

AFFIDAVIT

THE STATE OF TEXAS

COUNTY OF MIDLAND

BEFORE ME, the undersigned, a Notary Public in and for said County, State of Texas, on this day personally appeared Tim Warren, to me well known, and who, after being by me duly sworn, deposes and says that after thorough research provided, by letter dated October 27, 1986 to Campbell & Black, P.A., P.O. Box 2208, Santa Fe, New Mexico 87504-2208, Attention: Mr. William F. Carr, to the best of his knowledge a list of names and addresses of all operators, of wells and each unleased mineral interest owner within the existing pool boundaries and all operators within one mile of such boundaries of the Airstrip Bone Spring Pool, Lea County, New Mexico. Said information was for their use in making notification as required by New Mexico Oil Conservation Division rules as to Meridian Oil Inc.'s application for the promulgation of special pool rules for the Airstrip Bone Spring Pool, Lea County, New Mexico.


MERIDIAN OIL INC.

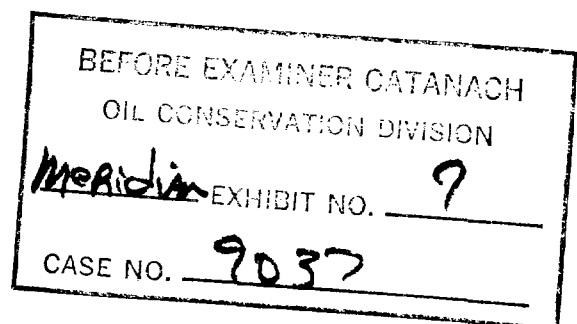

Tim Warren, Landman

SUBSCRIBED AND SWORN TO BEFORE ME, this 17th day of November, A.D. 1986.



VICKI BENTON
Notary Public, State of Texas
My Commission Expires Jan. 24, 1988


Vicki Benton
Notary Public in and for the State
of Texas



MERIDIAN OIL

October 27, 1986

Campbell & Black, P.A.
P.O. Box 2208
Santa Fe, New Mexico 87504-2208

Attention: Mr. William F. Carr

Re: Application of Meridian Oil Inc.
For Special Pool Rules
Lea County, New Mexico

Dear Mr. Carr:

Per your request, please find attached a list of Operators and the only Mineral Owner (State of New Mexico) for your use in providing necessary notifications for the referenced application.

Should you have any questions in this regard, please advise.

Very truly yours,

MERIDIAN OIL INC.



Tim Warren
Senior Staff Landman

TW/vlb

cc: Arden Walker
Gene Carlson

Mineral Owner

State of New Mexico
Jim Baca, Land Commissioner
P.O. Box 1148
State Land Office Bldg.
Santa Fe, New Mexico 87501

Operators

Knox Industries, Inc.
P.O. Box 3023
Midland, Texas 79702

Mid-America Petroleum, Inc.
Box 2515
700 W. Louisiana
Midland, Texas 79702

Texas Oil and Gas Corporation
900 Wilco Building
Midland, Texas 79701

Pennzoil Company
P.O. Box 2967
Houston, Texas 77001

Union Texas Petroleum
4000 North Big Spring
Suite 500
Midland, Texas 79705

Amoco Production Co. (USA)
P.O. Box 3092
Houston, Texas 77001

Arco Oil & Gas Company
P.O. Box 1610
Midland, Texas 79702

Exxon Company U.S.A.
P.O. Box 1600
Midland, Texas 79702

Santa Fe Energy Company
500 W. Illinois
Midland, TX 79701

Tenneco Oil Exploration
and Production
7990 Interstate Hwy 10 West
San Antonio, TX 78230

Chevron U.S.A. Inc.
P.O. Box 1635
Houston, Texas 77251

HNG Oil Company
P.O. Box 2267
Midland, Texas 79702

Mobil Producing Texas &
New Mexico Inc.
P.O. Box 633
Midland, Texas 79702

Monsanto Company
1300 Post Oak Tower
5051 Westheimer
Houston, Texas 77478

Sun Exploration and
Production Company
One Petroleum Center
Building 8
Suite 204
Midland, Texas 79705

