

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. 13966
ORDER NO. R-12829

APPLICATION OF U.S. ENERCORP, LTD.
FOR TWO NON-STANDARD OIL SPACING
AND PRORATION UNITS, RIO ARRIBA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 23, 2007, at Santa Fe, New Mexico, before Examiner David K. Brooks.

NOW, on this 24th day of October, 2007, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

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

(2) In this application, U.S. Enercorp, Ltd. ("U.S. Enercorp" or "Applicant") seeks approval of two non-standard oil spacing and proration units in the West Puerto Chiquito-Mancos Pool (50440), consisting of the following lands in Rio Arriba County, New Mexico:

First Unit:

TOWNSHIP 23 NORTH, RANGE 1 WEST, NMPM

Section 2: Lots 1, 2 and S/2 NE/4 (E/2 equivalent)
322.65 acres

Second Unit:

TOWNSHIP 23 NORTH, RANGE 1 WEST, NMPM

Section 3: Lots 3, 4, S/2 NW/4 (W/2 equivalent)

321.39 acres

(3) Spacing in the West Puerto Chiquito-Mancos Pool is governed by the Special Rules for the West Puerto Chiquito-Mancos Pool, adopted by Order No. 2565-B, issued in Case No. 3455 on November 28, 1966, which provide for standard spacing and proration units of 640 acres, each comprising a single governmental section.

(4) In Order No. R-12805, issued in Case No. 13951 on August 30, 2007, the Division, on application of U.S. Enercorp, created a 640-acre, more or less, non-standard oil spacing and proration unit in the West Puerto Chiquito-Mancos Pool comprising the following:

TOWNSHIP 23 NORTH, RANGE 1 WEST, NMPM

Section 2: W/2

Section 3: E/2

(5) The effect of Order No. R-12805 is to leave the E/2 equivalent of Section 2 and the W/2 equivalent of Section 3 stranded, such that those lands cannot be included in any standard spacing and proration unit that can be constituted under the Special Rules for the West Puerto Chiquito-Mancos Pool.

IT IS THEREFORE ORDERED THAT:

(1) The Division hereby establishes two non-standard oil spacing and proration units in the West Puerto Chiquito-Mancos Pool, as follows:

First Unit:

TOWNSHIP 23 NORTH, RANGE 1 WEST, NMPM

Section 2: Lots 1, 2 and S/2 NE/4 (E/2 equivalent)

322.65 acres

Second Unit:

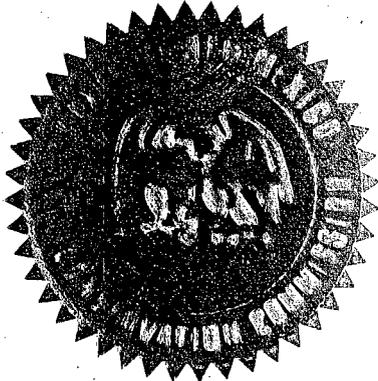
TOWNSHIP 23 NORTH, RANGE 1 WEST, NMPM

Section 3: Lots 3, 4, S/2 NW/4 (W/2 equivalent)

321.39 acres

(2) Jurisdiction of this case 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.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Director