

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

IN THE MATTER OF CASE NOS. 8696 AND 8790 BEING REOPENED
PURSUANT TO THE PROVISIONS OF ORDER NOS. R-8062 AND
R-8062-A, RESPECTIVELY, WHICH PROMULGATED AND AMENDED
TEMPORARY SPECIAL RULES AND REGULATIONS FOR THE SHIPP-
STRAWN POOL, LEA COUNTY, NEW MEXICO.

CASE NOS. 8696 and 8790
Order No. R-8062-B

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 18th day of December, 1986, 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) Division Case Nos. 8696 and 8790 were consolidated at the time of the hearing for the purpose of testimony.

(3) By Order No. R-8062 dated October 31, 1985, and issued in Case No. 8696, the Division created, defined, and promulgated temporary special rules and regulations for the Shipp-Strawn Pool, Lea County, New Mexico, including a provision for 80-acre spacing and proration units.

(4) Subsequent to the issuance of said order, the Division, on its own motion, called Case No. 8790 and issued Order No. R-8062-A which amended certain portions of the special rules and regulations promulgated by Order No. R-8062, including well location requirements, horizontal limits, and the area to be governed by said rules.

-2-

Cases Nos. 8696 and 8790
Order No. R-8062-B

(5) Pursuant to the provisions of Order Nos. R-8062 and R-8062-A, both cases were reopened to allow the operators in the subject pool to appear and show cause why the Shipp-Strawn Pool should not be developed on 40-acre spacing and proration units.

(6) Inasmuch as the subject matter in both cases is the same, that being the consideration of adopting permanent special rules and regulations for the Shipp-Strawn Pool, one order should be issued for both cases.

(7) The evidence presented at the hearing establishes that one well in the Shipp-Strawn Pool can efficiently and economically drain and develop 80 acres.

(8) The special rules and regulations promulgated by Order No. R-8062 as amended by Order No. R-8062-A have afforded and will afford to the owner of each property in the pool the opportunity to produce his just and equitable share of the oil in the pool.

(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, the special rules and regulations promulgated by Order No. R-8062 as amended by Order No. R-8062-A should be continued in full force and effect until further order of the Division.

IT IS THEREFORE ORDERED THAT:

(1) The special rules and regulations governing the Shipp-Strawn Pool, Lea County, New Mexico, promulgated by Order No. R-8062 as amended by Order No. R-8062-A, are hereby continued in full force and effect until further order of the Division.

(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

R. L. STAMETS
Director

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