

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

CASE NO. 11675 (Reopened)
ORDER NO. R-10735-A

IN THE MATTER OF CASE 11675 BEING REOPENED PURSUANT TO THE PROVISIONS OF DIVISION ORDER NO. R-10735, WHICH ORDER CREATED THE NORTH LOVINGTON-WOLFCAMP POOL AND PROMULGATED TEMPORARY SPECIAL RULES AND REGULATIONS THEREFOR, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 21, 1997, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 5th day of November, 1997, 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) By Division Order No. R-10735, issued in Case No. 11675 and dated January 13, 1997 the North Lovington-Wolfcamp Pool was created for the production of oil from the Wolfcamp formation in a portion of Section 11, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico. Said order also promulgated special rules and regulations for said pool including provisions for 80-acre spacing and designated well location requirements.

(3) Pursuant to the provisions of said "*Special Rules and Regulations for the North Lovington-Wolfcamp Pool*," this case was reopened to allow the operators in the subject pool to appear and show cause why said rules should not be rescinded and the pool developed on statewide 40-acre spacing units.

(4) The North Lovington-Wolfcamp Pool currently comprises the following described acreage in Lea County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM

Section 11: N/2 and SW/4

(5) At the time of the August 21, 1997 rehearing of this case the original applicant Manzano Oil Corporation ("Manzano") appeared and presented testimony supporting the continued development of this pool on 80-acre spacing.

(6) There are currently four producing wells within the pool, all operated by Manzano. Cumulative production from the pool as of August 1, 1997 is approximately 123,086 barrels of oil and 200.6 MMCF of gas.

(7) Manzano's engineering evidence established that one well can effectively and economically drain and develop 80 acres. Further evidence and testimony indicates the current rules in effect for said pool would assure continued development in a most prudent manner, would be in the best interest of conservation, have afforded and will afford the owner of property in the pool the opportunity to produce his just and equitable share of the oil in the pool.

(8) No interested parties appeared at the hearing in opposition to the continuation of the current special pool rules.

(9) In order to prevent the economic loss caused by the drilling of an excessive number of wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells and to otherwise prevent waste and protect correlative rights, the "*Special Rules and Regulations for the North Lovington-Wolfcamp Pool*," as promulgated by Division Order No. R-10735 should be continued in full force and effect until further order of the Division.

IT IS THEREFORE ORDERED THAT:

(1) The Special Rules and Regulations governing the North Lovington-Wolfcamp Pool, Lea County, New Mexico, are hereby continued in full force and effect until further order of the Division.

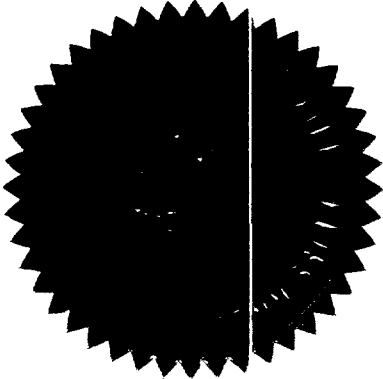
(2) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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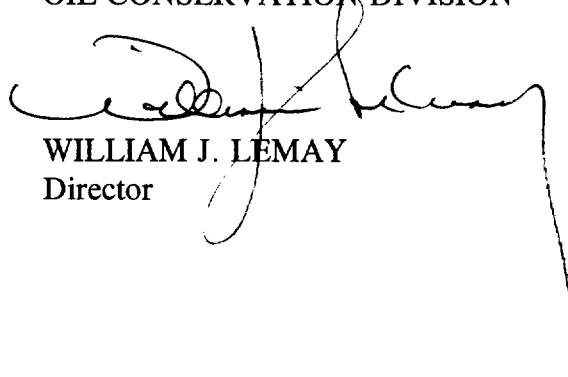
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director