

**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. 12649 (Reopened)
ORDER NO. R-11610-A**

**IN THE MATTER OF CASE NO. 12649 BEING REOPENED PURSUANT TO
THE PROVISIONS OF DIVISION ORDER NO. R-11610, WHICH ORDER
CREATED AND ESTABLISHED TEMPORARY SPECIAL POOL RULES FOR
THE CEDAR LAKE REEF-STRAWN POOL, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on February 20, 2003, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 28th day of April, 2003, 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-11610 dated July 3, 2001, the Division, upon application of EOG Resources, Inc., created the Cedar Lake Reef-Strawn Pool which currently comprises the NW/4 of Section 25, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico. Division Order No. R-11610 also established "*Temporary Special Pool Rules for the Cedar Lake Reef-Strawn Pool*," including provisions for:

- (a) 160-acre spacing and proration units and designated well location requirements such that wells shall be located no closer than 660 feet to the outer boundary of the spacing unit, nor closer than 330 feet to any quarter-quarter section line or subdivision inner boundary;

(b) a limiting gas-oil ratio of 4,000 cubic feet of gas per barrel of oil; and

(c) a special depth bracket allowable of 1,120 barrels of oil per day.

(3) Pursuant to the provisions of Order No. R-11610, this case was reopened to allow the operators in the Cedar Lake Reef-Strawn Pool to appear and present evidence to support the continuation of the temporary special pool rules.

(4) EOG Resources, Inc. ("EOG"), appeared at the hearing and presented evidence and testimony to support the continuation of the special pool rules.

(5) EOG presented evidence that demonstrates that:

(a) the discovery well for the Cedar Lake Reef-Strawn Pool was the EOG Oak Lake "25" Federal Well No. 1 (API No. 30-015-31520) located in Unit D of Section 25;

(b) this Strawn reservoir appears to be limited in size to approximately 140 acres, the majority of which is contained within the NW/4 of Section 25;

(c) the Oak Lake "25" Federal Well No. 1 will ultimately recover approximately 373,000 barrels of oil and will drain an area of approximately 135 acres; and

(d) no additional wells will be necessary in order to effectively and efficiently drain this Strawn reservoir.

(6) The geologic and engineering evidence presented by EOG demonstrates that the appropriate well spacing within the Cedar Lake Reef-Strawn Pool is 160 acres. The evidence further demonstrates that the current gas-oil ratio limitation and depth bracket allowable for the Cedar Lake Reef-Strawn Pool will not cause the excessive waste of reservoir energy and will not reduce the ultimate recovery of hydrocarbons from this Strawn reservoir.

(7) No other offset operators and/or interest owners appeared at the hearing to oppose the continuation of the current special pool rules.

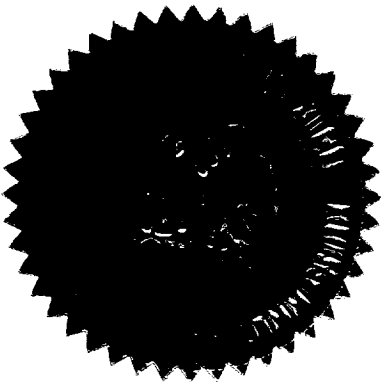
(8) In order to prevent the economic loss caused by the drilling of an excessive number of wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells and to otherwise prevent waste and protect correlative rights, the "*Temporary Special Pool Rules for the Cedar Lake Reef-Strawn Pool*," as established by Division Order No. R-11610, should be continued in full force and effect until further order of the Division.

IT IS THEREFORE ORDERED THAT:

(1) The "*Temporary Special Pool Rules for the Cedar Lake Reef-Strawn Pool*," Eddy County, New Mexico, as established by Division Order No. R-11610, are hereby continued in full force and effect until further order of the Division.

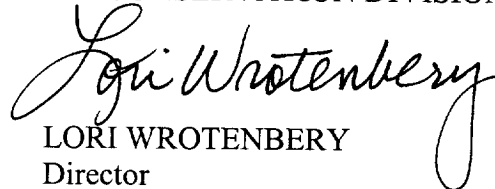
(2) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director