

CASE NO.

6208

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO
APRIL 19, 1978

EXAMINER HEARING

) IN THE MATTER OF:)
)

) Application of Layton)
) Enterprises, Inc., for two)
) non-standard oil proration)
) units and two unorthodox)
) locations, Roosevelt County,)
) New Mexico.)
) -----
)

Case 6208

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 Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division

For the Applicant:

Don Stevens, Esq.
Attorney at Law
Roswell, New Mexico

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P. O. BOX 449
58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

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MR. STAMETS: We call next Case 6208.

MS. TESCHENDORF: Case 6208. Application of Layton Enterprises, Inc., for two non-standard oil proration units and two unorthodox locations, Roosevelt County, New Mexico.

MR. STEVENS: Mr. Examiner, I'm Don Stevens, Attorney in Roswell representing the Applicants in this case. We have one witness to be sworn.

DONALD R. LAYTON

the witness herein, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. STEVENS:

Q Would you state your name, your address, your occupation and your relationship to the Applicant herein?

A I'm Donald R. Layton from Lubbock, Texas. I'm President of Layton Enterprises, Inc. and I am the Applicant.

Q Have you previously testified before this Commission and had your qualifications accepted by the Commission?

A Yes, I have.

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MR. STEVENS: Mr. Examiner, do you accept this witness' qualifications?

MR. STAMETS: What did the witness qualify as before?

MR. LAYTON: As a petroleum engineer.

MR. STAMETS: The witness is considered qualified.

Q (By Mr. Stevens) Mr. Layton, would you briefly state what you're seeking in this application?

A Yes, sir. We're seeking two non-standard proration units in the north half of Section 16, township 8 south, range 38 east of Roosevelt County and also two non-standard well locations. Non-standard in the respect they will be located 450 feet from the east line. They're standard otherwise.

Q According to what you have marked as Exhibit A, would you detail your application here?

A Yes, sir. We have applied to combine lot one of Section 16 with the north half of the northwest quarter to make a proration unit of 102.55 acres. We wish to combine lot 2 with the south half of the northwest quarter of Section 16 to make a proration unit of 101.84 acres. This to comply with the standard field rule spacing

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of the Blued San Andres Associated field which is standard 80 acre spacing.

Q These are unusual size lots. What's the reason for their odd configuration?

A This is a fractional section located adjacent to the Texas State line, the eastern New Mexico State line.

Q Where would an orthodox location ordinarily spot with these two units?

A With the units as they said, of course, Lots 1 and 2 cannot be made into an orthodox proration unit. So in essence you have none without the special proration unit. And an orthodox well location would normally spot no nearer than 500 feet from the lease line where we have 80 acre field rules.

Q What is the spacing from the lease line in the field to the east in Texas?

A Normal spacing with no field rules in a Texas field, which is the case in this matter, the Bledsoe Field has no field rules. Normal spacing would be 467 feet from lease line. However, we again have an odd shaped tract adjacent to the west Texas State line which is only 370 feet wide and there is very little way that the

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offset operator can avoid a closer than the 467 spacing. We are asking for the 450 foot spacing to conform with the standard location in Texas and the necessary location because of the odd shaped tract for state line.

Q Would you explain for the Commission the well shown in Texas as they relate to your wells here in?

A Yes, sir. On Exhibit A I have one well incorrectly shown as a producing well. Actually it is a location ready to be drilled. That would--

Q Which well is it?

A It would be, well it would be the well offsetting Lot 4 in Section 16 on the New Mexico side, shown 403 feet from lease line and pending a ruling by the Texas Railroad Commission, that may not be a correct spacing because Amoco has asked for a 400 foot spacing from their east line so in that event this location may well be moved to 470 feet from the New Mexico State Line.

The well north of that is a similar location applied for at 400 feet from their east line, which would be 470 from the New Mexico State Line.

To the north offsetting our Lot 1 in Section 16 is a temporary abandoned location which is in the center of that tract at 435 feet from the State Line.

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Q The reason you're calling this hearing for the unorthodox location is that because is it because you cannot get approval for this administratively?

A That's correct. The statutes I believe state that no unit larger than 20.49 acres can be administratively added to another tract for purposes of comprising a proration unit. Both of these lots we have are just slightly larger than that size.

Q Referring to what you have marked as Exhibit B, would you explain it please?

