

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:

APPLICATION OF MATADOR PETROLEUM CORPORATION
FOR APPROVAL OF AN UNORTHODOX GAS WELL LOCATION
AND TO AMEND DIVISION ORDER NO. R-10872-B TO APPROVE
A STANDARD 600.01-ACRE GAS SPACING AND PRORATION
UNIT, EDDY COUNTY, NEW MEXICO.

Case No. 12034

APPLICATION OF TEXACO EXPLORATION AND PRODUCTION
INC. FOR COMPULSORY POOLING, AN UNORTHODOX GAS
WELL LOCATION, AND NON-STANDARD GAS SPACING AND
PRORATION UNITS, EDDY COUNTY, NEW MEXICO.

Case No. 12051

APPLICATION OF TEXACO EXPLORATION AND PRODUCTION
INC. FOR COMPULSORY POOLING, AN UNORTHODOX GAS
WELL LOCATION, AND NON-STANDARD GAS SPACING AND
PRORATION UNITS, EDDY COUNTY, NEW MEXICO.

Case No. 12105

Order No. R-10872-C

ORDER OF THE DIVISION

BY THE DIVISION:

These cases came on for hearing at 8:15 a.m. on December 3 and 17, 1998 and on January 7, 1999, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 2nd day of April, 1999, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

- (1) Due public notice has been given and the Division has jurisdiction of these cases and their subject matter.



(2) In Case No. 12034, the applicant, Matador Petroleum Corporation ("Matador"), seeks to amend Division Order No. R-10872-B, issued by the New Mexico Oil Conservation Commission in consolidated Cases No. 11723 (De Novo), 11755 (De Novo), and 11868 and dated December 11, 1997, by establishing a standard 600.01-acre gas spacing and proration unit comprising Lots 11 through 14, 25 through 32, and the SW/4 (lower two-thirds equivalent) of irregular Section 1, Township 21 South, Range 25 East, NMPM, Eddy County, New Mexico in the Catclaw Draw-Morrow Gas Pool. This unit is to be simultaneously dedicated to the existing Catclaw Draw "1" Federal Well No. 1 (API No. 30-015-30123), which is currently operated by Mewbourne Oil Company ("Mewbourne"), located at an unorthodox gas well location 660 feet from the South line and 2310 feet from the East line (Unit V) of Section 1 and to the proposed Avalon Federal Well No. 2 (API No. 30-015-29730) to be drilled at an unorthodox infill gas well location 2080 feet from the South line and 750 feet from the West line (Unit T) of Section 1. Matador further seeks approval of the proposed Avalon Federal Well No. 2 as an unorthodox gas well location within a 297.88-acre lay-down gas spacing and proration unit comprising Lots 29 through 32 and the SW/4 (bottom one-third equivalent) of Section 1 for any and all formations and/or pools from the top of the Wolfcamp formation to the top of the Catclaw Draw-Morrow Gas Pool developed on 320-acre spacing, which currently include the Undesignated Springs-Upper Pennsylvanian Gas Pool, Undesignated Avalon-Strawn Gas Pool, Undesignated East Catclaw Draw-Strawn Gas Pool, and Undesignated Avalon-Atoka Gas Pool.

(3) In Case No. 12051, the applicant, Texaco Exploration and Production Inc. ("Texaco"), seeks an order pooling all mineral interests within the Upper Pennsylvanian and Morrow intervals underlying the following described acreage in Section 1, in the following manner:

- (a) Lots 11 through 14 and 17 through 28 (upper two-thirds equivalent) to form a 555.74-acre gas spacing and proration unit for any pool developed on 640-acre spacing within that vertical extent, which presently includes only the Catclaw Draw-Morrow Gas Pool; and
- (b) Lots 11 through 14 and 19 through 22 to form a 288.19-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, which presently include the Undesignated McMillan-Cisco Gas Pool and Undesignated Springs-Upper Pennsylvanian Gas Pool.

Both units are to be dedicated to Texaco's proposed Rocky Arroyo Federal Com. Well No. 1 to be drilled at an unorthodox gas well location 3200 feet from the North line and 660 feet from the West line (Lot 13/Unit M) of Section 1.