Marathon Oil Company
P.O. Box 552
Midland, Texas 79702

Big "6" Drilling Company
7500 San Felipe
Suite 666
Houston, Texas 77063

Burk Royalty Co.
Box BRC
Wichita Falls, Texas 76307

Forest Oil Corporation
1500 Colorado National Bldg.
950 17th Street
Denver, Colorado 80202

O'Neill Properties, Ltd.
P.O. Box 2840
Midland, Texas 79702

Joseph I. O'Neill, Jr.
P.O. Box 2840
Midland, Texas 79702

Cactus Drilling Company
731 W. Wadley
Midland, Texas 79705

Hondo Oil & Gas Company
P.O. Box 2819
Dallas, Texas 75221

Grand Banks Energy Co.
302 Paragon Tower
600 N. Marienfeld
Midland, Texas 79701

Texaco Inc.
P.O. Box 3109
Midland, Texas 79702

Spectrum 7 Exploration Company
P.O. Drawer 10626
Midland, Texas 79702

Mesa Petroleum Company
Suite 1000, Vaughn Bldg.
400 W. Texas
Midland, Texas 79701-4493

Yates Petroleum Corporation
7700 San Felipe
Suite 350
Houston, Texas 77063

Harvey E. Yates Company
P.O. Box 1933
Roswell, New Mexico 88201

Anadarko Production Company
400 W. Illinois
Suite 1300
Midland, Texas 79702

Petro-Search, Inc.
1010 Lamar
Suite 1700
Houston, Texas 77002

Cities Service Oil
and Gas Corporation
Attn: Danny Kidwell
P.O. Box 1919
Midland, Texas 79702

Echo Production Inc.
P.O. Box 1210
Graham, Texas 76046

Bass Enterprises Production Co.
P.O. Box 2760
Midland, Texas 79701

Cecil J. Rhodes
511 W. Texas
Midland, Texas 79701

Marks and Garner Production
P.O. Box 655
1421 South Love
Lovington, New Mexico 88260

Conoco Inc.
Briercroft Savings Center
200 N. Loraine, 7th Floor
Midland, Texas 79701

Bass Enterprises Production Company
P.O. Box 2760
Midland, Texas 79702

Sohio Petroleum Co.
10 Desta Drive
Midland, Texas 79705

Triton Oil & Gas Corp.
1400 One Energy Square
4925 Greenville Avenue
Dallas, Texas 75206

Ambassador Petroleum Corp.
720 N. Post Oak Road
Suite 514
Houston, Texas 77024

Jim L. Sharp
511 N. Linam
Hobbs, New Mexico 88241

V.H. Westbrook
810 W. Broadway
Hobbs, New Mexico 88241

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
JOHN H. BEMIS

GUADALUPE PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

October 28, 1986

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

The Honorable Jim Baca
State Land Commissioner
Post Office Box 1148
Santa Fe, New Mexico 87501

Re: Application of Meridian Oil Inc. for Special
Pool Rules, Lea County, New Mexico.

Dear Mr. Baca:

This letter is to advise you that Meridian Oil Inc. has filed an application with the New Mexico Oil Conservation Division seeking 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.

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Very truly yours,



WILLIAM F. CARR

WFC/ab

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Ambassador Petroleum Corp.
720 North Post Oak Road
Suite 514
Houston, Texas 77024

Re: Application of Meridian Oil Inc. for Special
Pool Rules, Lea County, New Mexico.

Gentlemen:

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Knox Industries, Inc.
Post Office Box 3023
Midland, Texas 79702


Re: Application of Meridian Oil Inc. for Special
Pool Rules, Lea County, New Mexico.