A This is an area land map showing the various tracts and the well locations. In Section 5 of the R. C. Burns survey on the Texas side shows the two Amoco locations presently staked. It shows our one producing well in Section 6, tract 60, one producing well in Section 6, tract 61, and an additional location which we will spud today or tomorrow in tract 61 and a location in tract 62 of the same Section 6.

Q Are those wells just east of the Amoco wells you previously referred to?

A That's correct, yes. It also shows our applied for locations in the north half of Section 16 and then the surrounding area which comprises the Blueit

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San Andres field.

Q Could you tell us your information you have upon the Gulf well in the north half of Section 16 on your north proration unit?

A The Gulf well was drilled in 1952, drilled and abandoned. They tested, gave it a very light acid wash, did swab for oil but apparently considered it non-commercial at that time.

Q How about the wells in Section 8 to the northwest of your tract?

A There have been several wells drilled in Section 8. There is one producing well presently located. One well in the northwest of the southwest quarter of Section 8 is shown as a dry hole but that is an incorrect showing on this land map. It did, in fact, produce oil, was completed and produced oil for a time and plugged and abandoned. At that time probably due to the current price of oil was not considered commercial at that time.

Q On the basis of the Gulf well and the wells you have just mentioned in Section 8 and to the west, just south of your tract, do you have an opinion as to whether this entire two tracts are underlain by oil and gas?

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A We are of the opinion that they are underlain entirely, this entire general area is underlain by oil and gas to some extent, whether commercial or not is depending on drilling and testing, of course.

Q If these proration units were run the opposite way, north-south instead of east-west would you have an opinion as to whether you might drill in the western tract?

A Based on the information we have at this time we would be perhaps be apprehensive of drilling in the western tract. We would certainly drill in the eastern tract first and base any further drilling on that.

Q Is it your opinion that the eastern portion of the tract has a greater percentage or part of the reserve underlying these tracts?

A Yes, sir, it is. We have better producing wells located to the east on the Texas side. The other wells in Section 16, while they're both producers are generally of somewhat lighter nature. One of those is an temporary abandoned well due to mechanical problems.

One in southwest, southwest is producing and has been for some time. They are not as good a wells as the wells we have on the Texas side.

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Q If these wells were drilled further west than their present location, do you consider that those wells drilled further west would drain the oil underlying these two proration units or would possibly some of that oil be drained by the wells to the east?

A We would be of the opinion that some of that oil would be drained to the east because of the proximity of the spacing to that line which is of the necessity that I've previously stated.

Q Is the royalty underlying both of these tracts common?

A Yes, it is.

Q Do you feel that in drilling these locations as you propose here, you would be taking unfair advantage of offsetting operators, presumably Amoco to the east?

A No, we do not. We would be conforming almost exactly with the spacing that's being practiced on the Texas side of the State Line.

Q On the basis of this information do you consider that granting of this application will tend to prevent waste and protect correlative rights?

A Yes, sir. I do.

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Q Were Exhibits A and B prepared by you or under your direction?

A Yes, they were.

MR. STEVENS: I would like to move the introduction of Exhibits A and B, Mr. Examiner and we have no further questions on direct.

MR. STAMETS: These exhibits will be admitted.

(WHEREUPON, Applicant's Exhibit A and B admitted into the evidence.)

MR. STAMETS: Mr. Layton, when I add up the acreage involved here, I may not be adding it up right, we talking about 203 or -4 acres in these two units?

MR. LAYTON: Yes, that is correct, in the two proration units.

MR. STAMETS: Had you given any consideration to dividing this acreage up north-south and creating three 60 some acre units and drilling three wells?

MR. LAYTON: I had given some consideration to laying it north-south and establishing two 80 acre units. I really had not given any consideration to three. I wasn't even sure you could do that.

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MR. STAMETS: The wells are both located at the far eastern end of these proration units? Do you feel like that's going to allow for proper drainage of these proration units?

MR. LAYTON: Perhaps not under those terms. We feel that we need to drill in these locations first though to protect our own interests and that of our royalty interests. If reservoir, as we find it after we drill, appears to justify it it's our intention probably to come back later and ask for additional wells within those proration units since they are oversized.

This could be for two reason. Either as further producing wells to more effectively drain the acreage or as water injection wells in the event of an ultimate secondary recovery program which we feel will almost certainly be forth coming.

