

(3) The applicant, Manzano Oil Corporation, seeks in the immediate case:

- a) the creation of two pools for the production of oil from the Strawn and Wolfcamp formations comprising the N/2 SW/4 of Section 11;
- b) the promulgation of special rules and regulations for the proposed Strawn and Wolfcamp pools including 80-acre spacing and designated well location requirements; and,
- c) the amendment of Division Order No. R-10602 to include provisions compulsory pooling all mineral interests in the Strawn and Wolfcamp formations underlying standard 80-acre proration units comprising the N/2 SW/4 of Section 11.

(4) Division records indicate that the current spacing unit for the "SV" Chipshot Well No. 1 (NE/4 SW/4 of Section 11) is located one mile from the outer boundary of the Northeast Lovington-Pennsylvanian Pool and the Northeast Lovington-Wolfcamp Pool.

(5) The Northeast Lovington-Pennsylvanian Pool is currently governed by Special Rules and Regulations as promulgated by Division Order No. R-3816, as amended, which require standard 80-acre spacing and proration units with wells to be located within 150 feet of the center of either quarter-quarter section or lot.

(6) The Northeast Lovington-Wolfcamp Pool is currently governed by Rule No. 104 of the Division General Rules and Regulations which require standard 40-acre spacing and proration units with wells to be located no closer than 330 feet from the outer boundary of the spacing unit.

(7) Pursuant to Division Rule No. 104.A.(2)(a), the "SV" Chipshot Well No. 1 should be properly classified at this time as a "wildcat" well.

(8) The "SV" Chipshot Well No. 1 was spudded on June 8, 1996, and was drilled to a total depth of 11,954 feet. The well was completed and tested in the Strawn formation at an initial producing rate of approximately 100 BOPD, 160 MCFGD and 286 BWPD through perforations from 11,528-11,544 feet. The Strawn interval was then temporarily abandoned and the well plugged back and completed and tested in the Wolfcamp interval at an initial producing rate of approximately 253 BOPD, 452 MCFGD and 0 BWPD.

(9) In support of its request to establish new Strawn and Wolfcamp pools, the applicant presented a map which identifies some of the various Strawn and Wolfcamp pools within Township 15 South, Ranges 35 and 36 East, and Township 16 South, Ranges 36 and 37 East, NMPM, Lea County, New Mexico, described as follows: