

**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. 11927
Order No. R-10977**

**APPLICATION OF REDSTONE OIL & GAS
COMPANY FOR COMPULSORY POOLING
AND UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 19 and March 5, 1998, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 17th day of April, 1998, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised,

FINDS THAT:

(1) The applicant, Redstone Oil & Gas Company (Redstone), seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 12, Township 23 South, Range 24 East, NMPM, Eddy County, New Mexico, and in the following manner:

all of Section 12 thereby forming a standard 640-acre gas spacing and proration unit for any and all formations and/or pools spaced on 640 acres within said vertical extent which presently includes but is not necessarily limited to the Rock Tank-Upper Morrow and Rock Tank-Lower Morrow Gas Pools; and,

the N/2 thereby forming a standard 320-acre spacing and proration unit for any and all formations and/or pools spaced on 320 acres within said vertical extent.

Said units are to be dedicated to a well to be drilled at an unorthodox gas well location 500 feet from the North line and 2515 feet from the East line (Unit B) of Section 12.

(2) This case was consolidated with Case No. 11877 at the February 5, 1998 hearing for the purpose of testimony. In competing companion Case No. 11877, Fasken Land and Minerals, Ltd. (Fasken) seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying all of Section 12, Township 23 South, Range 24 East, NMPM, Eddy County, New Mexico, thereby forming a standard 640-acre gas spacing and proration unit for the Rock Tank-Upper Morrow and Rock Tank-Lower Morrow Gas Pools, and the N/2 of said Section 12 thereby forming a standard 320-acre spacing and proration unit for any and all formations and/or pools spaced on 320 acres within said vertical extent. Said units are to be dedicated to the applicant's proposed Carnero "12" Federal Com Well No. 1 to be drilled at an unorthodox gas well location 500 feet from the North line and 2265 feet from the West line (Unit C) of Section 12.

(3) Subsequent to the February 5, 1998 hearing, Fasken filed a motion to dismiss Redstone's application in Case No. 11927 on the basis that Redstone's attempt to reach a voluntary agreement with the various interest owners in Section 12 for the drilling of its proposed well is insufficient for the following reasons:

- a) On January 26, 1998, counsel for Redstone Oil & Gas Company filed a compulsory pooling application with the Division seeking to pool acreage within Section 12, Township 23 South, Range 24 East, NMPM (Case No. 11927); and,
- b) Redstone did not formally propose the drilling of its well to the various interest owners in Section 12 until February 9, 1998.

(4) Oral arguments were presented to the Division on March 5, 1998, at which time the Division granted Fasken's motion to dismiss.

- (5) Case No. 11927 should therefore be dismissed.

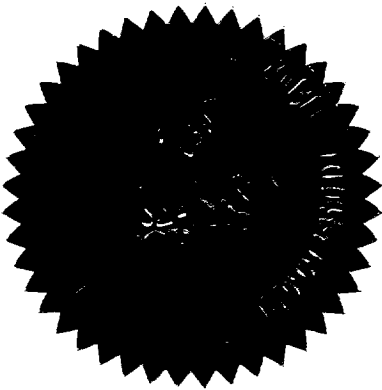
IT IS THEREFORE ORDERED THAT:

(1) The application of Redstone Oil & Gas Company for an order pooling all mineral interests from the surface to the base of the Morrow formation underlying all of Section 12, Township 23 South, Range 24 East, NMPM, Eddy County, New Mexico, thereby forming a standard 640-acre gas spacing and proration unit for any and all formations and/or pools spaced on 640 acres within said vertical extent which presently includes but is not necessarily limited to the Rock Tank-Upper Morrow and Rock Tank-Lower Morrow Gas Pools, and the N/2 of Section 12 thereby forming a standard 320 acre spacing and proration unit for any and all formations and/or pools spaced on 320-acres within said vertical extent, said units to be dedicated to a well to be drilled at an unorthodox gas well location 500 feet from the North line and 2515 feet from the East line (Unit B) of Section 12, is hereby dismissed.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director



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