MR. STAMETS: Do you know what the acreage requirements are for wells on the Texas side of the line?

MR. LAYTON: 40 acres. There are no field rules on the Bledsoe field at this time and it's automatically 40 acres I believe in those cases.

MR. STAMETS: And the New Mexico spacing is 80 in this case?

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MR. LAYTON: Yes, it is.

MR. STAMETS: So the locations you have proposed here really match the current spacing on the Texas side of the line?

MR. LAYTON: That is correct, yes, sir.

MR. STAMETS: Any other questions of the witness? Mr. Ramey.

MR. RAMEY: Mr. Layton, if the Division approves your unorthodox location are you going to go to Austin and oppose Amoco's?

MR. LAYTON: No, I had that opportunity last week and I passed it up. All I did was ask them to center their wells in their wells in their tract, but I did not oppose or object. They have to be allowed to drill their wells. They don't have any choice but to be unorthodox. We did ask them though to center the wells in their tract at 435 from each lease line and I don't know whether that's going to be done or not.

MR. STAMETS: Would you like the same opportunity to center your wells in your tract?

MR. LAYTON: Not at this time, no.

MR. STAMETS: Are there any other questions of the witness?

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He may be excused. Anything further
in this case? The case will be taken under advisement.

(WHEREUPON, hearing was concluded.)

* * * * *

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REPORTER'S CERTIFICATE

I, BETTY J. LANPHERE, CSR-RPR with offices in Santa Fe, New Mexico, do hereby certify that the foregoing transcript is a complete and accurate record of said proceedings as the same were recorded by me stenographically and reduced to typewritten transcript by me or under my supervision.

DATED at Santa Fe, New Mexico, this eleventh day of May, 1978.

Betty J. Lanphere, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6208 heard by me on 4/19/78. 1978
Richard L. Stamm, Examiner
New Mexico Oil Conservation Commission

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

April 24, 1978

Mr. Donald G. Stevens
Attorney at Law
Post Office Box 2203
Roswell, New Mexico 88201

Re: CASE NO. 6208
ORDER NO. ~~R-5711~~

Applicant:

Layton Enterprises, Inc.

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC _____ x
Artesia OCC _____ x
Aztec OCC _____

Other _____

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. 6208
Order No. R-5711

APPLICATION OF LAYTON ENTERPRISES, INC.
FOR TWO NON-STANDARD OIL PRORATION UNITS
AND TWO UNORTHODOX LOCATIONS, ROOSEVELT
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 19, 1978,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 21st day of April, 1978, 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, Layton Enterprises, Inc., seeks
approval of two non-standard oil proration units in Township 8
South, Range 38 East, NMPM, Roosevelt County, New Mexico, each
to be dedicated to a well to be drilled at an unorthodox
location thereon.

(3) That the first unit would comprise 102.55 acres being
the N/2 NW/4 and Lot 1 of Section 16 with the well to be located
800 feet from the North line and 450 feet from the East line of
the section; the second unit would comprise 101.84 acres being
the S/2 NW/4 and Lot 2 of Section 16 with the well to be
located 2120 feet from the North line and 450 feet from the
East line of the section.

(4) That the non-standard proration units are necessitated
by a variation in the public land survey.

(5) That the entire non-standard proration units may
reasonably be presumed productive of oil from the Bluit-San
Andres Associated Pool and that the entire non-standard oil
proration units can be efficiently and economically drained and
developed by the aforesaid wells.

-2-

Case No. 6208
Order No. R-5711

(6) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the oil in the Bluit-San Andres Associated 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.

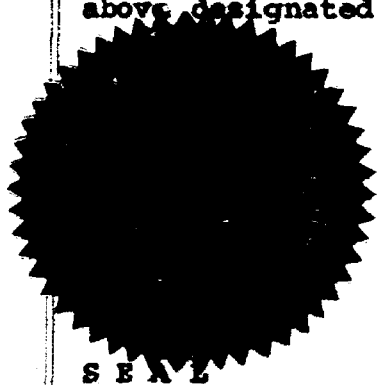
IT IS THEREFORE ORDERED:

(1) That two non-standard oil proration units in the Bluit-San Andres Associated Pool in Township 8 South, Range 38 East, NMPM, Roosevelt County, New Mexico, are hereby established and dedicated to wells to be drilled at unorthodox locations thereon.

