

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. 10530 (Reopened)
Order No. R-9722-B

IN THE MATTER OF CASE 10530 BEING REOPENED
PURSUANT TO THE PROVISIONS OF DIVISION ORDER
NOS. R-9722 and R-9722-A, WHICH ORDER PROMULGATED
SPECIAL POOL RULES AND REGULATIONS FOR THE
WEST LOVINGTON-STRAWN POOL IN LEA COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 19, 1995, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 1st day of March, 1995, the Division Director, having considered 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-9722, issued in Case No. 10530 and dated September 23, 1992, as amended by Order No. R-9722-A, the West Lovington-Strawn Pool was created for the production of oil from the Strawn formation in a portion of Section 33, Township 15 South, Range 35 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 West Lovington-Strawn 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this case was reopened to allow the operators in the subject pool to appear and show cause why said rules should not be rescinded and the pool developed on statewide 40-acre spacing units.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 West Lovington-Strawn Pool currently comprises the following described acreage in Lea County, New Mexico:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM

Section 33: SW/4 and W/2 SE/4

Section 34: SW/4

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM

Section 1: Lots 1 through 8.

(5) At the time of the January 19, 1995 hearing the original applicant Charles B. Gillespie, Jr. ("Gillespie") appeared and presented testimony, in addition three parties appeared through counsel, Snyder Ranches, Inc. and Mr. Larry Squires, both mineral interest owners in the pool, and David Petroleum Corporation, a working interest owner in the pool, supporting the continued development of this pool on 80-acre spacing.

(6) There are currently nine wells within the pool, all operated by Charles B. Gillespie, Jr., producing approximately 24,000 barrels of oil and 38,000 MCF of gas per month. Cumulative production from the pool as of December 31, 1994 is approximately 1.2 million barrels of oil and 2.4 BCF of gas.

(7) Gillespie'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) 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 present waste and protect correlative rights, the "*Special Rules and Regulations for the West Lovington-Strawn Pool*", as promulgated by Division Order Nos. R-9722 and R-9722-A 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 West Lovington-Strawn Pool, Lea County, New Mexico, as promulgated by Division Order Nos. R-9722 and R-9722-A, are hereby continued in full force and effect until further order of the Division.

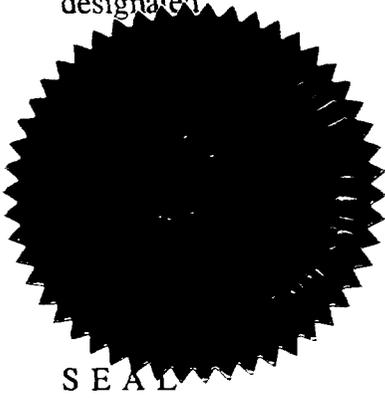
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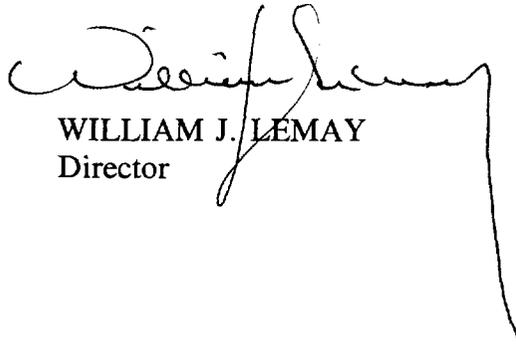
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(2) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director