

**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 12476
ORDER NO. R-_____**

**IN THE MATTER OF THE APPLICATION OF V-F PETROLEUM, INC., FOR
EXCEPTIONS TO SPECIAL POOL RULES PERMITTING AN UNORTHODOX
WELL LOCATION AND A SECOND WELL ON 640-ACRE PRORATION UNIT,
EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on November 1, 2001 at Santa Fe, New Mexico, before Examiner David Catanach.

NOW, on this ____ day of November, 2001, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given pursuant to Division Rules 1207.A (2) and (3) and the Division has jurisdiction of this case and its subject matter.

(2) By Order No. R-3022, adopted January 1, 1966, the Commission established the Dos Hermanos Morrow Gas Pool. Order No. R-3022 provides that the standard spacing unit for Dos Hermanos Gas Pool is 640 acres, and that each well within the subject pool shall be located no nearer than 1650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line.

(3) The Special Rules and Regulations governing the Dos Hermanos Morrow Gas Pool, promulgated by Order No. R-3022, were continued in full force and effect by Orders R-3022-A, entered December 9, 1966, and Order No. R-3022-B, entered February 12, 1968, and remain in full force and effect.

(4) At this time, the applicant, V-F Petroleum, Inc., seeks to drill its Hale Federal Com. Well No. 3 to the Morrow formation, Dos Hermanos Morrow Gas Pool, to a bottom hole location 950 feet from the north line and 760 feet from the west line

of said section, and to dedicate the existing 640-acre spacing unit, standard under Order No. R-3022, comprised of all acreage within said Section 22 to the proposed well.

(5) The acreage within Section 22 is currently dedicated to a producing well, the Hale Federal Com. Well No. 2.

(6) This application has been duly filed under the provisions of Division Rule 104.

(7) Further, this matter was styled such that in the absence of objection this case would be taken under advisement.

(8) No offsetting operator and/or interest owner appeared at the hearing in opposition to this application.

(9) Approval of the proposed amendment to Order No. R-3022 will afford the applicant the opportunity to produce its just and equitable share of the gas in the Dos Hermanos Gas Pool, is in the best interest of conservation, and will otherwise prevent waste and protect correlative rights.

(10) Wells in the Dos Hermanos Morrow Gas Pool have resulted in significant production Since entry of Orders R-3022, R-3022-A, and R-3022-B. The Applicant in this case demonstrated that the drainage area for the Hale Federal com. Well No. 2, the only currently producing well in the acreage to be dedicated to the proposed well, is less than 640 acres. Allowing the Applicant to drill and produce the proposed well will result in recovery of hydrocarbons which would not otherwise be recovered.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to its application, V-F Petroleum Inc. is granted the following exceptions to the provisions of Order No. R-3022:

(a) V-F Petroleum Inc. is allowed to drill its Hale Federal Com. Well No. 3 to the Morrow formation, Dos Hermanos Morrow Gas Pool, to a bottom hole location 950 feet from the north line and 760 feet from the west line of said section; and,

(b) The existing 640-acre spacing unit, standard under Order No. R-3022, comprised of all acreage within said Section 22, is hereby dedicated to the proposed well, and to the existing Hale Federal Com. Well No. 2.

(2) All other provisions of Order No. R-3022 shall remain in full force and effect until further notice.

Case No. 12476

Order No. R-_____

Page 3

(3) Jurisdiction of this case 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

LORI WROTENBERY
Director

S E A L