

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. 8834 (Reopened)
Order No. R-8222-A

IN THE MATTER OF CASE NO. 8834 BEING
REOPENED PURSUANT TO THE PROVISIONS OF
DIVISION ORDER NO. R-8222, WHICH PROMULGATED
TEMPORARY SPECIAL POOL RULES AND REGULATIONS
FOR THE ALSTON RANCH-UPPER PENNSYLVANIAN POOL,
LEA COUNTY, NEW MEXICO, INCLUDING A PROVISION
FOR 80-ACRE SPACING UNITS.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 11,
and June 8, 1988, at Santa Fe, New Mexico, before Examiner
David R. Catanach.

NOW, on this 24th day of June, 1988, 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) By Order No. R-8222, dated May 13, 1986, the Divi-
sion created, defined, and promulgated temporary special
rules and regulations for the Alston Ranch-Upper Pennsylva-
nian Pool, Lea County, New Mexico, including a provision for
80-acre spacing and proration units.

(3) Pursuant to the provisions of Order No. R-8222,
this case was reopened to allow the operators in the subject
pool to appear and show cause why the Alston Ranch-Upper
Pennsylvanian Pool should not be developed on 40-acre
spacing units.

(4) Oxy USA Inc., formerly Cities Service Oil and Gas Company, the operator of the only currently producing well within the subject pool, and the applicant in original Case No. 8834, appeared at the hearing and presented evidence and testimony in support of the continuation of the special rules and regulations for the subject pool.

(5) The evidence presented establishes that one well in the subject pool can efficiently and economically drain and develop 80 acres.

(6) The special rules and regulations promulgated by Order No. R-8222 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.

(7) In order to prevent the economic loss caused by the drilling of an excessive number of 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-8222 should be continued in full force and effect until further order of the Division.

IT IS THEREFORE ORDERED THAT:

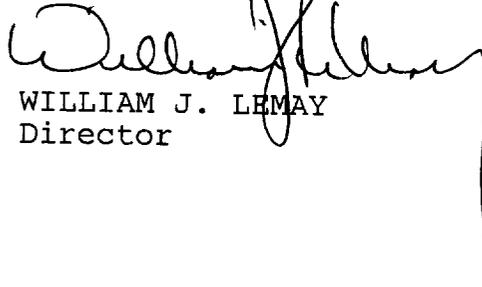
(1) The special rules and regulations governing the Alston Ranch-Upper Pennsylvanian Pool, Lea County, New Mexico, promulgated by Order No. R-8222, are hereby continued in full force and effect until further order of the Division.

(2) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

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