

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. 11999
ORDER NO. R-11011

APPLICATION OF COSTILLA ENERGY, INC. FOR COMPULSORY POOLING
AND AN UNORTHODOX GAS WELL LOCATION, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 9, 1998, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 24th day of July, 1998, the Division Director, having considered 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) The applicant, Costilla Energy, Inc., seeks an order pooling all mineral interests from the surface to the base of the Chester formation underlying the following described acreage in Section 33, Township 16 South, Range 26 East, NMPM, Eddy County, New Mexico, in the following manner:

(a) the S/2 to form a standard 320-acre gas spacing and proration unit for any and all pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated POW-Strawn Gas Pool and POW-Morrow Gas Pool;

(b) the SW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools

developed on 160-acre spacing within said vertical extent;
and,

(c) the NW/4 SW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent.

(3) These units are to be dedicated to the applicant's proposed Funk "49" Well No. 1 to be drilled at a location that is considered to be unorthodox for all three units 1650 feet from the South line and 1080 feet from the West line (Unit L) of Section 33.

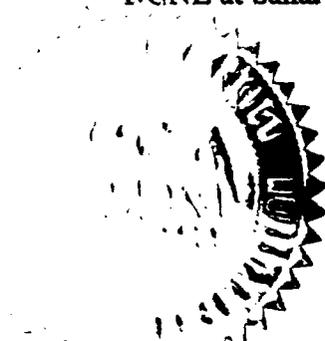
(4) Prior to the July 9, 1998 hearing, the applicant requested this matter be dismissed.

(5) Dismissal of this case should therefore be granted.

IT IS THEREFORE ORDERED THAT:

Case No. 11999 is hereby dismissed.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

July 17, 1998

Costilla Energy, Inc.
c/o James Bruce
P. O. Box 1056
Santa Fe, New Mexico 87504

Administrative Order NSL-4096

Dear Mr. Bruce:

Reference is made to the following: (i) your initial application on behalf of Costilla Energy, Inc. ("Costilla") dated June 18, 1998; (ii) the records of the Division in Santa Fe including the file on Division Case Nos. 12013 and 11999; (iii) two letters filed by Mr. W. Thomas Kellahin on behalf of Nearburg Exploration Company, L.L.C. dated June 23 and July 13, 1998; (iv) your letter dated July 17, 1998; and, (v) supplemental geological information submitted on July 17, 1998 by Louis J. Mazzullo of Albuquerque, New Mexico: all concerning Costilla's request to drill its Funk "49" Well No. 1 at an unorthodox Morrow gas well location 1650 feet from the South line and 1080 feet from the West line (Unit L) of Section 33, Township 16 South, Range 26 East, NMPM, Eddy County, New Mexico.

The S/2 of Section 33 is to be dedicated to the well in order to form a standard 320-acre gas spacing and proration unit for the POW-Morrow Gas Pool.

The geologic interpretation submitted with this application indicates that a well drilled at the proposed unorthodox gas well location will be at a more favorable geologic position within the Morrow formation than a well drilled at a location considered to be standard.

The application has been duly filed under the provisions of Rule 104.F of the General Rules and Regulations of the New Mexico Oil Conservation Division ("Division").

By the authority granted me under the provisions of Division General Rule 104.F(2), the above-described unorthodox Morrow gas well location is hereby approved.

Sincerely,


Lori Wrotenbery
Director

LW/MES/kv

cc: New Mexico Oil Conservation Division - Artesia
Nearburg Exploration Company, L.L.C., c/o W. Thomas Kellahin - Santa Fe
Louis J. Mazzullo - Albuquerque
File: Case 12013
Case 11999 ✓