

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. 12564
Order No. R-11533

APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING, CONTRACTING
VERTICAL AND HORIZONTAL LIMITS, REDESIGNATING
AND EXTENDING CERTAIN POOLS IN LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 21, 2000 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 8th day of February, 2001, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the San Andres formation, bearing the designation of Aqueduct-San Andres Pool. The Aqueduct-San Andres Pool was discovered by the Beach Exploration Inc. Laughlin Well No. 1 located in Unit L of Section 19, Township 19 South, Range 38 East, NMPM, which was completed in the San Andres formation on November 30, 1999. The top of the perforations is at 4,248 feet.

(3) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Delaware formation, bearing the designation of South Bell

Lake-Delaware Pool. The South Bell Lake-Delaware Pool was discovered by the Kaiser Francis Oil Company Bell Lake Well No. 20 located in Unit G of Section 6, Township 24 South, Range 34 East, NMPM, which was completed in the Delaware formation on May 11, 2000. The top of the perforations is at 8,298 feet.

(4) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the San Andres formation, bearing the designation of Hightower-San Andres Pool. The Hightower-San Andres Pool was discovered by the C.W. Trainer Tower Well No. 2 located in Unit M of Section 23, Township 12 South, Range 33 East, NMPM, which was completed in the San Andres formation on September 16, 2000. The top of the perforations is at 4,288 feet.

(5) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Wolfcamp formation, bearing the designation of North Leamex-Wolfcamp Pool. The North Leamex-Wolfcamp Pool was discovered by the Marathon Oil Company Stingray 10 State Well No. 1 located in Unit J of Section 10, Township 17 South, Range 33 East, NMPM, which was completed in the Wolfcamp formation on January 21, 2000. The top of the perforations is at 10,505 feet.

(6) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Strawn formation, bearing the designation of West Pawnee-Strawn Gas Pool. The West Pawnee-Strawn Gas Pool was discovered by the Prize Operating Company South Lea Federal Well No. 1 located in Unit K of Section 17, Township 26 South, Range 36 East, NMPM, which was completed in the Strawn formation on June 15, 2000. The top of the perforations is at 13,024 feet.

(7) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Wolfcamp formation, bearing the designation of South Pitchfork Ranch-Wolfcamp Pool. The South Pitchfork Ranch-Wolfcamp Pool was discovered by the EOG Resources Inc. Javalina 17 Federal Well No. 3 located in Unit L of Section 17, Township 25 South, Range 34 East, NMPM, which was completed in the Wolfcamp formation on December 1, 1999. The top of the perforations is at 13,704 feet.

(8) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Drinkard formation, bearing the designation of Northeast Vacuum-Drinkard Pool. The Northeast Vacuum-Drinkard Pool was discovered by the Southwestern Energy Production Company Bimini 13 State Well No. 2 located in Unit L of Section 13, Township 17 South, Range 35 East, NMPM, which was completed in the Drinkard formation on September 9, 2000. The top of the perforations is at 6,977 feet.

(9) There is need for the contraction of the vertical limits of the Lovington-Pennsylvanian Pool in Lea County, New Mexico to include only the Cisco, Canyon and Strawn formations and the redesignation of the pool as the Lovington-Upper Pennsylvanian Pool.

(10) There is need for the contraction of the vertical limits of the West Lovington-Pennsylvanian Pool in Lea County, New Mexico to include only the Cisco, Canyon and Strawn formations and the redesignation of the pool as the West Lovington-Upper Pennsylvanian Pool.

(11) There is need for the contraction of the Weir-Drinkard Pool in Lea County, New Mexico to correct nomenclature.

