

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 10280 (DE NOVO)
ORDER NO. R-9594-C**

**IN THE MATTER OF CASE 10280 BEING REOPENED PURSUANT TO THE
PROVISIONS OF DIVISION ORDER NOS. R-9594 AND R-9594-A, WHICH
PROMULGATED SPECIAL RULES AND REGULATIONS FOR THE
MILNESAND-ABO POOL, LEA AND ROOSEVELT COUNTIES, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on August 3, 1995 at Santa Fe, New Mexico, before the Oil Conservation Commission of the State of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 30th day of October, 1997, the Commission, a quorum being present, having considered the record and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) By Order No. R-9594, issued in Case 10280 on October 10, 1991, the Division, upon the application of Petroleum Production Management, Inc. promulgated Temporary Special Rules and Regulations for the Milnesand-Abo Pool, Lea and Roosevelt Counties, New Mexico, including provisions for 80-acre spacing and proration units and designated well location requirements.

(3) Pursuant to the provisions of Division Order No. R-9594, this case was reopened in September 1993, to allow operators in the subject pool to appear and show that 80-acre units can be efficiently and economically drained by one well.

(4) Because there had been limited additional development of the pool between October 1991 and September 1993, by Division Order No. R-9594-A, the case was continued and reopened in November 1994 and the Temporary Rules for the subject pool were continued in effect.

(5) This case was docketed on the November 10, 1994 Examiner hearing docket and continued to December 15, 1994 and then to January 19, 1995.

(6) At the January 19, 1995 Examiner hearing, Petroleum Production Management, Inc. appeared and submitted a written geological report. The examiner determined additional technical data was necessary for the Temporary Rules and Regulations to be adopted on a permanent basis and entered an order rescinding these rules.

(7) Petroleum Production Management, Inc. timely filed for hearing De Novo before the Oil Conservation Commission.

(8) At the Commission hearing Petroleum Production Management, Inc. presented evidence which shows:

- (a) There are currently five operators in the Milnesand-Abo Pool (Exhibit 6);
- (b) The Milnesand-Abo Pool is a separate pool in the Abo formation comprised of thin bedded porous streaks which are continuous across the pool (Testimony of Luff);
- (c) The Milnesand-Abo Pool demonstrates characteristics similar to other Abo pools in the area, some of which are developed on 80-acre spacing and proration units (Exhibit 2);
- (d) Although the Abo formations in this pool are relatively tight sands, individual wells in this pool can efficiently drain 80 acres (Exhibit 13); and
- (e) Development of this pool on 40-acre spacing cannot be economically justified (Exhibit 12).

(9) BTA Oil Producers and Knox Industries provided letters supporting development of this pool on 80-acre spacing (Exhibits 16 and 17) and no operator in the pool objected to the adoption of permanent rules for the pool which establish 80-acre spacing and proration units.

(10) Wells in the Milnesand-Abo Pool can efficiently and economically drain 80 acres, and continued development of this pool on 80-acre spacing will avoid the drilling of unnecessary wells and will otherwise be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

(11) The Temporary Special Rules and Regulations for the Milnesand-Abo Pool should be adopted on a permanent basis.

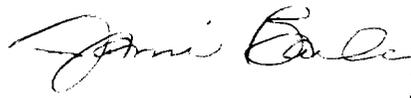
IT IS THEREFORE ORDERED THAT:

(1) The Special Rules and Regulations governing the Milnesand-Abo Pool in Lea and Roosevelt Counties, New Mexico, as promulgated by Division Order No. R-9594, are hereby continued in full force and effect until further order of the Commission.

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

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

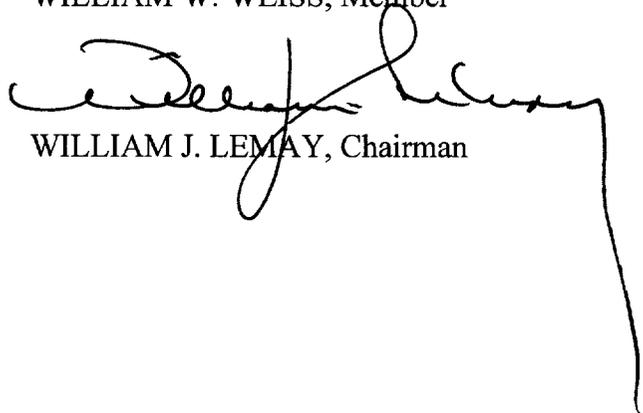
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OIL CONSERVATION COMMISSION**



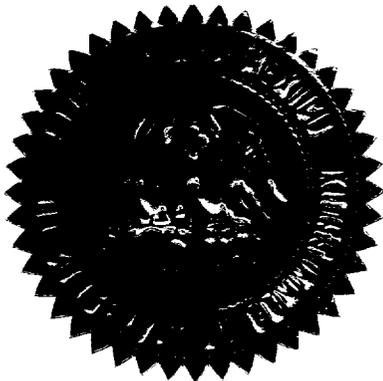
JAMI BAILEY, Member



WILLIAM W. WEISS, Member



WILLIAM J. LEMAY, Chairman



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