

Federal Well No. 2 (API No. 30-005-21051), located at a standard oil well location 990 feet from the North and West lines of Section 34; and

- (ii) the SW/4 NW/4 (Unit E) of Section 34, being a standard 40-acre oil spacing and proration unit for the Southeast Chaves-Queen Area Associated Pool, is currently dedicated to Aspen Pumping's Walters "B" Federal Well No. 1 (API No. 30-005-21016), located at an unorthodox oil well location (approved by Division Order No. R-7805, issued in Case No. 8465 to Bison Petroleum Corporation and dated February 1, 1985) 1980 feet from the North line and 1200 feet from the West line of Section 34.

(3) The Walters Federal Well No. 2 (API No. 30-005-20462), located, inherently at a location considered to be unorthodox, 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 34, Township 13 South, Range 30 East, NMPM, Chaves County, New Mexico, was originally drilled in December, 1974 by Dalport Oil Corporation and completed as a gas well within the Southeast Chaves-Queen Area Associated Pool. On March 15, 1976 this well commenced producing when a gas connection was initially established. At that time a standard 320-acre gas spacing and proration unit comprising the W/2 of Section 34 was formed (see copy of NMOCD Form C-102 dated October 12, 1974). The Division's records indicate that Dalport Oil Corporation operated this well until December 1982 when Bison Petroleum Corporation became the operator. Subsequently, Frostman Oil Corporation was named as operator on March 23, 1990; on May 22, 1991 Happy Oil Company was named operator; effective April 1, 1992 Frostman Oil Corporation was renamed as operator; and finally effective May 1, 1998 Aspen Pumping became operator.

(4) In 1985-86 Bison Petroleum Corporation drilled and completed both the above-described Walters "B" Federal Wells No. 1 and 2 as oil wells within the Southeast Chaves-Queen Area Associated Pool.

(5) The Division on its own accord should take such steps necessary to recognize and correct this inconsistency that was created in 1985 in order to assure that operations within the Southeast Chaves-Queen Area Associated Pool continue uninterrupted and in accordance to the Division's rules and regulations set forth in the *New Mexico Oil and Gas Act*, Chapter 70, Article 2 NMSA 1978.

It Is Therefore Ordered That:

A 240 acre non-standard gas spacing and proration unit within the Southeast Chaves-