental Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Southeast Monument Unit Well No. 96 to be located 1650 feet from the South line and 990 feet from the East line of Section 23, Township 20 South, Range 37 East, Cass-Pennsylvanian Pool, Lea County, New Mexico.

CASE 5545: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Drinkard and Penrose Skelly production in the wellbore of its Lockhart A-17 Well No. 3, located in Unit H of Section 17, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 5546: Application of Navajo Refining Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 30, Township 17 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox gas well location either 660 feet from the South and West lines, or 1980 feet from the South line and 660 feet from the West line of said Section 30. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of the applicant as the operator of the well and a charge for the risk involved in drilling said well.

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:

*JAR* CASE NO. 5544

Order No. R- 5087

APPLICATION OF CONTINENTAL OIL COMPANY  
FOR AN UNORTHODOX OIL WELL LOCATION,  
LEA COUNTY, NEW MEXICO.

*Don*  
ORDER OF THE COMMISSION

*RLS*  
BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 27, 19 75,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of September, 19 75, 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, Continental Oil Company, seeks  
approval of an unorthodox oil well location 1650 feet from the South  
line and 990 feet from the EAST line of Section 23, Township  
20 South, Range 37 East, NMPM, to test the  
Pennsylvanian formation, Cass-Pennsylvanian Pool,  
Lea County, New Mexico.

(3) That the 6/2 SC/4 of said Section 23 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.

-2-

Case No. \_\_\_\_\_  
Order No. R- \_\_\_\_\_

(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 oilwell location for the Pennsylvanian formation is hereby approved for a well to be located at a point 1650 feet from the South line and 990 feet from the East line of Section 23, Township 20 South, Range 37 East NMPM, Cass-Pennsylvanian Pool, Lea County, New Mexico.

(2) That the E/2 SE/4 of said Section 23 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 Commission may deem necessary.

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