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Mid-America Petroleum, Inc.
Box 2515
700 West Louisiana
Midland, Texas 79702

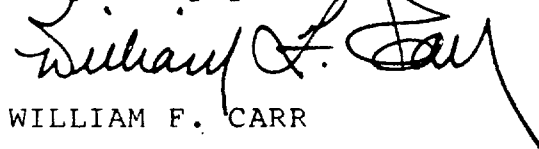
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Texas Oil and Gas Corporation
900 Wilco Building
Midland, Texas 79701

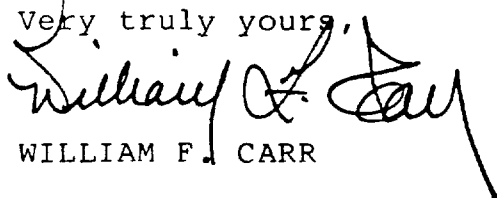
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Pennzoil Company
Post Office Box 2967
Houston, Texas 77252-2967

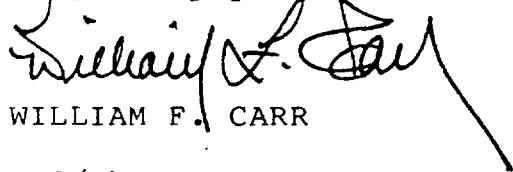
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Union Texas Petroleum
4000 North Big Spring
Suite 500
Midland, Texas 79705

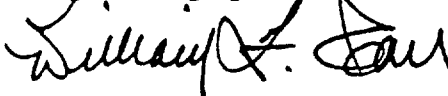
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Amoco Production Co. (USA)
Post Office Box 3092
Houston, Texas 77210

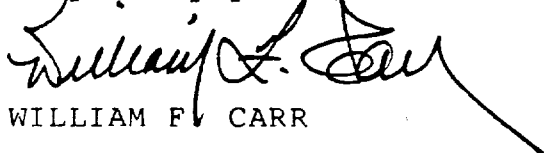
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Arco Oil & Gas Company
Post Office Box 1610
Midland, Texas 79702

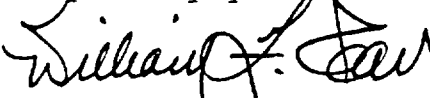
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Exxon Company U.S.A.
Post Office Box 1600
Midland, Texas 79702-1600

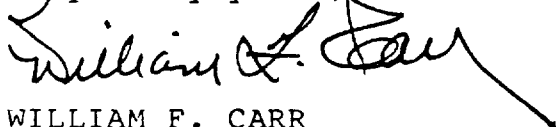
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Santa Fe Energy Company
500 West Illinois
Midland, Texas 79701

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Tenneco Oil Exploration and Production
7990 Interstate Highway 10 West
San Antonio, Texas 78230

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Chevron U.S.A. Inc.
Post Office Box 1635
Houston, Texas 77251

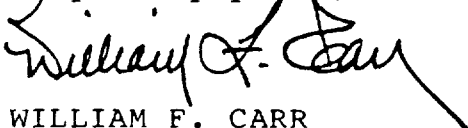
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POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

October 28, 1986

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

HNG Oil Company
Post Office Box 2267
Midland, Texas 79702

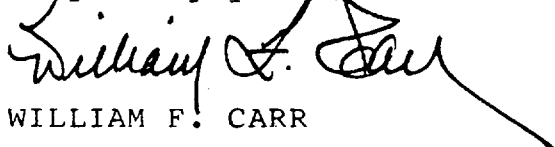
Re: Application of Meridian Oil Inc. for Special
Pool Rules, Lea County, New Mexico.

Gentlemen:

This letter is to advise you that Meridian Oil Inc. has filed an application with the New Mexico Oil Conservation Division seeking 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.

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Very truly yours,


WILLIAM F. CARR

WFC/ab

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
JOHN H. BEMIS

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October 28, 1986

CERTIFIED MAIL
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Mobil Producing Texas & New Mexico Inc.
Post Office Box 633
Midland, Texas 79702

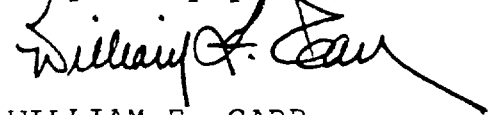
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October 28, 1986

CERTIFIED MAIL
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Monsanto Company
1300 Post Oak Tower
5051 Westheimer
Houston, Texas 77478

Re: Application of Meridian Oil Inc. for Special
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October 28, 1986

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Sun Exploration and Production Company
One Petroleum Center
Building 8, Suite 204
Midland, Texas 79705

Re: Application of Meridian Oil Inc. for Special
Pool Rules, Lea County, New Mexico.