(12) There is need for certain extensions to the Austin-Permo Upper Pennsylvanian Pool, the South Bell Lake-Atoka Gas Pool, the Bilbrey-Atoka Gas Pool, the Blinebry Oil and Gas Pool, the Bootleg Ridge-Morrow Gas Pool, the South Corbin-Morrow Gas Pool, the DK-Abo Pool, the Southwest Diamondtail-Delaware Pool, the Draper Mill-Wolfcamp Gas Pool, the EK-Delaware Pool, the Southwest Eunice-San Andres Pool, the North Feather-Morrow Gas Pool, the East Gem-Delaware Pool, the Gem-Morrow Gas Pool, the East Gem-Morrow Gas Pool, the North Hardy-Strawn Pool, the North Hardy-Tubb-Drinkard Pool, the Hat Mesa-Delaware Pool, the Imperial-Tubb-Drinkard Pool, the Johnson Ranch-Wolfcamp Gas Pool, the West Lovington-Upper Pennsylvanian Pool, the West Lovington-Strawn Pool, the West Lovington-Upper San Andres Pool, the Lusk-Bone Spring Pool, the North Lusk-Strawn Pool, the Maljamar-Paddock Pool, the West Midway-Upper Pennsylvanian Pool, the Monument-Tubb Pool, the West Nadine-Tubb Pool, the West Ojo Chiso-Morrow Gas Pool, the South Pearl-Bone Spring Pool, the North Pearl-Morrow Gas Pool, the Quail Ridge-Morrow Gas Pool, the West Red Tank-Delaware Pool, the South Sand Dunes-Bone Spring Pool, the East Sand Dunes-Delaware Pool, the Shoe Bar-Atoka Gas Pool, the North Shoe Bar-Devonian Pool, the North Shoe Bar-Strawn Pool, the East Skaggs-Abo Pool, the Skaggs-Drinkard Pool, the North Teague-Lower Paddock-Blinebry Associated Pool, the Teas-Bone Spring Pool, the Teas-Delaware Pool, the Tonto-Atoka Gas Pool, the Townsend-Morrow Gas Pool, the North Vacuum-Atoka-Morrow Gas Pool, the Northeast Vacuum-Blinebry Pool, the Wantz-Abo Pool, the Warren-Tubb Gas Pool, the Weir-Drinkard Pool and the Wilson-Morrow Gas Pool, all in Lea County, New Mexico, and the Bluitt-San Andres Associated Pool in Roosevelt County, New Mexico.

(13) The effective date of this order and all creations, contractions of vertical and horizontal limits, redesignations, and extensions included herein should be January 1, 2001.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Lea County, New Mexico classified as an oil pool for San Andres production is hereby created and designated as the Aqueduct-San Andres Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM
Section 19: SW/4

(b) A new pool in Lea County, New Mexico classified as an oil pool for Delaware production is hereby created and designated as the South Bell Lake-Delaware Pool, consisting of the following described area:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM
Section 6: NE/4

(c) A new pool in Lea County, New Mexico classified as an oil pool for San Andres production is hereby created and designated as the Hightower-San Andres Pool, consisting of the following described area:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM
Section 23: SW/4

(d) A new pool in Lea County, New Mexico classified as an oil pool for Wolfcamp production is hereby created and designated as the North Leamex-Wolfcamp Pool, consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 10: SE/4

(e) A new pool in Lea County, New Mexico classified as a gas pool for Strawn production is hereby created and designated as the West Pawnee-Strawn Gas Pool, consisting of the following described area:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM
Section 17: W/2

(f) A new pool in Lea County, New Mexico classified as an oil pool for Wolfcamp production is hereby created and designated as the South Pitchfork Ranch-Wolfcamp Pool, consisting of the following described area:

TOWNSHIP 25 SOUTH, RANGE 34 EAST, NMPM
Section 17: SW/4

(g) A new pool in Lea County, New Mexico classified as an oil pool for Drinkard production is hereby created and designated as the Northeast Vacuum-Drinkard Pool, consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 13: SW/4

(h) The Austin-Permo Upper Pennsylvanian Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 14 SOUTH, RANGE 36 EAST, NMPM
Section 17: NE/4

(i) The South Bell Lake-Atoka Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM
Section 5: W/2

(j) The Bilbrey-Atoka Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 33: N/2 and SW/4

(k) The Blinebry Oil and Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 13: SE/4

(l) The Bluitt-San Andres Associated Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 37 EAST, NMPM
Section 16: NW/4

(m) The Bootleg Ridge-Morrow Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 33 EAST, NMPM
Section 7: SW/4

(n) The South Corbin-Morrow Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 32: S/2

(o) The DK-Abo Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 23: E/2
Section 24: SW/4

(p) The Southwest Diamondtail-Delaware Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 17: S/2
Section 20: NE/4

(q) The Draper Mill-Wolfcamp Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM
Section 16: SE/4

(r) The EK-Delaware Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 25: NW/4

(s) The Southwest Eunice-San Andres Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 16: SW/4

(t) The North Feather-Morrow Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM
Section 17: NE/4 and S/2

(u) The East Gem-Delaware Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 13: S/2
Section 24: NE/4

(v) The Gem-Morrow Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 25: E/2

(w) The East Gem-Morrow Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 34: N/2

(x) The North Hardy-Strawn Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 25: NE/4 and S/2

(y) The North Hardy-Tubb-Drinkard Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 25: W/2 and SE/4
Section 36: N/2 NW/4

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 30: SW/4

(z) The Hat Mesa-Delaware Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM
Section 28: SW/4
Section 33: NW/4

(aa) The Imperial-Tubb-Drinkard Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 34: E/2

(bb) The Johnson Ranch-Wolfcamp Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 3: NW/4

(cc) Contract the vertical limits of the Lovington-Pennsylvanian Pool in Lea County, New Mexico to include only the Cisco, Canyon and Strawn formations and redesignate the pool as the Lovington-Upper Pennsylvanian Pool.

