

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:

NOMENCLATURE
CASE NO. 9527
Order No. R-8815

APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN
ORDER EXTENDING THE NORTH SHOE
BAR-WOLFCAMP POOL, LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 9, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 21st day of December, 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) The Oil Conservation Division (Division) upon its own motion seeks to extend the horizontal boundary of the North Shoe Bar-Wolfcamp Pool to include the N/2 of Section 17 and the NE/4 of Section 18, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico.

(3) The proposed expansion of the North Shoe Bar-Wolfcamp Pool is prompted by the recent recompletion of Inexco Oil Company's Berry Hobbs Well No. 1 located 700 feet from the North line and 980 feet from the East line (Unit A) of said Section 17.

(4) Inexco Oil Company (Inexco), the owner and operator of the subject well, appeared at the hearing in support of the proposed pool expansion.

(5) Berry Hobbs, who owns the royalty interest underlying the NE/4 NE/4 of said Section 17, appeared at the hearing in opposition to the proposed pool expansion, and in favor of spacing the subject well on a 40-acre spacing and proration unit.

(6) The subject well was originally permitted at a standard oil well location for the West Lovington-Pennsylvanian Pool, which is currently spaced on 40-acre spacing units as per General Rule No. 104 (C)(I) of the Division Rules and Regulations. The subject well was drilled in May, 1988, to a total depth of 11,770 feet and subsequently tested dry in the Pennsylvanian formation. Shortly thereafter, the subject well was recompleted as a producing well in the Wolfcamp formation.

(7) The Berry Hobbs Well No. 1 is located within one mile of the outer boundary of the North Shoe Bar-Wolfcamp Pool which is currently governed by Special Rules and Regulations as promulgated by Division Order No. R-4657, dated November 16, 1973, and which require wells to be developed on 160-acre spacing and proration units.

(8) Geologic evidence presented at the hearing indicates that there are two distinct producing intervals within the Wolfcamp formation in the North Shoe Bar-Wolfcamp Pool, hereinafter referred to as the Upper and Lower Wolfcamp intervals.

(9) Inexco presented further geologic evidence which indicates that both the Upper and Lower Wolfcamp intervals as found in the North Shoe Bar-Wolfcamp Pool are correlatable to the Upper and Lower Wolfcamp intervals found in the Berry Hobbs Well No. 1.

(10) Testimony presented by Berry Hobbs suggested that the Lower Wolfcamp interval may be the more prolific zone in the Wolfcamp formation and that the Upper Wolfcamp interval, being the interval currently being produced in the subject

well, may not contain sufficient reserves to justify 160-acre proration units.

(11) Inexco presented engineering data which indicates that there are approximately 695,000 barrels of oil underlying the NE/4 of said Section 17, and that the subject well is capable of draining an area of at least 160 acres.

(12) The evidence presented at the hearing demonstrates that the Berry Hobbs Well No. 1 is producing from the North Shoe Bar-Wolfcamp Pool and that the subject well should be capable of draining the proposed proration unit, being the NE/4 of said Section 17.

(13) Approval of the subject application will allow the applicant the opportunity to produce the oil underlying the proration unit, ensure that the correlative rights of all interest owners in the NE/4 of said Section 17 are protected, and will further prevent the economic loss caused by the drilling of unnecessary wells.

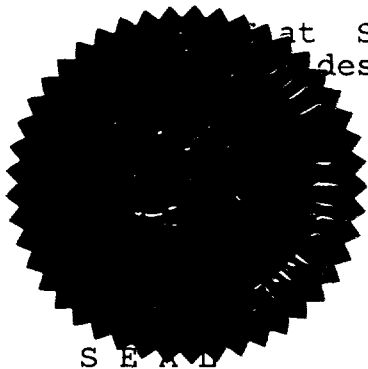
IT IS THEREFORE ORDERED THAT:

(1) The North Shoe Bar-Wolfcamp Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

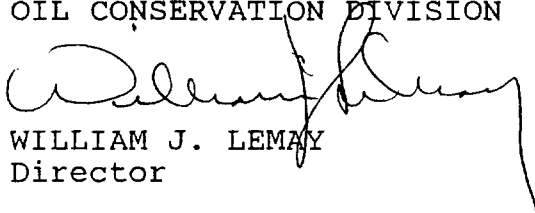
TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 17: N/2
Section 18: NE/4

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director