

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

*CASE NO. 10898(Reopened)*  
*ORDER NO. R-10056-A*

**IN THE MATTER OF CASE 10898 BEING REOPENED PURSUANT TO THE PROVISIONS OF DIVISION ORDER NO. R-10056, WHICH PROMULGATED SPECIAL RULES AND REGULATIONS FOR THE PENASCO DRAW-WOLFCAMP POOL, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 7, 1995, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 26<sup>th</sup> day of September, 1995 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) By Division Order No. R-10056, dated February 7, 1994, the Penasco Draw-Wolfcamp Pool was created and temporary Special Rules and Regulations were promulgated. establishing 160-acre spacing units and designated well location requirements.

(3) The pool currently comprises the N/2 of Section 34, Township 18 South, Range 25 East, NMPM, Eddy County, New Mexico.

(4) Pursuant to the provisions of said Order No. R-10056, this case was reopened to allow the operators in the subject pool to appear and show cause why the temporary Special Rules and Regulations for the Penasco Draw-Wolfcamp Pool should not be rescinded and said pool should not revert back to applicable statewide spacing and well location control.

(5) At the September 7, 1995 hearing the original applicant in Case 10898, Yates Petroleum Corporation, appeared and presented evidence and testimony in support of the continuation of said special pool rules on a permanent basis.

(6) The evidence presented established that one well in the subject pool can efficiently and economically drain and develop 160 acres.

(7) The special rules and regulations promulgated by Division Order No. R-10056 have afforded and will continue to afford the owner of each property in the pool the opportunity to produce his 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 prevent waste and protect correlative rights, Order No. R-10056 should be continued in full force and effect until further order of the Division.

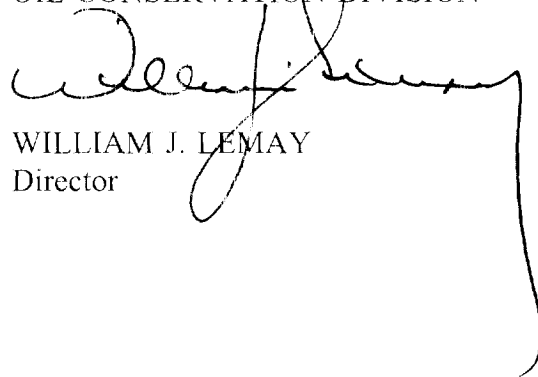
IT IS THEREFORE ORDERED THAT:

(1) The Special Rules and Regulations governing the Penasco Draw-Wolfcamp Pool, Eddy County, New Mexico, as promulgated by Division Order No. R-10056, dated February 7, 1994, are hereby continued in full force and effect until further order of the Division.

(2) Jurisdiction of this cause 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  
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A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the printed name and title. The signature is fluid and cursive, with a long, sweeping tail that extends downwards and to the right.

WILLIAM J. LEMAY  
Director

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