(2) That the first unit shall comprise 102.55 acres being the N/2 NW/4 and Lot 1 of Section 16 with the well to be located 800 feet from the North line and 450 feet from the East line of the section; the second unit shall comprise 101.84 acres being the S/2 NW/4 and Lot 2 of Section 16 with the well to be located 2120 feet from the North line and 450 feet from the East line of the section.

(3) That 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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

fd/

CASE 6206: Application of Cleary Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well at a point 4650 feet from the South line and 1980 feet from the West line of Section 5, Township 21 South, Range 32 East, South Lake-Morrow Field, Lea County, New Mexico, Lots 11, 12, 13, and 14, and SW/4 of said Section 5 to be dedicated to the well.

CASE 6207: Application of Belco Petroleum Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Little et al Well No. 1 to be drilled 1290 feet from the South line and 1720 feet from the West line of Section 20, Township 22 South, Range 27 East, South Carlsbad-Cherry Canyon Pool, Eddy County, New Mexico, the SE/4 SW/4 of said Section 20 to be dedicated to the well.

CASE 6208: Application of Layton Enterprises, Inc., for two non-standard oil proration units and two unorthodox locations, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for two non-standard oil proration units in Township 8 South, Range 38 East, Bluit-San Andres Associated Pool, Roosevelt County, New Mexico, each to be dedicated to a well to be drilled at an unorthodox location thereon. The first unit would comprise 102.55 acres being the N/2 NW/4 and Lot 1 of Section 16 with the well located 800 feet from the North line and 450 feet from the East line of the section; the second unit would comprise 101.84 acres being the S/2 NW/4 and Lot 2 of Section 16 with the well located 2120 feet from the North line and 450 feet from the East line of the section.

CASE 6209: Application of Southern Union Exploration Co., for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the NW/4 of Section 18, Township 25 North, Range 13 West, San Juan County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. 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 applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6210: Application of Orla Petco, Inc., for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Upper Delaware formation through the perforated interval from 2560 feet to 2690 feet in its Sanders Well No. 1 located in Unit G of Section 6, Township 23 South, Range 28 East, Herradura Bend- Delaware Field, Eddy County, New Mexico.

Dockets Nos. 16-78 and 17-78 are tentatively set for hearing on May 3 and 17, 1978. Application for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 19, 1978

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for May, 1978, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for May, 1978, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6151: (Continued from March 22, 1978, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Vega Petroleum Corporation, American Employers' Insurance Company, and all other interested parties to appear and show cause why the North Caprock Queen Unit No. 1 Well No. 5Y located in Unit E of Section 8, Township 13 South, Range 32 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6199: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Marion B. Edmonds and O. A. Peters and all other interested parties to appear and show cause why the Edmonds & Peters Federal Well No. 1 located in Unit M of Section 3, Township 15 North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6200: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Astro-Tex Oil Corp., American Employers' Insurance Co., and all other interested parties to appear and show cause why the Cain Well No. 2 located in Unit J of Section 22, Township 15 North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6201: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Paul Haskins and all other interested parties to appear and show cause why the Federal "17" Well No. 1 located in Unit P of Section 17, Township 15 North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6202: Application of Amoco Production Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Teledyne Fed. Gas Com Well No. 1 to be located 660 feet from the South line and 1980 feet from the East line of Section 4, Township 23 South, Range 29 East, Eddy County, New Mexico, the E/2 of said Section 4 to be dedicated to the well.

CASE 6203: Application of Walter W. Krug DBA Wallen Production Co., for special casing-cementing rules in the Potash-Oil Area, Lea County, New Mexico. Applicant, in the above-styled cause, asks that the special cable tool casing-cementing rules for wells in the North Lynch Yates-Seven Rivers Pool, as promulgated by Order No. R-4253, be extended to encompass additional lands, including all or portions of Sections 20, 21, 27, 28, 33 and 34, Township 20 South, Range 34 East, Lea County, New Mexico.

CASE 6204: Application of Producing Royalties, Inc., for exemption from the Natural Gas Pricing Act, San Juan County, New Mexico. Applicant, in the above-styled cause, proposes to drill a replacement Pictured Cliffs gas well in the same proration unit as its Payne Well No. 2, that is, the NW/4 of Section 12, Township 29 North, Range 12 West, San Juan County, New Mexico, and seeks exemption from the Natural Gas Pricing Act pursuant to a finding that the new well is justified for reasons other than avoiding the application of said act.

