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DEC 27 1988

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

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IN THE MATTER OF THE APPLICATION
OF STRATA PRODUCTION COMPANY
FOR CREATION OF A NEW OIL POOL
AND FOR SPECIAL POOL RULES,
LEA COUNTY, NEW MEXICO:

CASE NO. 9582

APPLICATION

COMES NOW, the Applicant, Strata Production Company ("Strata"), by and through its attorneys, Montgomery & Andrews, P.A., and requests that the Division create a new oil pool, the Hat Mesa Bone Spring Oil Pool, Lea County, New Mexico. Strata requests that the horizontal boundaries of this Bone Spring pool include the W/2 of the NE/4 of Section 4, Township 21 South, Range 32 East, N.M.P.M., Lea County, New Mexico. In support of this Application, Strata states:

1. Strata has re-entered the discovery well for this Bone Spring pool. That discovery well is the New Mexico Federal Well No. 2-A, located 1980 feet from the north line and 1980 feet from the east line of Section 4, Township 21 South, Range 32 East, N.M.P.M., Lea County, New Mexico. This well was a previously existing well which was re-entered by Strata Production Company. The well was initially drilled by Grace Petroleum and was a Morrow gas well.

(lots 2-7)

2. Strata believes that the Bone Spring formation producing from this well represents a separate source of supply from other pools and believes that currently the Bone Spring formation in this area is not included within any other pool boundaries.

3. Strata believes that wells drilled within the proposed Hat Mesa Bone Spring Oil Pool will be capable of draining more than forty acres, and therefore requests that the spacing in the proposed pool be established at eighty acres, and that each well be located within one hundred fifty feet (150') of the center of a governmental quarter quarter section.

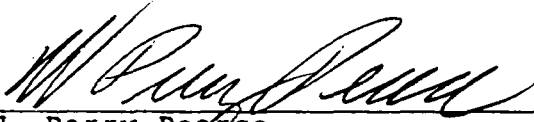
4. Strata believes that in order to encourage orderly development in this pool, that any operator drilling in the proposed Hat Mesa Bone Spring Oil Pool should be allowed to dedicate either the N/2, S/2, E/2 or W/2 of any governmental quarter section including within the boundaries of this proposed pool.

WHEREFORE, Applicant Strata Production Company prays that the Division enter its order creating a new oil pool named the Hat Mesa Bone Spring Oil Pool. That this pool will be subject to statewide oil pool rules, except that Strata requests a special pool rule providing for eighty-acre spacing, for dedication of the N/2, S/2, E/2 or W/2 of any governmental quarter section as a standard oil proration and spacing unit

within this pool, and for a standard well location for the pool to be established at any location within 150' of the center of a governmental quarter quarter section.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By 
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Attorneys for Applicant, Strata
Production Company

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

IN THE MATTER OF THE APPLICATION
OF STRATA PRODUCTION COMPANY
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AND FOR SPECIAL POOL RULES,
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JUN 19 1980

AMENDED APPLICATION

OIL CONSERVATION DIVISION

COMES NOW, the Applicant, Strata Production Company ("Strata"), by and through its attorneys, Montgomery & Andrews, P.A., and requests that the Division create a new oil pool, the Hat Mesa Bone Spring Oil Pool, Lea County, New Mexico. Strata requests that the horizontal boundaries of this Bone Spring pool include the W/2 of the NE/4 of Section 4, Township 21 South, Range 32 East, N.M.P.M., Lea County, New Mexico. In support of this Application, Strata states:

1. Strata has re-entered the discovery well for this Bone Spring pool. That discovery well is the New Mexico Federal Well No. 2-A, located 1980 feet from the north line and 1980 feet from the east line of Section 4, Township 21 South, Range 32 East, N.M.P.M., Lea County, New Mexico. This well was a previously existing well which was re-entered by Strata Production Company. The well was initially drilled by Grace Petroleum and was a Morrow gas well.

2. Strata believes that the Bone Spring formation producing from this well represents a separate source of supply from other pools and believes that currently the Bone Spring formation in this area is not included within any other pool boundaries.

3. Strata believes that wells drilled within the proposed Hat Mesa Bone Spring Oil Pool will be capable of draining more than forty acres, and therefore requests that the spacing in the proposed pool be established at eighty acres, and that each well be located within one hundred fifty feet (150') of the center of a governmental quarter quarter section.

4. Strata believes that in order to encourage orderly development in this pool, that any operator drilling in the proposed Hat Mesa Bone Spring Oil Pool should be allowed to dedicate either the N/2, S/2, E/2 or W/2 of any governmental quarter section including within the boundaries of this proposed pool.

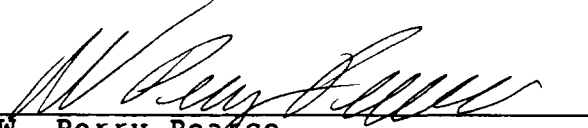
5. In the alternative, Strata seeks the expansion of the present Hat Mesa Bone Spring Pool to include Lots 1, 2 and 7 of Section 4, Township 21 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and the adoption of special pool rules for the expanded pool to provide for eighty-acre spacing, the dedication of the N/2, S/2, E/2 or W/2 of any governmental quarter section, and for a standard location in such pool to include any location within 150 feet of the center of a governmental quarter quarter section.

WHEREFORE, Applicant Strata Production Company prays that the Division enter its order creating a new oil pool named the Hat Mesa Bone Spring Oil Pool. That this pool will be subject to statewide oil pool rules, except that Strata requests a special pool rule providing for eighty-acre spacing, for dedication of the N/2, S/2, E/2 or W/2 of any governmental quarter section as a standard oil proration and spacing unit within this pool, and for a standard well location for the pool to be established at any location within 150' of the center of a governmental quarter quarter section. Or in the alternative for the expansion of the present Hat Mesa Bone Spring Pool and the adoption of these special pool rules for the expanded Hat Mesa Bone Spring Pool.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

By


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