

- c) preliminary volumetric reserve calculations and drainage estimates; and,
- d) drilling economics.

(13) The geologic and engineering evidence and testimony presented in this case is insufficient to demonstrate whether or not the "SV" Chipshot Well No. 1 has discovered a separate common source of supply in the Strawn and Wolfcamp formations, or has simply penetrated existing Strawn and Wolfcamp reservoirs.

(14) The geologic and engineering evidence and testimony presented in this case is insufficient to demonstrate that the Strawn and Wolfcamp formations within the "SV" Chipshot Well No. 1 should be spaced on 80 acres.

(15) Applicant's request to establish special rules and regulations for the Strawn and Wolfcamp formations within its "SV" Chipshot Well No. 1 should be denied.

(16) Applicant's request to amend Division Order No. R-10602 to compulsory pool additional acreage, and its request for an unorthodox oil well location (80-acre spacing) for its "SV" Chipshot Well No. 1 are predicated upon the promulgation of special rules and regulations for the Strawn and Wolfcamp formations, and as such, these requests should be denied at this time.

(17) Applicant should consult with the Division geologist at the Hobbs district office to determine the proper pool placement of the "SV" Chipshot Well No. 1.

**IT IS THEREFORE ORDERED THAT:**

(1) The application of Manzano Oil Corporation for the creation of two pools for production of oil from the Strawn and Wolfcamp formations comprising the N/2 SW/4 of Section 11, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, and for the promulgation of special rules and regulations for the proposed Strawn and Wolfcamp pools including 80-acre spacing and designated well location requirements is hereby denied.

(2) The application of Manzano Oil Corporation to amend 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, Township 16 South, Range 36 East, NMPM, Lea County, New Mexico, and for approval of an unorthodox oil well location (80-acre spacing) for its "SV" Chipshot Well No. 1 located 2164 feet from the South line and 1362 feet from the West line (Unit K) of Section 11 is hereby denied.