CASE 6205: Application of Gifford, Mitchell & Wisenbaker for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Quanah Parker Well No. 2-Y to be located 2770 feet from the South line and 2310 feet from the East line of Section 28, Township 26 South, Range 36 East, West Scarborough-Yates Pool, Lea County, New Mexico, the SW/4 NE/4 of said Section to be dedicated to the well.

R 38 E

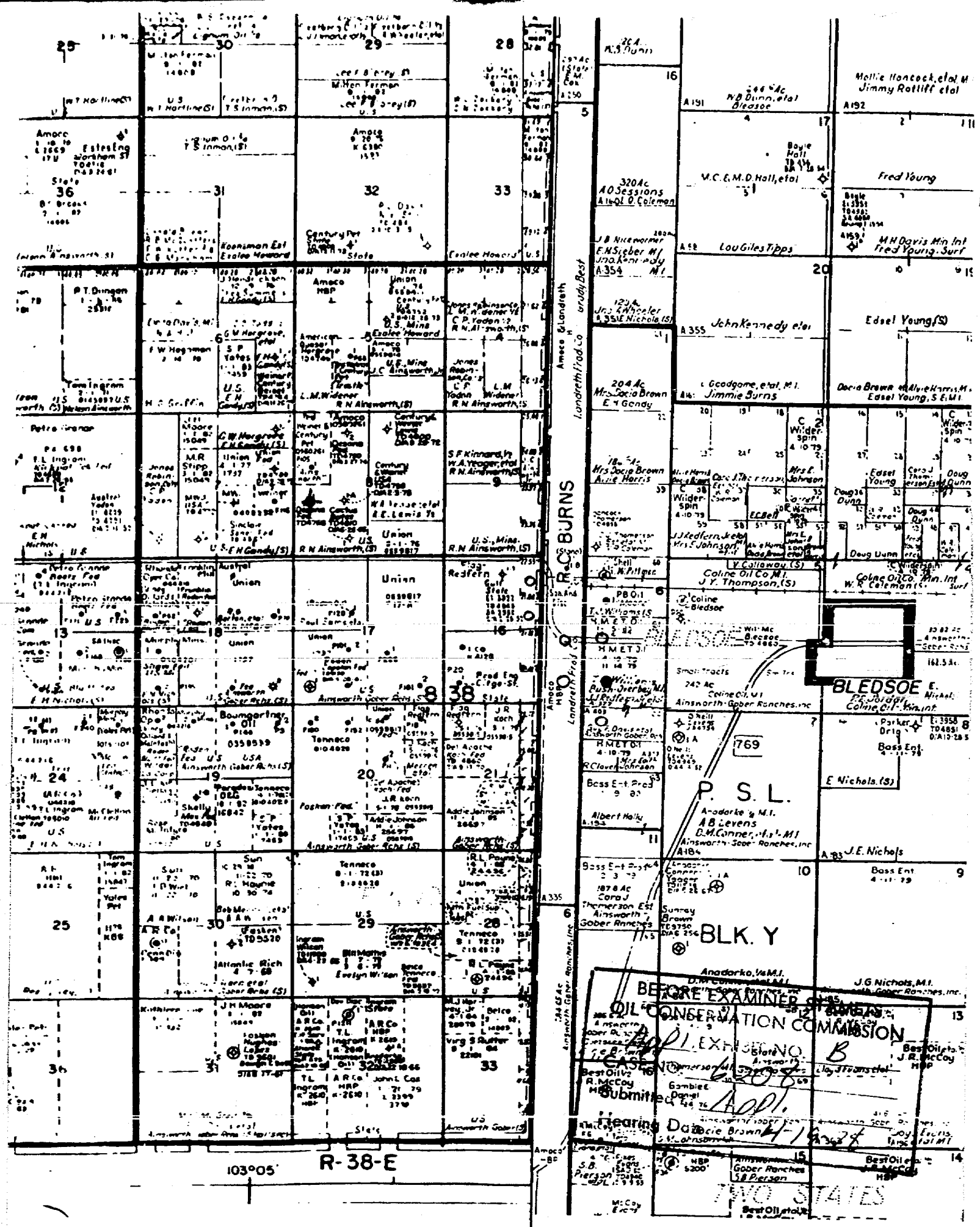


location

EXHIBIT A



3103 - 79TH STREET • LUBBOCK, TEXAS 79423





March 30, 1978

State of New Mexico
Oil Conservation Commission
P O Box 2088
Santa Fe, N. M.

