

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. 8452
Order No. R-7811

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on January 16, 1985, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

NOW, on this 8th day of February, 1985, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Spence Energy Company, seeks authority to drill its proposed Federal "25" Well No. 1 at an unorthodox location 1980 feet from the South line and 1980 feet from the East line of Section 25, Township 9 South, Range 32 East, NMPM, South Flying "M" Bough Pool (formerly the South Flying "M" Pennsylvanian Pool), Lea County, New Mexico.
- (3) By Order No. R-2967, entered October 1, 1965, the Division established 80-acre spacing and proration units for said pool with the provision that wells shall be located in either the NE/4 or the SW/4 of a governmental quarter section, but that the applicant's proposed location in this case is in the NW/4 of the quarter section.
- (4) The N/2 SE/4 of said Section 25 is to be dedicated to the well.

-2-

Case No. 8452
Order No. R-7811

(5) A well at said unorthodox location will better enable applicant to produce the oil underlying the proration unit.

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

(7) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected 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 THAT:

(1) Spence Energy Company is hereby authorized to drill its Federal "25" Well No. 1 at an unorthodox location 1980 feet from the South line and 1980 feet from the East line of Section 25, Township 9 South, Range 32 East, NMPM, South Flying "M" Bough Pool, Lea County, New Mexico.

(2) The N/2 SE/4 of said Section 25 shall be dedicated to the above-described well.

(3) 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



R. L. STAMETS,
Director

S E A L