

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

CASE NO. 11750 (*Reopened*)
ORDER NO. R-10848-A

IN THE MATTER OF CASE 11750 BEING REOPENED PURSUANT TO THE PROVISIONS OF DIVISION ORDER NO. R-10848, WHICH ORDER ESTABLISHED TEMPORARY SPECIAL POOL RULES FOR THE NORTHEAST SHOE BAR-STRAWN POOL IN LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on March 4, 1999, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 16th day of March, 1999, 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-10848, entered in Case No. 11750 on July 31, 1997 and made effective April 3, 1997, the Division, upon the application of Chesapeake Oil Company ("Chesapeake"), set temporary special pool rules for the Northeast Shoe Bar-Strawn Pool, which include provisions for:

- (i) standard 80-acre oil spacing and proration units;
- (ii) limited development to only one well per 80-acre unit;
and
- (iii) designated well location requirements such that each well is located no closer than 330 feet to any quarter-quarter section line.

(3) The boundaries for the Northeast Shoe Bar-Strawn Pool currently comprise the following described area in Lea County, New Mexico:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM

Section 5: S/2
Section 6: SE/4
Section 7: NE/4
Section 8: W/2.

(4) At the March 4, 1999 rehearing of this matter, the two operators currently producing from this pool, Chesapeake and Charles B. Gillespie, Jr., Oil and Gas Operator, appeared and presented testimony supporting the continued development of this pool on 80-acre spacing with the current well restrictions.

(5) The engineering and geological evidence presented by both operators indicate that one well can effectively and economically drain and develop 80 acres and that the current well location requirements assure continued development in the most prudent manner, are in the best interest of conservation, have afforded and will afford each owner of property in the pool the opportunity to produce its just and equitable share of the oil in the pool.

(6) No interested party appeared at the hearing in opposition to the continuation of the current special pool rules.

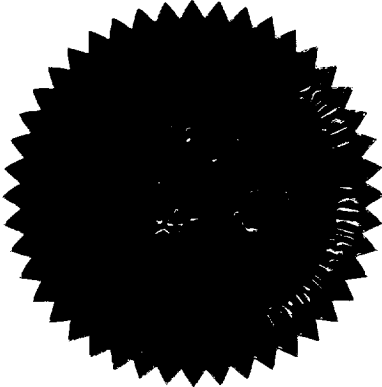
(7) In order to prevent the economic loss caused by the drilling of an excessive number of wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, and to otherwise prevent waste and protect correlative rights, the "*Special Rules and Regulations for the Northeast Shoe Bar-Strawn Pool*," established by Division Order No. R-10848, should continue in full force and effect until further order of the Division.

IT IS THEREFORE ORDERED THAT:

(1) The special pool rules governing the Northeast Shoe Bar-Strawn Pool in Lea County, New Mexico, established by Division Order No. R-10848, entered in Case No. 11750 on July 31, 1997 and made effective April 3, 1997, are hereby continued in full force and effect until further order of the Division.

(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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director