

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. 11891
Order No. R-10934

**APPLICATION OF COBRA OIL & GAS CORPORATION FOR A UNIT
AGREEMENT AND AN UNORTHODOX OIL WELL LOCATION, LEA COUNTY,
NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 18, 1997, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 31st day of December, 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) The applicant, Cobra Oil & Gas Corporation ("Cobra"), seeks approval of its Henard Unit Agreement and Area for all oil and gas in any and all formations underlying the following described 80 acres, more or less, of fee lands in Lea County, New Mexico:

TOWNSHIP 11 SOUTH, RANGE 37 EAST, NMPM

Section 23: SW/4 SE/4
Section 26: NW/4 NE/4.

(3) Cobra seeks to drill its initial test well to a depth sufficient to test the Undesignated Gladiola-Devonian Pool within the proposed Henard Unit at an unorthodox oil well location 250 feet from the North line and 2300 feet from the East line (Unit B) of said Section 26. The NW/4 NE/4 (Unit B) of said Section 26 is to be dedicated to said

well to form a standard 40-acre oil spacing and proration unit for any and all oil bearing intervals to said depth that are developed on 40-acre spacing. HOWEVER, at the time of the hearing Cobra requested that the unorthodox location portion of its application in this matter be dismissed.

(4) At the time of the hearing no other party other than the applicant entered an appearance in this matter.

(5) Approval of the proposed unit agreement should promote the prevention of waste and protection of correlative rights within the unit area.

(6) All plans of development and operation, and creations, expansions or contractions of participating areas, or expansions or contractions of the unit area should be submitted to the Director of the Division for approval.

IT IS THEREFORE ORDERED THAT:

(1) The Henard Unit Agreement, executed by Cobra Oil & Gas Corporation ("Cobra"), is hereby approved for all oil and gas in any and all formations underlying the following described 80 acres, more or less, of fee lands in Lea County, New Mexico:

TOWNSHIP 11 SOUTH, RANGE 37 EAST, NMPM

Section 23: SW/4 SE/4
Section 26: NW/4 NE/4.

(2) The plan contained in said unit agreement for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided however, notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty or obligation which is now, or may hereafter be, vested in the Division to supervise and control operations for the unit and production of oil and gas therefrom.

(3) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days after the effective date thereof; in the event of subsequent joinder by any other party or expansion or contraction of the unit area, the unit operator shall file with the Division, within 30 days thereafter, counterparts of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) All plans of development and operation, all unit participating areas and expansions or contractions of the unit area, shall be submitted to the Director of the Oil

Conservation Division for approval.

(5) This order shall terminate ipso facto upon the termination of said unit agreement; and the last unit operator shall notify the Division immediately in writing of such termination.

IT IS FURTHER ORDERED THAT:

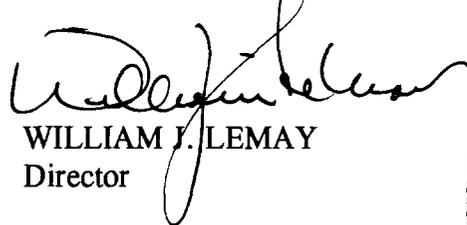
(6) Cobra's request to drill its initial well for the Henard Unit at an unorthodox oil well location within a standard 40-acre oil spacing and proration unit comprising the NW/4 NE/4 (Unit B) of said Section 26 that is 250 feet from the North line and 2300 feet from the East line of said Section 26 is hereby dismissed.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director