Attn: Mr. Dan Nutter

Re: Application for Non-Standard
Proration Units & Well Locations

Gentlemen:

Layton Enterprises, Inc. hereby makes application for two Non-Standard Proration Units and two Non-Standard Well Locations as shown on the attached plat.

The Non-Standard Proration Units are requested due to the fractional quarter section that exists at the Eastern State Line. This results in two small lots which combined are not adequate to form a standard 80 acre unit to conform to Field Regulations for the Bluit San Andres Field. Consequently, they must be joined with additional acreage to the West to form the Standard Units. We therefore request that Lot 1 of Section 16, T8S, R38E, Roosevelt County, N. M., be joined with the N/2 of NW/4 of the same section and that Lot 2 be joined with the S/2 of NW/4 of the same section 16 to form two 80+ acre units.

The Non-Standard well locations are requested to conform more closely with standard spacing practice across the State Line in Texas which is in the range of 400 to 450 feet from the lease line in that area. We therefore request approval of Non-Standard locations located 800 feet from the North line, 450 feet from the East line and 2120 feet from the North line, 450 feet from the East line of Section 16, T8S, R38E, Roosevelt County, New Mexico.

Please place our application in line for hearing at the earliest possible date.

If we may furnish additional information, please so advise.

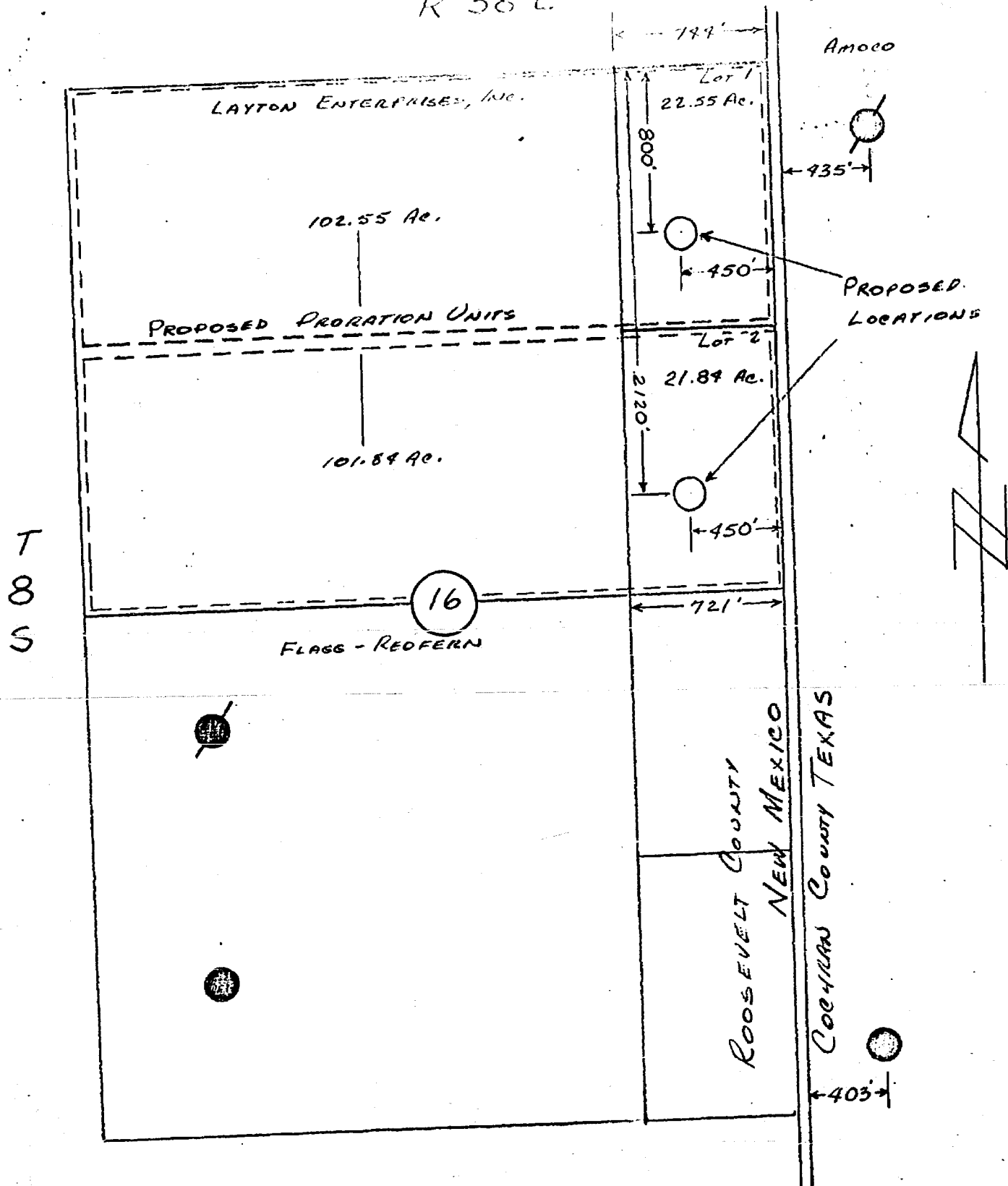
Very truly yours,

LAYTON ENTERPRISES, INC.

Donald R. Layton

Donald R. Layton
President

R 38 E



Application of Layton Enterprises, Inc
for two non-standard oil production
units and two unorthodox locations
Dawson County, New Mexico.

Applicant, in the above styled cause,
seeks approval for two non standard
oil production units in ~~Section 16~~, Town-
ship 8 South, Range 38 East, ~~San~~ Blunt.
San Andres Associated Pool, Dawson County,
New Mexico, each to be dedicated to a well to
be drilled at an unorthodox location thereon.
The first unit would comprise 102.55 acres being
the $\frac{1}{2}$ NW $\frac{1}{4}$ and Lot 1 of Section 16 with the well
located 660 feet from the north line and 450
feet from the east line of the section; ~~also~~
the second ^{unit} would comprise ~~the~~ 101.84 acres
being the $\frac{5}{8}$ NW $\frac{1}{4}$ and Lot 2 of ~~the~~ Section
16 with the well located 1480 feet from the
north line and 450 feet from the ~~the~~
