

**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 NO. 11409  
Order No. R-10504**

**APPLICATION OF MARALO INC. FOR  
POOL CREATION, SPECIAL POOL RULES,  
AND FOR THE ASSIGNMENT OF A DISCOVERY  
ALLOWABLE, LEA COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This cause came on for hearing at 8:15 a.m. on October 19, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 24th day of October, 1995, 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) The applicant, Maralo Inc., seeks the creation of a new pool for the production of oil from the Wolfcamp formation comprising the N/2 NE/4 of Section 20, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico, and the promulgation of special rules and regulations therefor including a provision for 80-acre spacing and proration units and designated well location requirements.
- (3) The applicant further seeks the assignment of a discovery allowable to its Lowe "20" Well No. 1, located 350 feet from the North line and 1550 feet from the East line (Unit B) of Section 20, pursuant to Division General Rule No. 509.
- (4) At the time of the hearing the applicant requested that the portion of its application requesting the assignment of a discovery allowable to the aforesaid Lowe "20" Well No. 1 be dismissed.

(13) At the request of the applicant, temporary special rules and regulations for the proposed pool should be established for a period of eighteen months in order to allow the operators in the subject pool the opportunity to gather sufficient reservoir information to show that an 80-acre proration unit in this pool can be efficiently and economically drained and developed by one well.

(14) Pursuant to Division General Rule Nos. 505(A) and 506(A), the subject pool should be assigned a depth bracket allowable of 355 barrels of oil per day at a limiting gas-oil ratio of 2,000 cubic feet of gas per barrel of oil.

(15) A new pool classified as an oil pool for Wolfcamp production should be created and designated the Southwest Bronco-Wolfcamp Pool, with vertical limits comprising the Wolfcamp formation and horizontal limits comprising the N/2 NE/4 of Section 20, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico.

(16) This case should be reopened at an examiner hearing in April, 1997, at which time the operators in the subject pool should be prepared to appear and show cause why the Temporary Special Rules and Regulations for the Southwest Bronco-Wolfcamp Pool should not be rescinded.

**IT IS THEREFORE ORDERED THAT:**

(1) Pursuant to the application of Maralo Inc., a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production is hereby created and designated the Southwest Bronco-Wolfcamp Pool, with vertical limits comprising the Wolfcamp formation, and horizontal limits comprising the N/2 NE/4 of Section 20, Township 13 South, Range 38 East, NMPM.

(2) Temporary Special Rules and Regulations for the Southwest Bronco-Wolfcamp Pool are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS  
FOR THE  
SOUTHWEST BRONCO-WOLFCAMP POOL**

**RULE 1.** Each well completed in or recompleted in the Southwest Bronco-Wolfcamp Pool or in the Wolfcamp formation within one mile thereof, and not nearer to or within the limits of another designated Wolfcamp oil pool shall be spaced, drilled, operated, and produced in accordance with the Special Rules hereinafter set forth.

(4) Pursuant to Paragraph A of Section 70-2-18, N.M.S.A. 1978 Comp., contained in Laws of 1969, Chapter 271, existing oil wells in the Southwest Bronco-Wolfcamp Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

*Per Donna P.  
11-20-95  
OCD has  
80-acre  
Form C-102*

Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this order shall subject the well to cancellation of allowable until a non-standard spacing unit has been approved and, subject to said 60-day limitation, each well presently drilling to or completed in the Southwest Bronco-Wolfcamp Pool or in its corresponding vertical limits as described in Ordering Paragraph No. (1) above, or within one mile thereof, shall receive no more than one-fourth of a standard allowable for said pool.

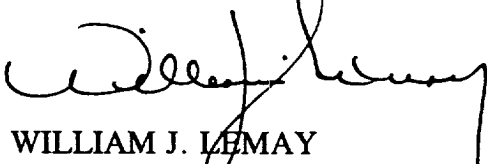
(5) This case shall be reopened at an examiner hearing in April, 1997, at which time the operators in the subject pool shall appear and show cause why the Temporary Special Rules and Regulations for the Southwest Bronco-Wolfcamp Pool promulgated herein should not be rescinded.

(6) Applicant's request for the assignment of a discovery allowable to its Lowe "20" Well No. 1 in the Southwest Bronco-Wolfcamp Pool is hereby dismissed.

(7) Jurisdiction is hereby 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

  
WILLIAM J. LEMAY  
Director