

**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. 15182
ORDER NO. R-13908**

**APPLICATION OF LEGEND NATURAL GAS III, L.P FOR A NOMENCLATURE
ORDER EXPANDING THE NORTH HAY HOLLOW-BONE SPRING POOL,
EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 7, 2014, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 14th day of October, 2014, 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) By Order No. R-8065 issued in Case No. 8740 on October 31, 1985, the Division created the North Hay Hollow-Bone Spring Pool (**Pool Code 30216**), consisting of 160 acres of the following lands in Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico.

Township 25 South, Range 27 East, NMPM
Section 26: NE/4

(3) Legend Natural Gas III, L.P. ("Legend" or "Applicant") seeks to expand the horizontal limits of the North Hay Hollow-Bone Spring Pool to include the following described lands in Township 25 South, Ranges 27 and 28 East, NMPM, Eddy County, New Mexico.

Township 25 South, Range 27 East, NMPM

Section 22: All
Section 23: All
Section 24: All
Section 25: All
Section 26: NE/4

Township 25 South, Range 28 East, NMPM

Section 7: E/2
Section 8: All
Section 17: W/2
Section 18: All
Section 19: All
Section 20: W/2
Section 29: W/2
Section 30: All

(4) In Case No. 15076, Legend Natural Gas III, L.P., sought to increase the depth bracket allowable from 107 to 375 barrels of oil per day for a standard 40-acre oil spacing and proration unit in the North Hay Hollow-Bone Spring Pool. The Legend's wells producing from the North Hay Hollow-Bone Spring Pool are outside the current horizontal limits of this pool as shown in Finding Paragraph (2). Accordingly, there is need to expand the horizontal limits of the North Hay Hollow-Bone Spring Pool to include the acreage in Finding Paragraph (3).

(5) Legend Natural Gas III, L.P., appeared at the hearing through counsel and presented the following testimony.

(a) The Bone Spring formation is continuous across the extent of the proposed pool expansion, and there are no structural issues affecting the continuity of this reservoir.

(b) Notice of this application was given to all operators within the pool and within one (1) mile of the proposed pool boundary.

(6) No operator appeared at the hearing to oppose the granting of this application.

(7) This application should be approved in order to prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of Legend Natural Gas III, L.P. to expand the North Hay Hollow-Bone Spring Pool (**Pool Code 30216**), is hereby approved.

(2) The North Hay Hollow-Bone Spring Pool shall consist of the following described acreage in Township 25 South, Ranges 27 and 28 East, NMPM, Eddy County, New Mexico.

Township 25 South, Range 27 East, NMPM

Section 22: All
Section 23: All
Section 24: All
Section 25: All
Section 26: E/2

Township 25 South, Range 28 East, NMPM

Section 7: E/2
Section 8: All
Section 17: W/2
Section 18: All
Section 19: All
Section 20: W/2
Section 29: W/2
Section 30: All

(3) Jurisdiction is hereby 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.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "Jami Bailey".

JAMI BAILEY
Director