Gentlemen:

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October 28, 1986

CERTIFIED MAIL
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Marathon Oil Company
Post Office Box 552
Midland, Texas 79702

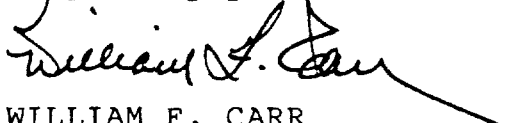
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October 28, 1986

CERTIFIED MAIL
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Big "6" Drilling Company
7500 San Felipe
Suite 666
Houston, Texas 77063

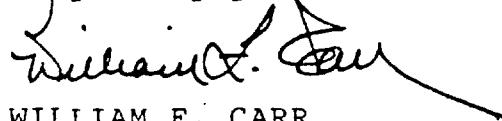
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Burk Royalty Co.
Box BRC
Wichita Falls, Texas 76307

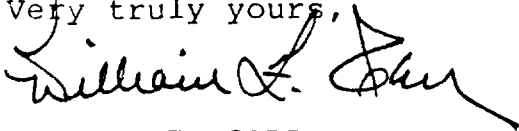
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October 28, 1986

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Forest Oil Corporation
1500 Colorado National Building
950 Seventeenth Street
Denver, Colorado 80202

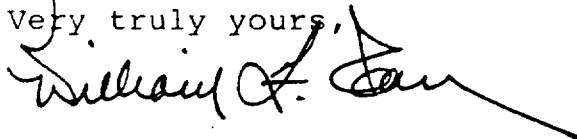
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October 28, 1986

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O'Neill Properties, Ltd.
Post Office Box 2840
Midland, Texas 79702

Re: Application of Meridian Oil Inc. for Special
Pool Rules, Lea County, New Mexico.

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POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 966-4421
TELECOPIER: (505) 963-6043

October 28, 1986

CERTIFIED MAIL
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Hondo Oil & Gas Company
Post Office Box 2819
Dallas, Texas 7521

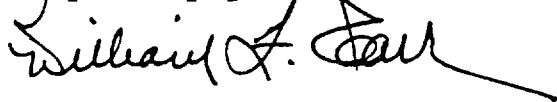
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October 28, 1986

CERTIFIED MAIL
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Grand Banks Energy Co.
302 Paragon Tower
600 North Marienfeld
Midland, Texas 79701

Re: Application of Meridian Oil Inc. for Special
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October 28, 1986

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Mesa Petroleum Company
Suite 1000, Vaughn Building
400 West Texas
Midland, Texas 79701-4493

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October 28, 1986

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Yates Petroleum Corporation
7700 San Felipe
Suite 350
Houston, Texas 77063

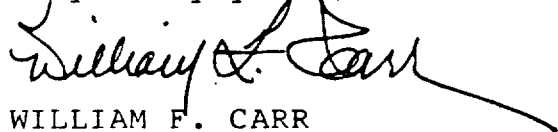
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Harvey E. Yates Company
Post Office Box 1933
Roswell, New Mexico 88201

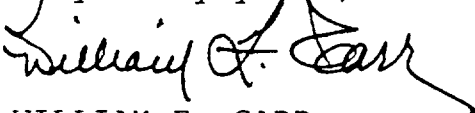
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Anadarko Production Company
400 West Illinois
Suite 1300
Midland, Texas 79702

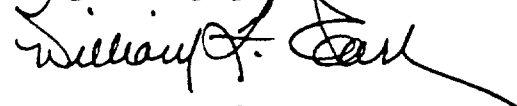
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Echo Production Inc.
Post Office Box 1210
Graham, Texas 76046

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Bass Enterprises Production Co.
Post Office Box 2760
Midland, Texas 79701

