

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8612
Order No. R-7958

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN
ORDER CREATING, ABOLISHING, CONTRACTING,
ASSIGNING A DISCOVERY ALLOWABLE, AND
EXTENDING CERTAIN EXISTING POOLS IN
CHAVES AND EDDY COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on May 22, 1985, and June 5, 1985, at Santa Fe, New Mexico, before Examiners Michael E. Stogner and Gilbert P. Quintana, respectively.

NOW, on this 12th day of June, 1985, 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 Chaves County, New Mexico, for the production of gas from the Fusselman formation, said pool to bear the designation of Railroad Mountain-Fusselman Gas Pool. Said Railroad Mountain-Fusselman Gas Pool was discovered by the Stevens Operating Company O'Brien 00 Well No. 1, located in Unit F of Section 33, Township 7 South, Range 29 East, NMPM. It was completed in the Fusselman formation on February 27, 1985. The top of the perforations is at 6,874 feet.

(3) 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 Tamano-Bone Spring Pool. Said Tamano-Bone Spring Pool was

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discovered by the Harvey E. Yates Mesquite 2 State Well No. 1, located in Unit O of Section 2, Township 18 South, Range 31 East, NMPM. It was completed in the Bone Spring formation on March 11, 1985. The top of the perforations is at 8,124 feet.

(4) There is need for the abolishment of the South Leo Seven Rivers-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, in order that production will not be split between two pools with the same vertical limits.

(5) There is need for the contraction of the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, in order to correct a previous nomenclature problem.

(6) There is need to assign a discovery allowable to the Shugart Yates-Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico, in order to reflect a bonafide discovery zone.

(7) There is need for certain extensions to the Burton Flat-Morrow Gas Pool, the Cedar Lake-Morrow Gas Pool, the Dublin Ranch-Morrow Gas Pool, the Four Mile Draw-Morrow Gas Pool, the Los Medanos-Morrow Gas Pool, the Richard Knob Atoka-Morrow Gas Pool, and the Turkey Track Seven Rivers-Queen-Grayburg-San Andres Pool, all in Eddy County, New Mexico, and the Race Track-San Andres Pool in Chaves County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Chaves County, New Mexico, classified as a gas pool for Fusselman production is hereby created and designated as the Railroad Mountain-Fusselman Gas Pool, consisting of the following described area:

TOWNSHIP 7 SOUTH, RANGE 29 EAST, NMPM
Section 33: W/2

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

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 2: SE/4

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(c) The South Leo Seven Rivers-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 36: All

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 31: NW/4

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 1: N/2

is hereby abolished.

(d) The Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby contracted by the deletion of the following described area:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 1: All

(e) The discovery well for the Shugart Yates-Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico, being the Siete Oil & Gas Company Geronimo Federal Well No. 1 located in Unit G of Section 24, Township 18 South, Range 31 East, NMPM, is hereby assigned a bonus discovery allowable in the amount of 21,340 barrels to be produced over a two-year period.

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

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 19: All

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

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 34: S/2

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 3: N/2

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

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 33: All
Section 34: All

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

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 36: S/2

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

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Sections 7 and 8: All

(k) The Race Track-San Andres Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NMPM
Section 6: SW/4

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

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 8: S/2

(m) The Turkey Track Seven Rivers-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 35: SE/4
Section 36: All

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 31: NW/4

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 1: N/2

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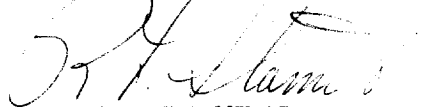
IT IS FURTHER ORDERED THAT:

(1) Pursuant to Section 70-2-18, NMSA 1978, contained in 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, abolishments, contractions, assignments of discovery allowables, and extensions included herein shall be July 1, 1985.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



R. L. STAMETS
Director

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