

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO. 11612 (Reopened)
ORDER NO. R-10679-B

IN THE MATTER OF CASE 11612 BEING REOPENED PURSUANT TO THE PROVISIONS OF DIVISION ORDER NO. R-10679-A, WHICH ORDER CREATED THE EAST STALLION-DEVONIAN POOL AND PROMULGATED TEMPORARY SPECIAL RULES AND REGULATIONS THEREFOR, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on March 19, 1998, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 27th day of August, 1998 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 this case and its subject matter.

(2) By Division Order No. R-10679-A, issued in Case No. 11612 and made effective October 2, 1996, the East Stallion-Devonian Pool was created for the production of oil from the Devonian formation in a portion of Section 3, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico. The order also adopted special rules and regulations for the pool including provisions for 80-acre spacing and designated well location requirements.

(3) Pursuant to the provisions of the "*Special Rules and Regulations for the East Stallion-Devonian Pool*," this case was reopened to allow the operators in the pool to appear and show cause why the rules should not be rescinded and the pool developed on 40-acre spacing units.

(4) The East Stallion-Devonian Pool currently comprises the following described acreage in Lea County, New Mexico:

TOWNSHIP 13 SOUTH, RANGE 38 EAST, NMPM

Section 3: W/2 SW/4.

(5) At the time of the March 19, 1998 rehearing, the original applicant Fasken Oil & Ranch, Ltd. ("Fasken") appeared and presented testimony supporting the continued development of this pool on 80-acre spacing.

(6) Even though there is still only one well producing from this pool, Fasken's Grande Well No. 1 (API No. 30-025-33502), located 1002 feet from the South line and 768 feet from the West line (Unit M) of Section 3, the engineering evidence submitted at the March 19, 1998 hearing indicates that one well can effectively and economically drain and develop 80 acres. Therefore, the current rules in effect for this pool will ensure continued development in a prudent manner, are in the best interest of conservation, and have afforded and will afford the owners of property in the pool the opportunity to produce their just and equitable share of the oil in the pool.

(7) No interested party appeared at the hearing in opposition to the continuation of the current special rules.

(8) In order to prevent the economic loss and avoid the risk caused by the drilling of an excessive number of wells, and to otherwise prevent waste and protect correlative rights, the "*Special Rules and Regulations for the East Stallion-Devonian Pool*," as adopted by Division Order No. R-10679-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 East Stallion-Devonian Pool in Lea County, New Mexico, are hereby continued in full force and effect until further order of the Division.

(2) Jurisdiction is hereby 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.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director