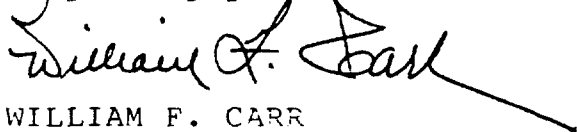
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WFC/ab

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
JOHN H. BEMIS

GUADALUPE PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

October 28, 1986

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Cecil J. Rhodes
511 West Texas
Midland, Texas 79701

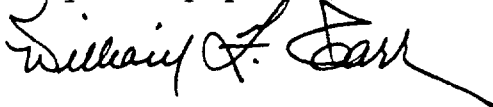
Re: Application of Meridian Oil Inc. for Special
Pool Rules, Lea County, New Mexico.

Dear Mr. Rhodes:

This letter is to advise you that Meridian Oil Inc. has filed an application with the New Mexico Oil Conservation Division seeking 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.

This application has been set for hearing before the Oil Conservation Division on November 19, 1986. You are not required to attend this hearing, but as an interest owner in the acreage to be pooled, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Very truly yours,



WILLIAM F. CARR

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Marks and Garner Production
Post Office Box 655
1421 South Love
Lovington, New Mexico 88260

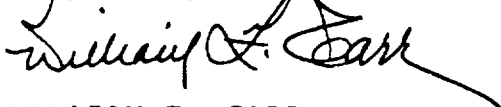
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October 28, 1986

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Conoco Inc.
Briercroft Savings Center
200 North Loraine, 7th Floor
Midland, Texas 79701

Re: Application of Meridian Oil Inc. for Special
Pool Rules, Lea County, New Mexico.

Gentlemen:

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TELECOPIER: (505) 983-6043

October 28, 1986

CERTIFIED MAIL
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Bass Enterprises Production Company
Post Office Box 2760
Midland, Texas 79702

Re: Application of Meridian Oil Inc. for Special
Pool Rules, Lea County, New Mexico.

Gentlemen:

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Sohio Petroleum Co.
10 Desta Drive
Midland, Texas 79705

Re: Application of Meridian Oil Inc. for Special
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October 28, 1986

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Triton Oil & Gas Corp.
1400 One Energy Square
4925 Greenville Avenue
Dallas, Texas 75206

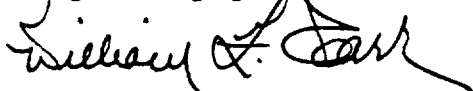
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October 28, 1986

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Jim L. Sharp
511 North Linam
Hobbs, New Mexico 88241

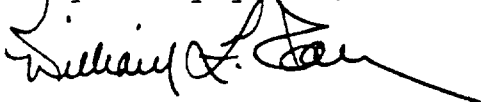
Re: Application of Meridian Oil Inc. for Special
Pool Rules, Lea County, New Mexico.

Dear Mr. Sharp:

This letter is to advise you that Meridian Oil Inc. has filed an application with the New Mexico Oil Conservation Division seeking 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.

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V. H. Westbrook
810 West Broadway
Hobbs, New Mexico 88241

Re: Application of Meridian Oil Inc. for Special
Pool Rules, Lea County, New Mexico.

Dear Mr. Westbrook:

This letter is to advise you that Meridian Oil Inc. has filed an application with the New Mexico Oil Conservation Division seeking 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.

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Very truly yours,



WILLIAM F. CARR

WFC/ab

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

Meridian EXHIBIT NO: 8
CASE NO: 9037

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF CONSIDERING

APPLICATION OF MERIDIAN OIL
COMPANY FOR SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO.

CASE NO. 9037
ORDER NO. R- _____

MERIDIAN OIL COMPANY'S
PROPOSED ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 A.M. on November 19, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this _____ day of _____, 1986, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause, the parties and the subject matter thereof.

(2) The applicant, Meridian Oil Company, seeks the promulgation of special pool rules for the Air Strip Bone Springs Pool, Lea County, New Mexico, including a provision for 80-acre spacing units.

(3) By Order No. R-6255-A-1, effective July 1, 1984, the Commission created the Air Strip Bone Springs Pool.

