

**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. 11960
Order No. R-11009**

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 2, 1998, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 28th day of July, 1998, 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) At the request of the applicant, the record, evidence and testimony presented in Case No. 11927, heard by the Division on February 5th and March 5th, 1998, were incorporated in this case.

(3) 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 area in Section 12, Township 23 South, Range 24 East, NMPM, Eddy County, in the following manner:

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

the N/2 of Section 12 thereby forming a standard 320-acre gas spacing and proration unit for any formations and/or pools spaced on 320 acres within that vertical extent.

These units are proposed 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.

(4) This case was heard in conjunction with Case No. 11877, a competing force pooling application filed by Fasken Land and Minerals, Ltd. (Fasken), which was heard by the Division on February 5th and March 5th, 1998.

(5) By letter dated June 23, 1998, Redstone advised the Division that it has reached a voluntary agreement with Fasken with regards to the development of the subject acreage, and requested that the force pooling portion of this case be dismissed.

(6) Redstone's request to dismiss the force pooling portion of this case should be granted.

(7) The evidence and testimony presented in this case indicates that:

- a) the proposed well is located within both the Rock Tank-Upper Morrow and Rock Tank-Lower Morrow Gas Pools, both of which are governed by special rules and regulations promulgated by Division Order No. R-3428, which require standard 640-acre spacing and proration units with wells to be located no closer than 1650 feet from the outer boundary of the section nor closer than 330 feet from any governmental quarter-quarter section line or subdivision inner boundary;
- b) the proposed well is located within one mile of the Rock Tank-Upper Pennsylvanian Pool, which is currently governed by Rule 104.C. of the Division Rules and Regulations, which requires standard 320-acre gas spacing and proration units with wells to be located no closer than 1650 feet from the nearest end boundary nor closer than 660 feet from the nearest side boundary of the spacing unit nor closer than 330 feet from any quarter-quarter section line or subdivision inner boundary; and,

- c) applicant's geologic evidence and testimony demonstrate that a well drilled at the proposed location will best enable the applicant to recover the remaining gas reserves within the Upper Morrow "A" Sand interval underlying Section 12.

(8) Excluding Fasken, which has effectively withdrawn its objections in this case, no other offset operator and/or interest owner appeared at the hearing in opposition to the proposed unorthodox gas well location.

(9) Approval of the proposed unorthodox gas well location will provide the applicant the opportunity to produce its just and equitable share of the gas underlying the proposed proration unit(s), and will not violate correlative rights.

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, and the N/2 of Section 12 thereby forming a standard 320-acre gas spacing and proration unit, these 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.

(2) The applicant, Redstone Oil & Gas Company, is hereby authorized to drill a well at an unorthodox gas well location 500 feet from the North line and 2515 feet from the East line (Unit B) of Section 12, Township 23 South, Range 24 East, NMPM, Eddy County, New Mexico, to test the Rock Tank-Upper Morrow Gas Pool, Rock Tank-Lower Morrow Gas Pool and Rock Tank-Upper Pennsylvanian Gas Pool.

(3) All of Section 12 shall be dedicated to the well forming a standard 640-acre gas spacing and proration unit in the Rock Tank-Upper and Rock Tank-Lower Morrow Gas Pools, and the N/2 of Section 12 shall be dedicated to the well forming a standard 320-acre gas spacing and proration unit in the Rock Tank-Upper Pennsylvanian Gas Pool.

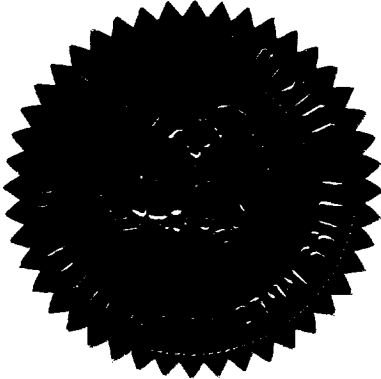
(4) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director



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