

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. 2355 (Reopened)
ORDER NO. R-2051-D

IN THE MATTER OF CASE 2355 BEING
REOPENED ON THE MOTION OF THE OIL
CONSERVATION DIVISION AND PURSUANT
TO THE PROVISIONS OF ORDER NO.
R-2051, AS AMENDED, WHICH ORDER
PROMULGATED TEMPORARY SPECIAL RULES
AND REGULATIONS FOR THE BLUITT-WOLFCAMP
GAS POOL IN ROOSEVELT COUNTY, NEW MEXICO,
INCLUDING A PROVISION FOR 320-ACRE SPACING
UNITS.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:00 a.m. on August 28, 1985,
at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 29th day of July, 1988, 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 Order No. R-5113, made effective November 1, 1975,
Rules 104 B.I.(a) and 104 C.II(a) of the Division's Statewide Rules
and Regulations were amended to establish 320-acre spacing and well
location requirements for the Wolfcamp formation in Southeastern New
Mexico.

(3) Prior to November 1, 1975 spacing in the Wolfcamp formation
was on 160 acres, unless otherwise provided for by Special Pool Rules.

(4) By Order No. R-2051, dated August 29, 1961, the Oil
Conservation Commission created, defined, and promulgated temporary
special rules and regulations for the Bluit-Wolfcamp Gas Pool in
Roosevelt County, New Mexico, including a provision for 320-acre gas
spacing and proration units.

(5) By Order Nos. R-2051-A and R-2051-B, said temporary rules were continued in full force and effect until September 1, 1964.

(6) By Order No. R-2051-C, dated August 11, 1964, based on a finding that only one well had been connected in the subject pool since 1961, the Commission again continued the temporary status for said Special Pool Rules until six months after a second well in the pool was connected to a pipeline.

(7) In November 1964, the H.L. Brown, Jr. Federal "A" No. 1 located 990 feet from the South and East lines (Unit P) of Section 33, Township 7 South, Range 37 East, NMPM, Roosevelt County, New Mexico, was the second well to be connected to a gas pipeline in the pool.

(8) Subsequent to this connection, the operator failed in its obligation to abide by the provisions of R-2051-C.

(9) This error was not found by the Division until mid-1985 whereby this case was reopened to allow the operators in the subject pool to appear and show cause why the subject pool should not be developed on 160-acre spacing.

(10) At the time of the August 28, 1985 hearing the subject pool had been developed by 14 wells (including the two original wells) and spaced on 320-acre gas proration units.

(11) A representative for H.L. Brown, Jr., an applicant in original Case No. 2355, appeared at the hearing and presented evidence and testimony in support of the continuation of 320-acre spacing for the subject pool.

(12) The evidence presented established that one well in the subject pool can efficiently and economically drain and develop 320 acres.

(13) In order to prevent the economic loss caused by drilling 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 Rules and Regulations for the Bluitt-Wolfcamp Gas Pool should be rescinded and said pool should be governed by the Statewide Rules for gas pools in the State, effective November 1, 1975.

IT IS THEREFORE ORDERED THAT:

(1) Effective November 1, 1975, the Temporary Special Rules and Regulations for the Bluitt-Wolfcamp Gas Pool, promulgated by

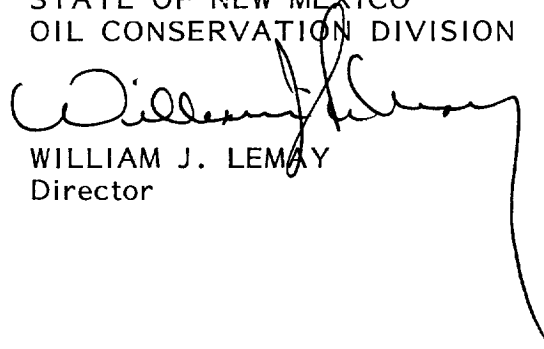
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Order No. R-2051, as amended, are hereby rescinded and the pool is placed under the Statewide Rules for gas pools in the state.

(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
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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