

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. 8904  
Order No. R-8239

APPLICATION OF AMERIND OIL 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 8:15 a.m. on May 28, 1986, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 12th day of June, 1986, 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, Amerind Oil Company, seeks approval of an unorthodox oil well to be drilled 810 feet from the North line and 1650 feet from the East line of Section 29, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico, to be completed in the Northeast Lovington-Pennsylvanian Pool, the W/2 NE/4 of said Section 29 to be dedicated to said well.

(3) The Special Rules and Regulations governing the Northeast Lovington-Pennsylvanian Pool, as promulgated by Division Order No. R-3816, as amended, provide for 80-acre oil well spacing units with wells to be located no further than 150 feet from the center of a governmental quarter-quarter section or lot.

(4) At the time of the hearing several parties owning interests in the E/2 NE/4 of said Section 29 appeared and objected to the proposed unorthodox location.

(5) The applicant presented testimony which indicates that the placement of the subject well at the proposed unorthodox location is necessary in order for the owners of interests in the W/2 NE/4 of said Section 29 within the Northeast Lovington-Pennsylvanian Pool to recover their share of the oil from said pool, thereby protecting their correlative rights.

(6) The geological evidence presented in this case by the applicant and the opposing parties establishes that a substantial number of acres in the western and southern portions of the W/2 NE/4 of said Section 29 may reasonably be presumed to be unproductive.

(7) The evidence presented indicates that there are approximately 28 acres which may reasonably be presumed to be productive of oil from said pool underlying the W/2 NE/4 of said Section 29.

(8) A standard 80-acre oil spacing and proration unit for said pool comprising the W/2 NE/4 of said Section 29 should be dedicated to the subject well.

(9) The assigned allowable for the subject well in said pool should be based on an acreage factor of 0.35, or 28 acres divided by 80 acres.

(10) Approval of the subject application subject to the above provisions and limitations 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) The application of Amerind Oil Company for an unorthodox oil well location for the Northeast Lovington-Pennsylvanian Pool is hereby approved for a well to be drilled at a point 810 feet from the North line and 1650 feet from the East line of Section 29, Township 16 South, Range 37 East, NMPM, Lea County, New Mexico.

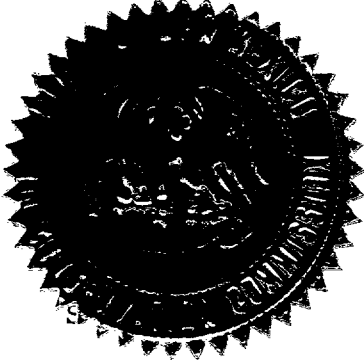
(2) The W/2 NE/4 of said Section 29 shall be dedicated to the above-described well.

(3) The above described well is hereby assigned an acreage factor of 0.35 in the Northeast Lovington-Pennsylvanian Pool.

(4) The aforesaid acreage factor shall be used in calculating the subject well's allowable in said pool.

(5) 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