

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 12736
ORDER NO. R-11696**

**APPLICATION OF KUKUI OPERATING COMPANY FOR AN UNORTHODOX
GAS WELL LOCATION, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing on November 15, 2001, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 27th day of November, 2001, the Division Director, having considered the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, KUKUI Operating Company ("KUKUI"), seeks an exception to Division Rule 104.C (2) (a) for its Goodnight "35" Federal Well No. 3 (**API No. 30-015-31865**) to be drilled at an unorthodox gas well location 440 feet from the South line and 660 feet from the West line (Unit M) of Section 35, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico within a standard 320-acre lay-down gas spacing unit comprising the S/2 of Section 35 in the Wolfcamp (Laguna Grande-Wolfcamp Gas Pool), Strawn, Atoka, and Morrow formations.

(3) KUKUI originally filed this application with the Division on August 27, 2001, for administrative review pursuant to the provisions of Division Rule 104.F.

(4) Objections filed by Devon SFS Operating ("Devon") on September 14, 2001 and Kaiser-Francis Oil Company ("Kaiser-Francis") on September 13 and 17, 2001, both affected offset operators, caused this application to be set for hearing.

(5) By letter dated October 17, 2001, KUKUI, Devon, and Kaiser-Francis agreed to resolve the dispute concerning the proposed unorthodox gas well location. This matter was then remanded to the Division's administrative process.

(6) By Administrative Order NSL-4658, dated November 2, 2001, the Division approved the subject application, thereby making this case unnecessary.

(7) At the hearing the applicant requested this matter be dismissed

(8) Dismissal of this case should therefore be granted.

IT IS THEREFORE ORDERED THAT:

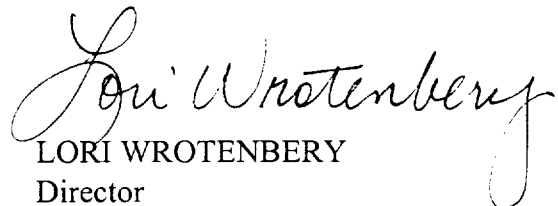
Case No. 12736 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director