

Entered May 9, 1978

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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. 6077
Order No. R-5725

APPLICATION OF BASS ENTERPRISES
PRODUCTION COMPANY FOR A PERMIT
TO DRILL ITS BIG EDDY UNIT NO. 52
AND ITS RODKE FEDERAL NO. 3 AT
LOCATIONS WITHIN THE BOUNDARIES OF
THE POTASH-OIL AREA AS DEFINED BY
DIVISION ORDER R-111-A, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 12, 1978, at Santa Fe, New Mexico, before the Oil Conservation Commission, hereinafter referred to as the "Commission."

NOW, on this 9th day of May, 1978, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 seeks to drill its Big Eddy Unit Well No. 52 and its Rodke Federal Well No. 3 located, respectively, in Units I and F of Section 27, Township 20 South, Range 31 East, Eddy County, New Mexico.

(3) That said locations are within the boundaries of the Potash-Oil Area as defined by Division Order No. R-111-A.

(4) That a potash operator with leases within one mile of said locations objected to the drilling of said wells.

(5) That an arbitration meeting was held in Santa Fe, New Mexico, on April 21, 1977.

(6) That the issues surrounding the drilling of said wells were not resolved as a result of the arbitration meeting.

(7) That said proposed wells are direct offsets to the Parallel-Delaware Oil Pool.

(8) That evidence indicates there are commercial oil and gas reserves underlying the 40 acre tracts to be dedicated to said wells.

(9) That failure to develop said tracts would tend to reduce the total quantity of crude oil and natural gas to be ultimately recovered from said Parallel-Delaware Pool.

(10) That such reduction of ultimate recovery constitutes waste.

(11) That prohibiting the development of these tracts would deny the operator the opportunity to recover its just and reasonable share of the oil and gas production from the Parallel-Delaware Pool.

(12) That to deny the oil and gas operator the opportunity to recover its just and reasonable share of the oil and gas in the Parallel-Delaware Pool is a violation of its correlative rights.

(13) That although no potash core holes have been drilled within said Section 27, there are indications that potash is present under the proposed oil and gas locations.

(14) That although potash is indicated to be present under said oil and gas locations there is no testimony of record that the same constitutes commercial potash deposits.

(15) That, based on the testimony of record, there will be no undue waste of commercial deposits of potash as a result of oil and gas operations occasioned by the drilling of these two wells.

(16) That the testimony presented did not demonstrate that the drilling of these wells will unduly reduce the total quantity of commercial deposits of potash, if any exist, or that such operations would interfere unduly with the orderly commercial development of any potash deposits.

(17) That the portion of said Section 27 covered by the proposed drilling tracts is not under lease by any potash operator.

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(18) That no mining of potash will occur under said tracts for at least ten years.

(19) That the application should be granted.

IT IS THEREFORE ORDERED:

(1) That the applicant, Bass Enterprises Production Company, is hereby authorized to drill its Big Eddy Unit No. 52 to be located in Unit I and its Rodke Federal Well No. 3 located in Unit F, both in Township 20 South, Range 31 East, NMPM, Eddy County, New Mexico.

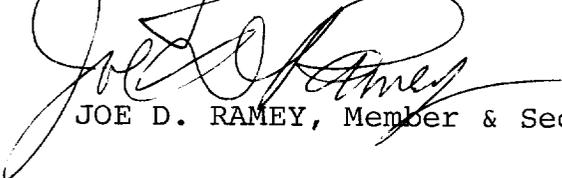
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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 C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

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