

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO. 10280 (Reopened)
ORDER NO. R-9594-B

**IN THE MATTER OF CASE 10280 BEING REOPENED
PURSUANT TO THE PROVISIONS OF DIVISION ORDER
NOS. R-9594 and R-9594-A, WHICH PROMULGATED
SPECIAL RULES AND REGULATIONS FOR THE MILNESAND-ABO
POOL, ROOSEVELT AND LEA COUNTIES, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 19, 1995, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 24th day of January, 1995 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) This matter was originally docketed on the November 10, 1994 Examiners hearing, however at the request of Petroleum Production Management, Inc. this matter was continued to the December 15, 1994 Examiners hearing. At the December 15th hearing the Examiner continued this matter to the January 19, 1995 hearing even though no formal request by Petroleum Production Management, Inc. was made to the Division to do so.

(3) By Division Order No. R-9594, dated October 10, 1991, temporary Special Rules and Regulations were promulgated for the Milnesand-Abo Pool establishing 80-acre spacing and proration units and designated well location requirements.

(4) The boundaries for said Pool currently comprise the E/2 of Section 33 and the S/2 of Section 34, both in Township 8 South, Range 35 East, NMPM, Roosevelt County, New Mexico; and Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) of Section 3 and Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 4, both in Township 9 South, Range 35 East, NMPM, Lea County, New Mexico,

(5) On October 21, 1993, Case No. 10280 was reopened pursuant to the provisions of said Order No. R-9594 to allow the operators in the pool to appear and show cause why the temporary Special Rules and Regulations for the Milnesand-Abo Pool should not be rescinded and to show cause why the subject pool should not be developed on other than 40-acre proration units. At that time an operator in the pool, Petroleum Production Management, Inc., appeared at the hearing and presented evidence in this case; however, the testimony presented was insufficient to support the permanent adoption of the temporary Rules. A one year time extension was granted instead in order to allow the operators to conduct an engineering study and gather technical information concerning the reservoir characteristics of the Pool.

(6) No operator in the subject pool appeared at the November 10, 1994, December 15, 1994, or the January 19, 1995 hearing to show cause why the Special Pool Rules for the Milnesand-Abo Pool should not be rescinded at this time and the pool be governed by all applicable statewide rules for oil wells as promulgated by the "Rules and Regulations of the Oil Conservation Division."

(7) In the absence of any testimony, the temporary Special Pool Rules for said Milnesand-Abo Pool should be rescinded.

IT IS THEREFORE ORDERED THAT:

(1) The temporary Special Rules and Regulations governing the Milnesand-Abo Pool in Roosevelt and Lea Counties, New Mexico, as promulgated by Division Order Nos. R-9594 and R-9594-A, are hereby rescinded.

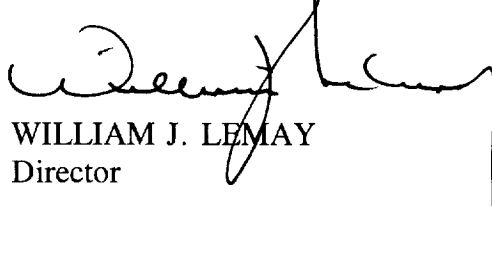
(2) Any future or existing oil wells in the Milnesand-Abo Pool shall have dedicated thereto 40 acres in accordance with General Rule 104.C. Failure to file new Forms C-102 with the Division dedicating 40 acres to any existing well within 60 days from the date of this order shall subject the well to cancellation of allowable.

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(3) 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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