

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. 11401
Order No. R-10489

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN
ORDER CREATING AND EXTENDING CERTAIN
POOLS IN CHAVES AND EDDY COUNTIES, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 5, 1995, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 13th 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) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Bone Spring formation, said pool to bear the designation of Southwest Palmillo-Bone Spring Pool. Said Southwest Palmillo-Bone Spring Pool was discovered by the Chi Operating Millman State Well No. 1 located in Unit M of Section 11, Township 19 South, Range 28 East, NMPM. It was completed in the Bone Spring formation on August 27, 1995. The top of the perforations is at 6,315 feet.

(3) There is need for the creation of a new pool in Chaves County, New Mexico, for the production of oil from the Fusselman formation, said pool to bear the designation of Bull's Eye-Fusselman Pool. Said Bull's Eye-Fusselman Pool was discovered by the Thorton Operating Corporation Northern Lights Well No. 1 located in Unit O of Section 7, Township 8

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South, Range 29 East, NMPM. It was completed in the Fusselman formation on August 7, 1995. The top of the perforations is at 6,938 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Bone Spring formation, said pool to bear the designation of West Willow Lake-Bone Spring Pool. Said West Willow Lake-Bone Spring Pool was discovered by the Hallwood Petroleum, Inc. Harkey "35" State Well No. 1 located in Unit J of Section 35, Township 24 South, Range 27 East, NMPM. It was completed in the Bone Spring formation on February 14, 1995. The top of the perforations is at 8,210 feet.

(5) There is need for certain extensions to the Atoka-San Andres Pool, the Dog Canyon-Grayburg Pool, the Hackberry-Delaware Pool, the East Herradura Bend-Delaware Pool, the North Loving-Morrow Gas Pool, the P.J.-Delaware Pool, and the Revelation-Morrow Gas Pool, all in Eddy County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production is hereby created and designated as the Southwest Palmillo-Bone Spring Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 11: SW/4

(b) A new pool in Chaves County, New Mexico, classified as an oil pool for Fusselman production is hereby created and designated as the Bull's Eye-Fusselman Pool, consisting of the following described area:

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM
Section 7: SE/4

(c) A new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production is hereby created and designated as the West Willow Lake-Bone Spring Pool, consisting of the following described area:

TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM
Section 35: SE/4

(d) The Atoka-San Andres Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

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TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 27: S/2 NW/4

(e) The Dog Canyon-Grayburg Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 23: W/2
Section 26: W/2

(f) The Hackberry-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 15: SE/4

(g) The East Herradura Bend-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 29 EAST, NMPM
Section 31: SW/4

(h) The North Loving-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 5: N/2

(i) The P.J.-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 2: SE/4

(j) The Revelation-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM
Section 11: All
Section 12: S/2

IT IS FURTHER ORDERED THAT:

(1) Pursuant to Section 70-2-18, NMSA 1978, contained in

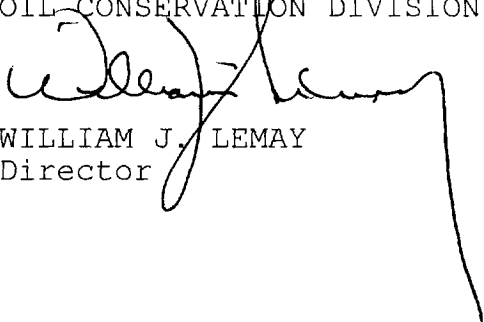
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Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said well or to obtain a non-standard unit approved by the Division. Pending such compliance, the well shall receive a maximum allowable in the same proportion to a standard allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Form C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Division within said 60-day period shall subject the well to cancellation of allowable.

(2) The effective date of this order and all creations and extensions included herein shall be November 1, 1995.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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