

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8678
Order No. R-7983-B

APPLICATION OF WILTON SCOTT
TO VACATE AND VOID DIVISION
ORDER NO. R-7983, AS AMENDED,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on August 14 and 28, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 15th day of October, 1985, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) On May 8, 1985, the Division held a public hearing in Division Case 8595 and based upon testimony and evidence from that hearing, on July 12, 1985, entered Division Order No. R-7983 which established special rules and regulations for the Northeast Caudill-Wolfcamp Pool, Lea County, New Mexico, including 80-acre spacing, said rules being made effective on June 1, 1985.

(3) The Northeast Caudill-Wolfcamp Pool was established by Division Order No. R-7396 and made effective December 1, 1983, as amended by Division Orders Nos. R-7714 and R-7842, effective November 1, 1984 and March 1, 1985, respectively, with its horizontal limits consisting of the W/2 of Section 1 and the SE/4 of Section 2, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico Case No. <u>8793</u> Exhibit No. <u>3</u> Submitted by <u>UNION TEXAS</u> Hearing Date <u>1-7-86</u>

Case No. 8678
Order No. R-7983-B

(4) Wilton Scott, the applicant in this case, contends that he did not receive notice of the hearing held on May 8, 1985, in Case 8595.

(5) The applicant now seeks an order to vacate and void said Division Order No. R-7983, as amended.

(6) The applicant represents his own working interest and the working and royalty interests of Mr. Frank Late of Dallas, Texas, Mrs. Wilton Scott (applicant's spouse), and her two sisters, in the Union Texas Petroleum Scott Well No. 1 located 1830 feet from the South line and 660 feet from the West line of Section 1, Township 15 South, Range 36 East, NMPM, Northeast Caudill-Wolfcamp Pool, Lea County, New Mexico, which is one of only two wells in the pool.

(7) By Farmout Agreement dated December 6, 1982, as amended, applicant farmed out the following described lands to Robert M. Edsel in Lea County, New Mexico:

TOWNSHIP 15 SOUTH, RANGE 36 EAST, NMPM
Section 1: NE/4, E/2 NW/4, and SW/4
Section 12: W/2 NW/4

(8) Under the provisions of said Farmout Agreement, applicant was to receive a reassignment on June 15, 1985, of all lands under the Farmout Agreement not contained within a producing proration or spacing unit and all depths below 50 feet below the deepest depth drilled with respect to each of said producing proration units which were 40 acres prior to June 1, 1985.

(9) The record of Case 8595 contains no justification or basis for an effective date of June 1, 1985, for Order No. R-7983 issued thereon.

(10) In reviewing the record of said Case No. 8595 there was insufficient evidence to support the promulgation of 80-acre spacing in said pool on a permanent basis; however, there was sufficient evidence to support the promulgation of the 80-acre spacing rule on a temporary basis.

(11) Wilton Scott failed to provide sufficient evidence to show that said pool could properly be developed and drained on 40-acre spacing on a permanent basis at this time.

(12) The June 1, 1985, effective date for the Special Rules and Regulations for the Northeast Caudill-Wolfcamp Pool

-3-

Case No. 8678
Order No. R-7983-B

as promulgated by said Order No. R-7983, as amended, should be rescinded and said order should be made effective on the date of entry, July 12, 1985.

(13) The applicant's request to void and vacate said Order No. R-7983, as amended, should be denied.

IT IS THEREFORE ORDERED THAT:

(1) Ordering Paragraph (6) of Division Order No. R-7983 is hereby amended to read in its entirety as follows:

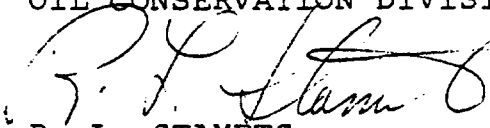
"The provisions of this order shall become effective July 12, 1985."

(2) The application of Wilton Scott to vacate and void Division Order No. R-7983, as amended, is hereby denied.

(3) Jurisdiction of this cause 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


R. L. STAMETS
Director

S E A L

fd/