

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. 10229
ORDER NO. R-9444

**APPLICATION OF TAHOE ENERGY, INC.
FOR A NON-STANDARD GAS PRORATION UNIT,
LEA COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 7, 1991, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 19th day of February, 1991, 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) At the time of the hearing, this case was consolidated with Division Case Nos. 10228 and 10230 for purposes of testimony.

(3) The applicant, Tahoe Energy, Inc., seeks approval of a 160-acre non-standard gas spacing and proration unit comprising the NE/4 of Section 15, Township 25 South, Range 37 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, said unit to be dedicated to a well to be drilled at a standard gas well location thereon.

(4) The subject acreage is located within the Jalmat Gas Pool and is therefore subject to the special rules and regulations for said pool as contained within Division Order No. R-8170, as amended, which require standard 640-acre gas spacing and proration units and designated well locations.

(5) The evidence presented indicates that the subject acreage, which has recently been acquired by the applicant, currently contains no producing wells in the Jalmat Gas Pool.

(6) Although a standard gas proration unit in the Jalmat Gas Pool consists of 640 acres, as described above, said pool has been historically developed, more or less, on 160-acre gas spacing.

(7) The entire non-standard proration unit may reasonably be presumed productive of gas from the Jalmat Gas Pool and the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.

(8) No interest owner and/or offset operator appeared at the hearing in opposition to the application.

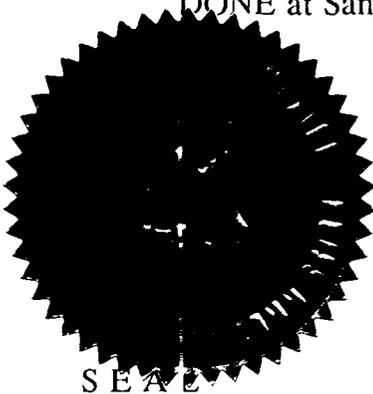
(9) Approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Jalmat Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

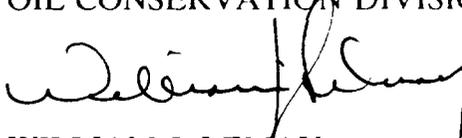
(1) The application of Tahoe Energy, Inc. is hereby approved for a 160-acre non-standard gas spacing and proration unit in the Jalmat Gas Pool comprising the NE/4 of Section 15, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard gas well location thereon.

(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