

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

IN THE MATTER OF THE APPLICATION OF
ME-TEX OIL & GAS, INC. FOR POOL
CONTRACTION, POOL CREATION
AND SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO.

CASE NO. 11872

APPLICATION

COMES NOW ME-TEX OIL & GAS, INC. ("Me-Tex"), and hereby makes application to the Oil Conservation Division for an order (1) contracting the boundaries of the Skaggs-Drinkard Pool; (2) designating a new pool as a result of discovery of hydrocarbons in the Drinkard formation in its State "H" Well No. 2 located 560 feet from the North line and 990 feet from the East line in Unit A of Section 3, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico; and (3) promulgating special pool rules and regulations for this pool including a special gas oil ratio of 20,000 cubic feet of gas per barrel of oil produced, and in support of its application states:

1. The Skaggs-Drinkard Pool was created by Division Order No. R-407 dated February 10, 1954 and has been extended from time to time to include, among other acreage, the E/2 of Section 3, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.

2. Me-Tex has recently completed its State "H" Well No. 1 in the Drinkard formation located 1980 feet from the North line and 990 feet from the East line of Section 3 and its State "H" Well No. 2 in the Drinkard formation, located 560 feet from the North

line and 990 feet from the East line of Section 3, both in Township 20 South, Range 37 East, NMPM, Lea County, New Mexico. Although the Skaggs-Drinkard Pool was extended because of the State "H" Well No. 1 to include the E/2 of said Section 3, these wells are producing from a new common source of supply in the Drinkard formation separate from the Skaggs-Drinkard Pool.

3. Me-Tex therefore requests that the Skaggs-Drinkard Pool be contracted to delete the E/2 of Section 3, Township 20 South, Range 37 East, NMPM, and that a new pool for the production of oil and gas be created.

4. Me-Tex believes that the following described lands are reasonably proved to be productive of oil and gas in paying quantities from the Drinkard formation in the original definition of the pool to be created because of this discovery:

Township 20 South, Range 37 East, NMPM

Section 3: E/2 NE/4

5. Operating this pool under statewide rules which limit production to a gas-oil ratio of 2,000 cubic feet of gas per barrel of oil produced will not deplete the reservoir in an efficient and timely manner.

6. Me-Tex seeks the adoption of Special Rules and Regulations for this pool to increase the limiting gas-oil ratio to 20,000 cubic feet of gas per barrel of oil produced.

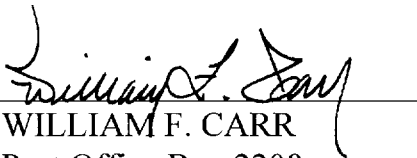
7. Approval of this application will protect the correlative rights of each operator in the pool by affording them the opportunity to produce its just and equitable share of the

reserves in the pool, will prevent waste of hydrocarbons and will otherwise be in the best interest of conservation.

WHEREFORE, Me-Tex Oil & Gas, Inc. requests that this application be set for hearing before a Division Examiner on November 6, 1997 and that after notice and hearing as required by law and the rules of the Division, that this application be granted.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P. A.

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504-2208

ATTORNEYS FOR ME-TEX OIL & GAS, INC.