

FOR WELL FILE

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. 11588  
ORDER NO. R-10650

APPLICATION OF INTERCOAST OIL AND GAS COMPANY FOR  
COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 8, 1996 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 15th day of August, 1996, 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, InterCoast Oil and Gas Company, seeks an order pooling all mineral interests from below the unitized Abo formation at an approximate depth of 9,000 feet to the base of the Morrow formation, underlying the following described acreage in Section 2, Township 17 South, Range 34 East, NMPM, Lea County, New Mexico, and in the following manner:

(a) Lots 1 and 2, the S/2 NE/4, and the SE/4 (E/2 equivalent) to form a 321.55-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated North Vacuum-Atoka-Morrow Gas Pool;

(b) Lots 1 and 2 and the S/2 NE/4 (NE/4 equivalent) to form a 161.55-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent;

(c) the S/2 NE/4 to form a standard 80-acre oil spacing and proration unit for all pools developed on 80-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated North Vacuum-Lower Wolfcamp Pool; and,

(d) the SE/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Vacuum-Strawn Pool and Undesignated Vacuum-Middle Pennsylvanian Pool.

(3) *Said units are to be dedicated to its Elk "2" Well No. 1 to be drilled at a proposed location that is 1650 feet from the North line and 660 feet from the East line (Unit H) of said Section 2.*

**FINDING:** The location for the Elk "2" Well No. 1 is considered **standard** for the proposed "E/2 equivalent" 321.55-acre, "NE/4 equivalent" 161.55-acre, and "SE/4 NE/4" 40-acre spacing and proration units, but **unorthodox** for the proposed "S/2 NE/4" 80-acre oil spacing and proration unit in the Undesignated North Vacuum-Lower Wolfcamp Pool (see "Special Rules and Regulations for the North Vacuum-Lower Wolfcamp Pool", as promulgated by Division Order No. R-3206, as amended). Since the application filed by InterCoast Oil and Gas Company in this matter failed to include a request to consider said unorthodox Lower Wolfcamp oil well location it will be necessary for the operator of this well to file with the Division a proper application for an unorthodox oil well location at such time that this well is completed within the Lower Wolfcamp interval.

(4) The applicant owns mineral interests below the unitized Abo formation at an approximate depth of 9,000 feet within the E/2 equivalent of said Section 2 and as such has the right to drill for and develop the minerals underlying the proposed spacing units.

(5) There are owners of mineral interest in the proposed proration units who have not agreed to pool their interests.