



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

April 14, 1998

The Wiser Oil Company  
c/o James Bruce  
P. O. Box 1056  
Santa Fe, New Mexico 87504

Administrative Order NSL-4004

Dear Mr. Bruce:

Reference is made to: (i) your application on behalf of the operator, Wiser Oil Company ("Wiser"), dated September 22, 1997; (ii) your telephone conversation with Mr. Michael E. Stogner, Engineer with the New Mexico Oil Conservation Division ("Division") on December 29, 1997; (iii) your letter dated April 6, 1998 supplementing this application; and, (iv) the records of the Division in Santa Fe: all of which refer to Wiser's request to drill the following described four wells at unorthodox oil well locations along a line common to two separately operated waterflood projects within the Grayburg-Jackson Pool in Eddy County, New Mexico:

<i>Well Name and No.</i>	<i>API Number</i>	<i>Footage Location</i>	<i>Unit</i>	<i>Dedicated 40-Acre Tract</i>
<i>Lea "D" Well No. 20</i>	<i>30-015-29701</i>	<i>10' FNL - 1267' FEL</i>	<i>A</i>	<i>NE/4 NE/4</i>
<i>Lea "D" Well No. 21</i>	<i>30-015-29893</i>	<i>103' FNL - 2597' FEL</i>	<i>B</i>	<i>NW/4 NE/4</i>
<i>Lea "D" Well No. 22</i>	<i>30-015-29702</i>	<i>1330' FNL - 2615' FWL</i>	<i>F</i>	<i>SE/4 NW/4</i>
<i>Lea "D" Well No. 23</i>	<i>30-015-29703</i>	<i>1330' FN &amp; WL</i>	<i>F</i>	<i>SE/4 NW/4</i>

**The Division Director Finds That:**

- (1) Wiser is the operator of the Skelly Grayburg-Jackson Lea "D" Waterflood Project, established by Division Order No. R-3952. The Lea "D" Federal lease and corresponding Skelly Grayburg-Jackson Lea "D" Waterflood Project Area comprise the following described acreage in Eddy County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 26: NE/4, S/2 NW/4, and S/2;

- (2) Wiser is also the operator of the Grayburg-Jackson Skelly Unit Waterflood Project Area, established by Division Order No. R-2900, as amended by Order Nos. R-3214 and R-4419. Said Skelly (Federal) Unit Area and corresponding Grayburg-

Jackson Skelly Unit Waterflood Project Area comprise the following described 4,160-acre, more or less, area in Eddy County, New Mexico:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Sections 14 and 15:	All
Sections 21 through 23:	All
Section 26:	N/2 NW/4
Section 27:	N/2
Section 28:	N/2, SW/4, and N/2 SE/4;

- (3) The Grayburg-Jackson Pool within both projects is subject to the statewide rules and regulations for oil wells, as promulgated by **Rules 104.C(1) and F(1)**, which provides for 40-acre oil spacing and proration units, or drilling units, and requires that wells be located no closer than 330 feet to the outer boundary of the lease or unitized area (pressure maintenance/waterflood project area), nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary;
- (4) Working interest and royalty interest are common throughout both aforementioned project areas; however, the Lea "D" Federal lease contains no overriding royalty interests while there are several overriding royalty interest owners within the Skelly (Federal) Unit Area;
- (5) In order to assure that these overriding royalty interest owners are adequately protected, Wiser intends to divide production from these four wells equally between the Lea "D" Federal lease and the Skelly (Federal) Unit Area;
- (6) This mutual agreement benefits both projects by allowing the operators to complete an efficient and effective production/injection pattern along this common boundary line;
- (7) The subject application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division; and,
- (8) Approval of this application is in the best interest of conservation, will serve to prevent waste, protects correlative rights, promotes sound engineering practices, and should allow for the recovery of additional reserves that might not otherwise be produced.

**It Is Therefore Ordered That:**

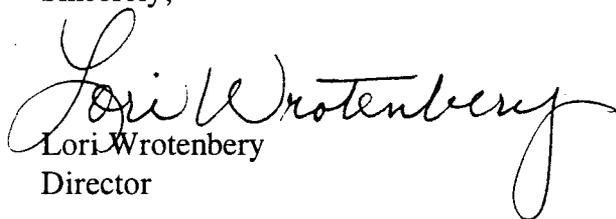
(1) By the authority granted me under the provisions of General Rule 104 F(2), Wiser Oil Company ("Wiser") is hereby authorized to drill the following described four wells at unorthodox oil well locations to the Grayburg-Jackson Pool within its Skelly Grayburg-Jackson Lea "D" Waterflood Project in Section 26, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico:

<i>Well Name and No.</i>	<i>API Number</i>	<i>Footage Location</i>	<i>Unit</i>	<i>Dedicated 40-Acre Tract</i>
<i>Lea "D" Well No. 20</i>	<i>30-015-29701</i>	<i>10' FNL - 1267' FEL</i>	<i>A</i>	<i>NE/4 NE/4</i>
<i>Lea "D" Well No. 21</i>	<i>30-015-29893</i>	<i>103' FNL - 2597' FEL</i>	<i>B</i>	<i>NW/4 NE/4</i>
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<i>Lea "D" Well No. 23</i>	<i>30-015-29703</i>	<i>1330' FN &amp; WL</i>	<i>F</i>	<i>SE/4 NW/4</i>

(2) The distribution of Grayburg-Jackson production from these four wells shall be 50% to Wiser's Skelly (Federal) Unit Area and 50% to Wiser's Lea "D" Federal lease.

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

Sincerely,

  
Lori Wrotenberg  
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia  
U.S. Bureau of Land Management - Carlsbad