(4) As a result of the completion of the Meridian Oil Company Tonto "14" State Well Nos. 1 and 2 located in Section 14, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, new and additional evidence now exists to support changing the spacing in this pool from 40 acres to 80 acres.

(5) Although the development of said pool has resulted in wells being drilled on what constitutes an 80-acre spacing pattern, it has remained since its creation governed by general statewide 40-acre spacing units.

(6) Geologic and engineering evidence presented at the hearing showed that wells in the Air Strip Bone Springs Pool may be capable of draining 80-acre spacing units.

(7) Evidence and testimony at the hearing demonstrated that drilling wells in the Air Strip Bone Springs Pool on 40-acre spacing is uneconomical at the present time and may result in the drilling of unnecessary wells.

(8) Adoption of temporary special pool rules including provisions for 80-acre spacing would encourage continued drilling of Air Strip Bone Springs Pool wells, thereby producing oil which might not otherwise be produced, thereby preventing waste.

(9) In order to prevent the economic loss caused by the drilling of unnecessary wells, to avoid the augmentation of risk arising from the drilling of an excessive number of wells, to prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for the Air Strip Bone Springs Pool as previously defined and described.

(10) The temporary special rules and regulations should provide for limited well locations in order to assure orderly development of the pool and protect correlative rights.

(11) The temporary special rules and regulations should be established for an 18-month period in order

Case No. 9037
Order No. R-_____

to allow the operators in the subject pool to gather reservoir information to establish the area that can be efficiently and economically drained and developed by one well.

(12) Unless called earlier, this case should be reopened at an Oil Conservation Division examiner hearing in June, 1988, at which time the operators in the subject pool should be prepared to appear and show cause why the Air Strip Bone Springs Pool should not be developed on 40-acre spacing units.

IT IS THEREFORE ORDERED THAT:

(1) Temporary Special Rules and Regulations for the Air Strip Bone Springs Pool, Lea County, New Mexico, as previously defined and described, are hereby promulgated as follows:

**TEMPORARY SPECIAL RULES AND REGULATIONS
FOR THE
AIR STRIP BONE SPRINGS POOL**

RULE 1. Each well completed or recompleted in the Air Strip Bone Springs Pool or in the Wolfcamp formation within one mile thereof, and not nearer to or within the limits of another designated Wolfcamp oil pool, shall be spaced, drilled, operated, and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2 or W/2 of a governmental quarter section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in the unit.

RULE 3. The Director of the Oil Conservation Division, hereinafter referred to as the "Division", may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United

Case No. 9037

Order No. R-_____

States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within 30 days after the Director has received the application.

RULE 4. Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5. The Division Director may grant an exception to the requirements of Rule 4 without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

RULE 6. A standard proration unit (79 through 81 acres) shall be subject to an 80-acre depth bracket allowable of 355 barrels of oil per day. The allowable assigned to a 40-acre non-standard proration unit shall be a depth bracket allowable of 275 barrels of oil per day.

IT IS FURTHER ORDERED THAT:

(1) The locations of all wells presently drilling to or completed in the Air Strip Bone Springs Pool or in the Wolfcamp formation within one mile thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Hobbs District Office of the Division in writing of the name and location of the well on or before June 1, 1988.

Case No. 9037
Order No. R-_____

(2) Pursuant to Paragraph A of Section 70-2-18, NMSA (1978), contained in Chapter 271, Laws of 1969, any wells completed after December 1, 1986 in the Air Strip Bone Springs Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C of said Section 70-2-18, existing wells shall be automatically approved as 40-acre non-standard spacing or proration units unless the operator files a new Form C-102 with the Division dedicating 80 acres to the existing well within 60 days from the date of this order.

(3) Unless called earlier upon the motion of the Division, this case shall be reopened at an examiner hearing in June, 1988, at which time the operators in the subject pool should be prepared to appear and show cause why the Air Strip Bone Springs Pool should not be developed on 40-acre spacing units.

(4) 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

RICHARD L. STAMENTS
Director

S E A L