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April 24, 1990

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OIL CONSERVATION DIVISION

9854

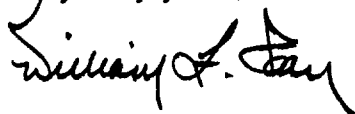
William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

Re: In the Matter of the Application of Stevens Operating Corporation for  
Special Pool Rules, Chaves County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Stevens Operating Corporation in the above-referenced case. Stevens Operating Corporation respectfully requests that this matter be placed on the docket for the Examiner hearings scheduled on May 16, 1990.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enc.: Mr. Don Stevens  
Stevens Operating Corporation

BEFORE THE  
OIL CONSERVATION DIVISION  
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES  
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APR 27 1990

IN THE MATTER OF THE APPLICATION  
OF STEVENS OPERATING CORPORATION  
FOR SPECIAL POOL RULES,  
CHAVES COUNTY, NEW MEXICO.

OIL CONSERVATION DIVISION

CASE NO. 9854

**APPLICATION**

STEVENS OPERATING CORPORATION, by their undersigned attorneys, hereby makes application for an order promulgating Special Pool Rules and Regulations for the Diablo-Fusselman Pool including a procedure for administrative approval of horizontal drilling and in support of this application states:

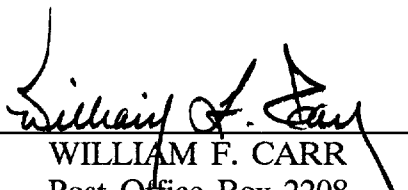
1. By Order No. R-9131 entered in Case 9854 on March 2, 1990 the Oil Conservation Division created the Diablo-Fusselman Pool with 90-day temporary Special Pool Rules and Regulations which provided for, among other things, 160-acre oil well spacing units, a gas oil ratio of 6500 to 1 and a depth bracket allowable of 382 barrels per day. This case will be reopened at the May 16, 1990 Examiner hearing.
2. Since the adoption of Temporary Special Pool Rules and Regulations for the Diablo-Fusselman Pool, additional information about this pool has been obtained by Stevens as a result of the drilling and completion of the McBride State No. 2 Well.
3. At the May 16, 1990 hearing, Stevens will present testimony concerning the proper spacing and production rates for this pool.

4. Applicant requests that the permanent Pool Rules for the Diablo-Fusselman Pool include procedures for administrative approval for horizontal wellbore drilling whereby operators in the pool may dedicate two 40-acre spacing units for a horizontally drilled well in the Fusselman formation provided that the wellbore shall be no closer to the outer boundary of the dedicated acreage or to an offsetting operator than permitted by the Rules promulgated for the pool. Horizontally drilled wells should be assigned an allowable equal to the well's 80-acre depth bracket allowable.

WHEREFORE, Stevens Operating Corporation requests that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on May 16, 1990, that after notice and hearing as required by law and the rules of the Division, that the application be approved.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By:   
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