

Entered September 24, 1981  
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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. 7253  
Order No. R-6768

APPLICATION OF BANDERA ENERGY  
COMPANY FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 20, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 24th day of September, 1981, 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, Bandera Energy Company, seeks an order pooling all mineral interests in the Morrow formation underlying the E/2 of Section 27, Township 16 South, Range 35 East, NMPM, Shoe Bar Field, Lea County, New Mexico.

(3) That the applicant has the right to drill and proposes to drill a well at a standard location thereon, being approximately 1980 feet from the North line and 660 feet from the East line of said Section 27, and projected not only to the Morrow formation but also to the Devonian formation.

(4) That according to the geological evidence presented at the hearing, a Northwest/Southeast trending fault cuts across the E/2 of the subject Section 27, and there is a greater likelihood of encountering oil production in the Shoe Bar-Devonian Pool at the proposed location than gas production in the Atoka or Morrow formations.



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(5) That said Shoe Bar-Devonian Pool is developed on 40-acre spacing, and if the proposed well should be completed in the Devonian formation, the SE/4 NE/4 of Section 27 would be the dedicated proration unit.

(6) That the applicant, Bandera Energy Company, is the owner of the E/2 E/2 of said Section 27.

(7) That should the proposed well be completed in the Devonian formation, it would be located on, and have dedicated to it, only lands belonging to Bandera, although the owners in the W/2 E/2 of the sections are being asked to participate in the well or be pooled into the proposed 320-acre unit.

(8) That the formation of a Morrow proration unit comprising the N/2 and/or the S/2 of Section 27 and the drilling of a well at a standard location thereon would better serve the protection of correlative rights than approval of the subject application.

(9) That even if production from the Morrow formation were obtained in a well drilled at the proposed location, such well would probably not encounter as good a pay section in the Morrow as a well drilled farther west, and probably would not as efficiently and effectively drain the entire E/2 of Section 27, thereby causing waste.

(10) That in the interest of the protection of correlative rights and the prevention of waste, the application should be denied.

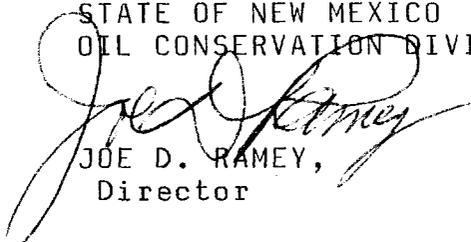
IT IS THEREFORE ORDERED:

(1) That the application of Bandera Energy Company for an order pooling all mineral interests in the Morrow formation underlying the E/2 of Section 27, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico, is hereby denied.

(2) 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.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY,  
Director

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