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OIL CONSERVATION DIVISION

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION
OF MERIDIAN OIL INC. FOR SPECIAL
POOL RULES, LEA COUNTY, NEW MEXICO.

CASE 9037

APPLICATION

COMES NOW, MERIDIAN OIL INC., by its undersigned attorneys,
and hereby makes application for an order promulgating special
pool rules for the Air Strip Bone Spring Pool, Lea County, New
Mexico, including 80-acre spacing or proration units with
authority to drill a second well on each unit on a permanent
basis or, in the alternative, on a temporary basis, and in
support of this application, would show the Division:

1. The Air Strip Bone Spring Pool was created by Oil
Conservation Divison Order R-6255-A-1, dated July 1, 1984, and
has been expanded from time to time to include the following
lands in Lea County, New Mexico:

Township 18 South, Range 34 East, N.M.P.M.

- Section 14: SW/4
- Section 15: SE/4
- Section 22: E/2
- Section 23: E/2
- Section 25: All
- Section 26: E/2, SW/4
- Section 35: NE/4
- Section 36: N/2

Township 18 South, Range 35 East, N.M.P.M.

- Section 31: NW/4

2. That although this pool has been governed by statewide 40-acre oil well spacing rules, 80-acre spacing rules for the pool with the authority for any operator to drill an additional well on each unit will encourage development of the pool and will not impair the correlative rights of any operator herein.

3. Applicant has recently drilled and completed its Tonto "14" State No. 1 and 2 wells in Section 14, Township 18 South, Range 34 East, N.M.P.M., in the Bone Spring formation, Air Strip Bone Spring Pool, capable of producing oil in paying quantities.

4. Information on the producing capabilities of these wells indicate that they will efficiently and effectively drain in excess of 40-acres in the Bone Spring formation.

5. In order to prevent economic loss caused by the drilling of unnecessary wells, to avoid augmentation of risk arising from the drilling of an excessive number of wells and to otherwise prevent waste and protect correlative rights, special pool rules and regulations providing for 80-acre spacing units should be promulgated for the Air Strip Bone Spring Pool.

6. Applicant respectfully requests that the special pool rules provide that each well should be located on a standard unit containing 80 acres more or less, consisting of two contiguous governmental quarter sections and that the well may be located within 150 feet of the center of either quarter section of the 80-acre spacing unit.

7. Since this pool has previously been developed on 40-acre spacing, applicant requests that the special pool rules

provide that any operator in the pool may locate an optional second well on any spacing or proration unit in the pool.

WHEREFORE, Meridian Oil Inc. requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on November 19, 1986, that notice be given as required by law and the rules of the Division, and that after hearing the application be granted.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

BY



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