

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. 9037 (Reopened)
ORDER NO. R-8364-A

IN THE MATTER OF CASE 9037 BEING
REOPENED PURSUANT TO THE PROVISIONS
OF DIVISION ORDER NO. R-8364, WHICH
PROMULGATED TEMPORARY SPECIAL RULES
AND REGULATIONS FOR THE NORTH AIR
STRIP-BONE SPRING POOL IN LEA COUNTY,
NEW MEXICO, INCLUDING A PROVISION FOR
80-ACRE SPACING UNITS.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 20, 1988, 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-8364, dated December 18, 1986, the Division created, defined and promulgated temporary special rules and regulations for the North Air Strip-Bone Spring Pool, Lea County, New Mexico, including provisions for 80-acre spacing and proration units and designated well locations.

(3) Pursuant to the provisions of said Order No. R-8364 this case was reopened to allow the operators in the subject pool to appear and show cause why the North Air Strip-Bone Spring Pool should not be developed on 40-acre spacing units.

(4) Meridian Oil, Inc., operator of wells in the pool and the applicant in original Case 9037, appeared at the hearing and presented evidence and testimony in support of the continuation of the special rules and regulations for the subject pool.

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(5) The evidence presented established that one well in the subject pool can efficiently and economically drain and develop 80 acres.

(6) The special rules and regulations promulgated by Order No. R-8364 have afforded and will afford the owner of each property in the pool the opportunity to produce his just and equitable share of the oil in the pool.

(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, to prevent reduced recovery which might result from the drilling of too few wells and to otherwise prevent waste and protect correlative rights, Order No. R-8364 should be continued in full force and effect until further order of the Division.

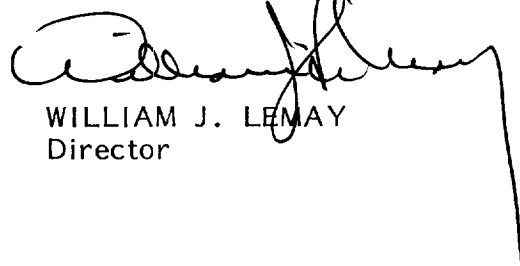
IT IS THEREFORE ORDERED THAT:

(1) The Special Rules and Regulations governing the North Air Strip-Bone Spring Pool, Lea County, New Mexico, promulgated by Order No. R-8364, are hereby continued in full force and effect until further order of the Division.

(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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