

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. 11206 (REOPENED)
ORDER NO. R-10318-A

**APPLICATION OF STRATA PRODUCTION COMPANY FOR POOL CREATION,
THE PROMULGATION OF SPECIAL POOL RULES, AND FOR AN
UNORTHODOX OIL WELL LOCATION, LEA AND CHAVES COUNTIES, NEW
MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 7, 1995 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 17th day of October, 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) The application by Strata Production Company ("Strata") in original Case 11206, requested approval from the Division:

- (a) for the creation of a new pool for the production of oil from the Devonian formation underlying the following described area:

CHAVES COUNTY, NEW MEXICO
TOWNSHIP 12 SOUTH, RANGE 31 EAST, NMPM
Section 36: E/2 E/2

TOWNSHIP 13 SOUTH, RANGE 31 EAST, NMPM

Section 1: Lot 1 and SE/4 NE/4

LEA COUNTY, NEW MEXICO

TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM

Section 31: Lots 1 through 4

TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM

Section 6: Lots 4 and 5;

- (b) the promulgation of special poolwide rules and regulations therefor including provisions for 80-acre oil spacing and proration units and designated well location requirements; and,
- (c) for its Faisan Well No. 1 to be drilled at an unorthodox oil well location 1435 feet from the North line and 757 feet from the East line (Unit H) of said Section 36 with the E/2 NE/4 of said Section 36 to be dedicated to said well to form a standard 80-acre oil spacing and proration unit for said pool under the proposed rules.

(3) By Order No. R-10318, dated March 1, 1995, the Division authorized Strata to drill its Faisan Well No. 1 at an unorthodox oil well location 1435 feet from the North line and 757 feet from the East line (Unit H) of Section 36, Township 12 South, Range 31 East, NMPM, Chaves County, New Mexico, to a depth sufficient to penetrate the Devonian formation, and to dedicate a standard 40-acre oil spacing and proration unit comprising the SE/4 NE/4 of said Section 36 to said well. Said Order No. R-10318 further deferred its decision on the creation of said Devonian oil pool and the promulgation of said special pool rules until this matter could be reopened in September, 1995 at which time the operator of the Faisan Well No. 1 or other operators of Devonian oil wells within the boundary of the proposed pool could appear and supplement the testimony in the original case with adequate engineering data to promulgate the proposed special rules for production out of the Devonian formation, or to show that proper notice had been given for Strata to continue operating said Faisan Well No. 1 from the approved unorthodox oil well location on the 40-acre oil spacing and proration unit comprising the SE/4 NE/4 (Unit H) of said Section 36 without a penalty based on footage from the nearest off-setting lease line.

(4) Pursuant to said Order No. R-10318 this matter was reopened at the first Division hearing in September, 1995.

(5) By letter dated September 1, 1995, Starta informed the Division that the Faisan well had been plugged and abandoned.

(6) This matter can therefore be dismissed, further said Order No. R-10318 can be placed in abeyance until further notice.

IT IS THEREFORE ORDERED THAT:

(1) The reopening of Division Case 11206 to consider the application of Strata Production Company ("Strata") for the creation of a new pool for the production of oil from the Devonian formation underlying the following described area:

CHAVES COUNTY, NEW MEXICO
TOWNSHIP 12 SOUTH, RANGE 31 EAST, NMPM
Section 36: E/2 E/2

TOWNSHIP 13 SOUTH, RANGE 31 EAST, NMPM
Section 1: Lot 1 and SE/4 NE/4

LEA COUNTY, NEW MEXICO
TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM
Section 31: Lots 1 through 4

TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM
Section 6: Lots 4 and 5;

and the promulgation of special poolwide rules and regulations therefor including provisions for 80-acre oil spacing and proration units and designated well location requirements is hereby dismissed.

IT IS FURTHER ORDERED THAT:

(2) Division Order No. R-10318, dated March 1, 1995, shall be placed in abeyance until further notice.

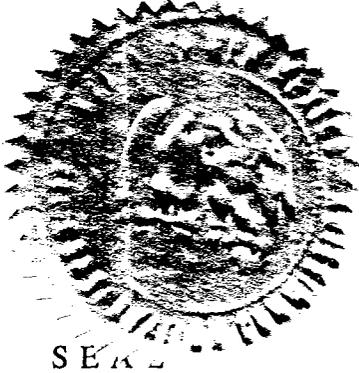
(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "William J. Lemay". The signature is written in a cursive style and extends downwards with a long, thin vertical stroke.

WILLIAM J. LEMAY
Director