(dd) Contract the vertical limits of the West Lovington-Pennsylvanian Pool in Lea County, New Mexico to include only the Cisco, Canyon and Strawn formations and redesignate the pool as the West Lovington-Upper Pennsylvanian Pool.

(ee) The West Lovington-Upper Pennsylvanian Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 21: SE/4
Section 28: NE/4

(ff) The West Lovington-Strawn Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 5: Lots 3 and 4

(gg) The West Lovington-Upper San Andres Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 13: NE/4

(hh) The Lusk-Bone Spring Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 7: SW/4
Section 18: NW/4

(ii) The North Lusk-Strawn Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 29: SE/4

(jj) The Maljamar-Paddock Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM
Section 21: N/2
Section 22: NW/4

(kk) The West Midway-Upper Pennsylvanian Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM

Section 11: SW/4

Section 14: NW/4

(ll) The Monument-Tubb Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 5: SW/4

(mm) The West Nadine-Tubb Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 17: NW/4

(nn) The West Ojo Chiso-Morrow Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM

Section 17: E/2

(oo) The South Pearl-Bone Spring Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM

Section 34: N/2

Section 35: W/2

(pp) The North Pearl-Morrow Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM

Section 25: S/2 and NE/4

(qq) The Quail Ridge-Morrow Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM

Section 24: E/2

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 19: S/2

(rr) The West Red Tank-Delaware Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 33 EAST, NMPM
Section 30: SW/4

(ss) The South Sand Dunes-Bone Spring Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 31: SE/4

(tt) The East Sand Dunes-Delaware Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 7: W/2

(uu) The Shoe Bar-Atoka Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 21: N/2 and SE/4

(vv) The North Shoe Bar-Devonian Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 16: E/2 and SW/4

(ww) The North Shoe Bar-Strawn Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 14: NE/4

(xx) The East Skaggs-Abo Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 20: NW/4

(yy) The Skaggs-Drinkard Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 11: SW/4

(zz) The North Teague-Lower Paddock-Blinebry Associated Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 5: SE/4

(aaa) The Teas-Bone Spring Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 35: E/2 and SW/4

(bbb) The Teas-Delaware Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM
Section 2: N/2
Section 11: NW/4

(ccc) The Tonto-Atoka Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 21: SE/4
Section 28: E/2

(ddd) The Townsend-Morrow Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 4: S/2
Section 7: N/2

(eee) The North Vacuum-Atoka-Morrow Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 5: N/2

(fff) The Northeast Vacuum-Blinebry Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 13: SW/4

(ggg) The Wantz-Abo Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Section 5: SE/4

Section 8: N/2

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 5: NE/4

Section 9: SE/4

Section 23: SE/4

Section 26: E/2

(hhh) The Warren-Tubb Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 19: S/2

(iii) The East Warren-Tubb Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 13: SE/4

(jjj) The Weir-Drinkard Pool in Lea County, New Mexico is hereby contracted by the deletion of the following described acreage:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 22: SE/4

Section 24: W/2

Section 25: NW/4

Section 26: N/2

Section 27: NE/4

(kkk) The Weir-Drinkard Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 9: SE/4

(lll) The Wilson-Morrow Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM

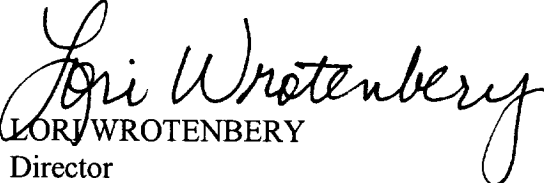
Section 14: N/2

IT IS FURTHER ORDERED THAT:

- (1) Pursuant to Section 70-2-18, NMSA, 1978, an operator of any well that, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one presently dedicated thereto, shall have 60 days from the effective date of this order to file Form C-102, dedicating a standard unit for the pool to that 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 that 60-day period shall subject the well to cancellation of allowable.
- (2) The effective date of this order and all creations, contractions of vertical and horizontal limits, redesignations, and extensions included herein shall be January 1, 2001.
- (3) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

S E A L