

**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. 12003
Order No. R-11053*

**APPLICATION OF MANZANO OIL
CORPORATION FOR SPECIAL POOL
RULES, FEATHERSTONE-BONE SPRING
POOL, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 9, 1998 and August 6, 1998 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 10th day of September, 1998 the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

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

(2) By Order No. R-7030 dated July 21, 1982, and effective August 1, 1982, the Division created and defined the Featherstone-Bone Spring Pool for the production of oil from the Bone Spring formation. The horizontal limits for that pool, as currently designated, include the following described lands in Lea County, New Mexico:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM

Section 21: NE/4

Section 22: N/2

(3) Currently the Featherstone-Bone Spring Pool is governed by Division Rule 104 with development on standard 40-acre spacing and proration units each having a top unit depth bracket allowable of 320 barrels of oil per day and a limiting gas/oil ratio of 2,000 cubic feet of gas per barrel of oil which results in a casinghead gas allowable of 640 MCF per day.

(4) Manzano Oil Corporation ("Manzano") is the owner and operator of the Appleseed Federal Well No. 1 (API No. 30-025-20377) located in the SE/4 NE/4 of Section 17, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico. It was originally drilled in June of 1963 as the Jake L. Hamon, Northeast Lynch Unit Well No. 1, and subsequently plugged in April of 1964. Manzano re-entered the well in March of 1996 as the Appleseed Federal Well No. 1 to test and complete in the Morrow formation, Lynch-Penn Pool. In April of 1998, it was plugged back and recompleted in the Bone Spring formation, Undesignated Featherstone-Bone Spring Pool.

(5) At this time Manzano seeks an order to establish Special Pool Rules for the Featherstone-Bone Spring Pool to provide for 80-acre spacing and to permit wells to be located within 150 feet of the center of a governmental quarter-quarter section.

(6) Manzano testified that the well is capable of draining in excess of the 40-acre spacing unit which is dedicated to it pursuant to Division Rule 104.

(7) Manzano further testified that the reservoir characteristics of the Featherstone-Bone Spring Pool are similar to those of the Scharb-Bone Spring Pool located approximately 8 miles to the northwest.

(8) Manzano further testified that since the Scharb-Bone Spring Pool is located on 80-acre spacing units pursuant to Order No. R-2589, the Featherstone-Bone Spring Pool should also be located on 80-acre spacing units.

(9) The Lea-Bone Spring Pool located approximately two miles west of the Appleseed Federal Well No. 1 is currently spaced on 80 acres pursuant to Order No. R-1827. The South Lea-Bone Spring Pool, also located approximately two miles west, is currently spaced on 40 acres pursuant to Rule 104. Manzano's testimony did not include any evidence to show why the Appleseed Federal Well No. 1 could not be correlated to those pools instead of the Scharb-Bone Spring Pool.

(10) Manzano's evidence is insufficient to justify a correlation between the Featherstone-Bone Spring Pool and the Scharb-Bone Spring Pool and the establishment of Special Pool Rules.

(11) The subject application should be denied at this time.

IT IS THEREFORE ORDERED THAT:

(1) The application of Manzano Oil Corporation to establish Special Pool Rules for the Featherstone-Bone Spring Pool to provide for 80-acre spacing and to permit wells to be located within 150 feet of the center of a governmental quarter-quarter section in the NE/4 of Section 21, and the N/2 of Section 22, Township 20 South, Range 35 East, NMPM, Lea County, New Mexico is hereby denied.

CASE NO. 12003
Order No. R-11053
Page -3-

(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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

S E A L