

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. 9677
Order No. R-8941

APPLICATION OF CHARLES B. GILLESPIE,
JR. FOR AN UNORTHODOX OIL WELL
LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 24, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 1st day of June, 1989, 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, Charles B. Gillespie, Jr., seeks approval of an unorthodox oil well location for his proposed Shipp Well No. 3 to be located 510 feet from the North line and 990 feet from the West line (Unit D) of Section 11, Township 17 South, Range 37 East, NMPM, Undesignated Shipp-Strawn Pool or Undesignated Humble City-Strawn Pool, Lea County, New Mexico, the W/2 NW/4 of said Section 11 to be dedicated to the well forming a standard 80-acre spacing and proration unit for said pools.

(3) The subject well is located within one mile of the outer boundary of both the Shipp-Strawn and Humble City-Strawn Pools and is therefore subject to the special rules and regulations for said pools which require 80-acre spacing and proration units with wells to be located within 150 feet of the center of either quarter-quarter section.

(4) The applicant presented geologic evidence and testimony which indicates that a well at the proposed location should penetrate the Strawn formation at a more structurally advantageous position than a well drilled at a standard location thereon, thereby increasing the likelihood of obtaining commercial production.

(5) The applicant is the operator of the affected offset acreage (being the E/2 NW/4 of said Section 11), and no other offset operator appeared at the hearing in opposition to the application.

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

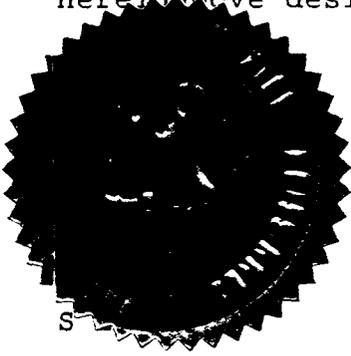
(1) The applicant, Charles B. Gillespie, Jr., is hereby authorized to drill his Shipp Well No. 3 at an unorthodox oil well location 510 feet from the North line and 990 feet from the West line (Unit D) of Section 11, Township 17 South, Range 37 East, NMPM, Undesignated Shipp-Strawn Pool or Undesignated Humble City-Strawn Pool, Lea County, New Mexico.

(2) The W/2 NW/4 of said Section 11 shall be dedicated to the above-described well forming a standard 80-acre spacing and proration unit for said pools.

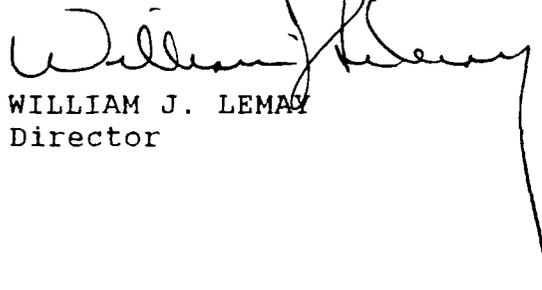
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(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director