east line of the section.

caused in by Don Layton 3/30/78
(written appl to follow)

Layton Enterprises Inc
3103 79th St
Lubbock Tex 79423

(806) 745-4638

Please
Expedite

DRAFT

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. 6208

Order No. R- 5711

APPLICATION OF LAYTON ENTERPRISES, INC.

FOR TWO NON-STANDARD OIL PRORATION UNITS,
AND TWO UNORTHODOX LOCATIONS, ROOSEVELT
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 19, 1978,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of April, 1978, 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, Layton Enterprises, Inc., seeks
approval of two non-standard ^{oil} gas proration units in Township 8
South, Range 38 East, NMPM, Roosevelt County, New Mexico, each to
be dedicated to a well to be drilled at an unorthodox location
thereon.

(3) That the first unit would comprise 102.55 acres being
the N/2 NW/4 and Lot 1 of Section 16 with the well located 800
feet from the North line and 450 feet from the East line of the
section; the second unit would comprise 101.84 acres being the
S/2 NW/4 and Lot 2 of Section 16 with the well located 2120 feet

(4) That the non-standard proration units are necessitated by a variation in the public land survey.

from the North line and 450 feet from the East line of the section.

(5) That the entire non-standard proration units may reasonably be presumed productive of ^{oil} ~~gas~~ from the Bluit-San Andres Associated Pool and that the entire non-standard gas proration units can be efficiently and economically drained and developed by the aforesaid wells.

(6) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Bluit-San Andres Associated 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 two non-standard gas proration units in the Bluit-San Andres Associated Pool in Township 8 South, Range 38 East, NMPM, Roosevelt County, New Mexico, are hereby established and dedicated to wells to be drilled at unorthodox locations thereon.

(2) That the first unit ^{shall} ~~would~~ comprise 102.55 acres being the N/2 NW/4 and Lot 1 of Section 16 with the well ^{to be} ~~Allocated~~ 800 feet from the North line and 450 feet from the East line of the section; the second unit ^{shall} ~~would~~ comprise 101.84 acres being the S/2 NW/4 and Lot 2 of Section 16 with the well ^{to be} ~~located~~ 2120 feet from the North line and 450 feet from the East line of the section.

(3) That 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.