

Entered July 19, 1983  
JCR

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. 7911  
Order No. R-7319

APPLICATION OF TXO PRODUCTION  
CORP. FOR COMPULSORY POOLING AND  
AN UNORTHODOX LOCATION, EDDY COUNTY,  
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 6, 1983, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 19th day of July, 1983, 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, TXO Production Corporation, requested dismissal of that portion of this case relating to compulsory pooling.

(3) That the applicant seeks approval for the unorthodox location of its proposed Challenger-Rayraux Well No. 1 to be drilled at a point 660 feet from the South and East lines of Section 19, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico, to test the Morrow formation.

(4) That the S/2 of said Section 19 is to be dedicated to the well.

(5) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(6) That no offset operator objected to the proposed unorthodox location.

-2-

Case No. 7911  
Order No. R-7319

(7) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas 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 gas well location for the Morrow formation is hereby approved for the applicant's Challenger-Rayraux Well No. 1 to be drilled at a point 660 feet from the South and East lines of Section 19, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico.

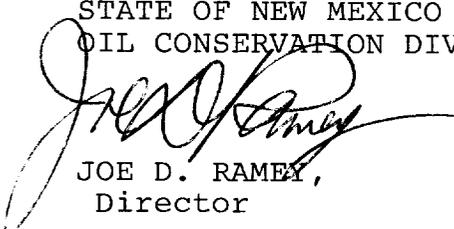
(2) That the S/2 of said Section 19 shall be dedicated to the above-described well.

(3) That that portion of the application in this case dealing with compulsory pooling is hereby dismissed.

(4) 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

S E A L