

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. 11072
Order No. R-10177

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 18, 1994, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 30th day of August, 1994, 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 Lea County, New Mexico, for the production of oil from the Delaware formation, said pool to bear the designation of Antelope Draw-Delaware Pool. Said Antelope Draw-Delaware Pool was discovered by the Pogo Producing Company Falcon Federal Well No. 1 located in Unit I of Section 1, Township 24 South, Range 34 East, NMPM. It was completed in the Delaware formation on November 21, 1993. The top of the perforations is at 8,541 feet.

(3) There is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the Atoka formation, said pool to bear the

designation of Caudill-Atoka Gas Pool. Said Caudill-Atoka Gas Pool was discovered by the V-F Petroleum Inc. Graham Well No. 1 located in Unit L of Section 9, Township 15 South, Range 36 East, NMPM. It was completed in the Atoka formation on July 20, 1993. The top of the perforations is at 11,893 feet.

(4) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the McKee (Simpson) formation, said pool to bear the designation of Hardy-Simpson Pool. Said Hardy-Simpson Pool was discovered by the Conoco Inc. Hardy 36 State Well No. 1 located in Unit K of Section 36, Township 20 South, Range 37 East, NMPM. It was completed in the McKee formation on March 31, 1994. The top of the perforations is at 9,940 feet.

(5) There is need for the dismissal of the proposed creation of a new pool in Lea County, New Mexico, for the production of oil from the Strawn formation, said pool to bear the designation of North Lovington-Strawn Pool. Said pool creation was the subject of Case No. 11041 heard before an examiner on July 21, 1994, which resulted in Division Order No. R-10183 entered on August 26, 1994.

(6) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Bone Spring formation, said pool to bear the designation of Mesa Verde-Bone Spring Pool. Said Mesa Verde-Bone Spring Pool was discovered by the Meridian Oil Inc. Jack Tank 8 Federal Well No. 2 located in Unit E of Section 8, Township 24 South, Range 32 East, NMPM. It was completed in the Bone Spring formation on April 18, 1994. The top of the perforations is at 9,652 feet.

(7) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Bone Spring formation, said pool to bear the designation of Pronghorn-Bone Spring Pool. Said Pronghorn-Bone Spring Pool was discovered by the Yates Petroleum Corporation Pronghorn AHO Federal Well No. 1 located in Unit G of Section 6, Township 23 South, Range 33 East, NMPM. It was completed in the Bone Spring formation on June 10, 1993. The top of the perforations is at 9,921 feet.

(8) There is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the Atoka formation, said pool to bear the designation of West Ranger Lake-Atoka Gas Pool. Said West Ranger Lake-Atoka Gas Pool was discovered by the Phillips Petroleum Company Ranger Well No. 17 located in Unit M of Section 26, Township 12 South, Range 34 East, NMPM.

It was completed in the Atoka formation on February 21, 1994. The top of the perforations is at 11,675 feet.

(9) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Queen formation, said pool to bear the designation of West Sanmal-Queen Pool. Said West Sanmal-Queen Pool was discovered by the Phillips Petroleum Company Phillips E State Well No. 34 located in Unit P of Section 9, Township 17 South, Range 33 East, NMPM. It was completed in the Queen formation on October 26, 1993. The top of the perforations is at 3,740 feet.

(10) There is need for the assignment of a discovery allowable of 35,850 barrels of oil to the discovery well in the Mesa Verde-Delaware Pool, being the Enron Oil and Gas Mesa Verde 6 Federal Well No. 2 located in Unit J of Section 6, Township 24 South, Range 32 East, NMPM. Said discovery allowable should be made retroactive to February 1, 1994.

(11) There is need for the redesignation of the Caudill-Permo Pennsylvanian Pool in Lea County, New Mexico, as the Caudill-Permo Upper Pennsylvanian Pool in order to correct nomenclature.

(12) There is need for the extension of the Bootleg Ridge-Atoka Gas Pool, the Hat Mesa-Delaware Pool, the House-Blinbry Pool, the Lea-Bone Spring Pool, the Northeast Lea-Delaware Pool, the East Livingston Ridge-Delaware Pool, the West Lovington-Strawn Pool, the Mesa Verde-Delaware Pool, the Monument-Tubb Pool, the Red Hills-Bone Spring Pool, the Red Tank-Bone Spring Pool, the South Red Tank-Delaware Pool, the West Red Tank-Delaware Pool, the Reeves-Bone Spring Pool, the West Triste Draw-Delaware Pool, the Vacuum-Drinkard Pool, the Vacuum Grayburg-San Andres Pool, and the Young-Wolfcamp Pool, all in Lea County, New Mexico, and the Lost Tank-Delaware Pool in Eddy and Lea Counties, New Mexico.

IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM
Section 1: SE/4

(b) A new pool in Lea County, New Mexico, classified as a gas pool for

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Atoka production is hereby created and designated as the Caudill-Atoka Gas Pool, consisting of the following described area:

TOWNSHIP 15 SOUTH, RANGE 36 EAST, NMPM
Section 9: SW/4

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

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 36: SW/4

(d) The proposed creation of the North Lovington-Strawn Pool in Lea County, New Mexico, is hereby dismissed.

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

TOWNSHIP 24 SOUTH, RANGE 32 EAST, NMPM
Section 8: NW/4

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

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM
Section 6: NE/4

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

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM
Section 26: S/2

(h) A new pool in Lea County, New Mexico, classified as an oil pool for Queen production is hereby created and designated as the West Sanmal-Queen Pool, consisting of the following described area:

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TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 9: SE/4

(i) A bonus discovery allowable of 35,850 barrels of oil is hereby assigned to the Enron Oil and Gas Mesa Verde 6 Federal Well No. 2 located in Unit J of Section 6, Township 24 South, Range 32 East, NMPM, which is the discovery well for the Mesa Verde-Delaware Pool created by Division Order No. R-10091. Said discovery allowable is hereby made retroactive to February 1, 1994.

(j) The Caudill-Permo Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby redesignated as the Caudill-Permo Upper Pennsylvanian Pool.

(k) The Bootleg Ridge-Atoka Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 12: E/2

TOWNSHIP 22 SOUTH, RANGE 33 EAST, NMPM
Section 7: S/2

(l) The Hat Mesa-Delaware Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM
Section 30: SE/4
Section 31: NE/4

(m) The House-Blinebry Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM
Section 35: SW/4

(n) The Lea-Bone Spring Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

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TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM

Section 13: W/2

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

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM

Section 2: NW/4

(p) The East Livingston Ridge-Delaware Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 9: SE/4

Section 18; NW/4

(q) The Lost Tank-Delaware Pool in Eddy and Lea Counties, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 6: NW/4

(r) The West Lovington-Strawn Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM

Section 34: SW/4

(s) The Mesa Verde-Delaware Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 32 EAST, NMPM

Section 6: NE/4

(t) The Monument-Tubb Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

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TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 14: E/2 NE/4

(u) The Red Hills-Bone Spring Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM
Section 12: SE/4
Section 13: NE/4

TOWNSHIP 25 SOUTH, RANGE 34 EAST, NMPM
Section 7: W/2 and NE/4

(v) The Red Tank-Bone Spring Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 23: N/2

(w) The South Red Tank-Delaware Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 25; SW/4

(x) The West Red Tank-Delaware Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 14: SW/4
Section 22: SE/4
Section 27: NE/4
Section 34: NE/4
Section 35: NW/4

(y) The Reeves-Bone Spring Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

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TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 11: E/2

(z) The West Triste Draw-Delaware Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 30: E/2

(aa) The Vacuum-Drinkard Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 36: SW/4

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 31: S/2
Section 32: SW/4

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 5: NW/4

(bb) The Vacuum Grayburg-San Andres Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 36: SW/4

(cc) The Young-Wolfcamp Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 3: SW/4

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

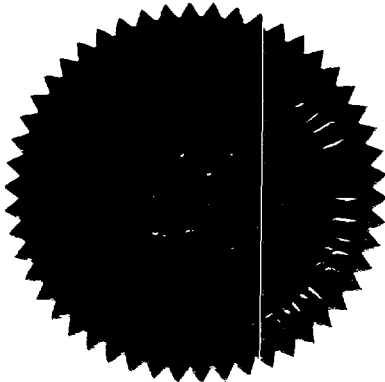
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subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool 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.

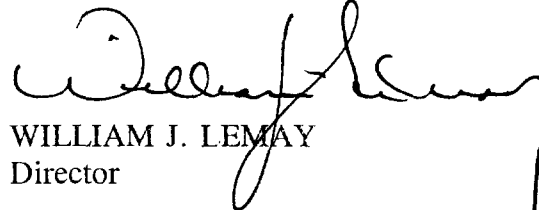
(2) The effective date of this order and all creations, assignments of discovery allowables, redesignations, and extensions included herein shall be September 1, 1994.

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



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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