

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. 11477
Order No. R-10556

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 22, 1996, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 11th day of March, 1996, 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 East Bilbrey-Delaware Pool. Said East Bilbrey-Delaware Pool was discovered by the Pogo Producing Company Tomahawk Unit Well No. 1 located in Unit L of Section 31, Township 21 South, Range 33 East, NMPM. It was completed in the Delaware formation on November 10, 1995. The top of the perforations is at 8,520 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, said pool to bear the designation of North Bilbrey-Delaware Pool. Said North Bilbrey-Delaware Pool was

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discovered by the Santa Fe Energy Resources Inc. Bilbrey 27A Federal Well No. 1 located in Unit F of Section 27, Township 21 South, Range 32 East, NMPM. It was completed in the Delaware formation on August 29, 1995. The top of the perforations is at 8,626 feet.

(4) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Wolfcamp formation, said pool to bear the designation of Hat Mesa-Wolfcamp Pool. Said Hat Mesa-Wolfcamp Pool was discovered by the Hallwood Petroleum Inc. Bass Federal Well No. 1 located in Unit F of Section 30, Township 20 South, Range 33 East, NMPM. It was completed in the Wolfcamp formation on September 14, 1995. The top of the perforations is at 11,400 feet.

(5) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Yates and Seven Rivers formations, said pool to bear the designation of South Nadine Yates-Seven Rivers Pool. Said South Nadine Yates-Seven Rivers Pool was discovered by the LBO New Mexico Inc. Alyssa Well No. 1 located in Unit H of Section 27, Township 19 South, Range 38 East, NMPM. It was completed in the Seven Rivers formation on July 25, 1995. The top of the perforations is at 3,000 feet.

(6) There is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the Wolfcamp formation, said pool to bear the designation of Ojo Chiso-Wolfcamp Gas Pool. Said Ojo Chiso-Wolfcamp Gas Pool was discovered by the BTA Oil Producers Chiso-C 8711 JV-P Well No. 1 located in Unit C of Section 23, Township 22 South, Range 34 East, NMPM. It was completed in the Wolfcamp formation on November 11, 1995. The top of the perforations is at 11,530 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 North Red Hills-Bone Spring Pool. Said North Red Hills-Bone Spring Pool was discovered by the Meridian Oil Inc. Madera Ridge 25 Federal Well No. 1 located in Unit L of Section 25, Township 24 South, Range 33 East, NMPM. It was completed in the Bone Spring formation on November 5, 1995. The top of the perforations is at 12,218 feet.

(8) There is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the Morrow formation, said pool to bear the designation of San Simon Sink-Morrow Gas Pool. Said San Simon Sink-Morrow Gas Pool was discovered by the Yates Petroleum Corporation San Simon Unit Well No. 1 located in Unit O of Section 18, Township 23 South, Range 35 East, NMPM.

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It was completed in the Morrow formation on October 21, 1995. The top of the perforations is at 13,688 feet.

(9) 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, said pool to bear the designation of South Young-San Andres Pool. Said South Young-San Andres Pool was discovered by the Snow Oil & Gas Inc. Vandiver Federal Well No. 1 located in Unit K of Section 33, Township 18 South, Range 32 East, NMPM. It was completed in the San Andres formation on August 10, 1995. The top of the perforations is at 5,164 feet.

(10) There is need for certain extensions to the East Bell Lake-Delaware Pool, the Dean-Permo Pennsylvanian Pool, the EK-Bone Spring Pool, the North Hardy Tubb-Drinkard Pool, the Humble City-Strawn Pool, the Southeast Lea-Wolfcamp Gas Pool, the Legg Atoka-Morrow Gas Pool, the East Livingston Ridge-Delaware Pool, the West Lovington-Strawn Pool, the Mesa Verde-Bone Spring Pool, the South Midway-Strawn Pool, the Monument-Tubb Pool, the Pearsall-Queen Pool, the South Quail Ridge-Bone Spring Pool, the North Quail Ridge-Morrow Gas Pool, the Red Hills-Bone Spring Pool, the Red Tank-Bone Spring Pool, the East Red Tank-Bone Spring Pool, the Red Tank-Morrow Gas Pool, the Sand Dunes-Bone Spring Pool, the South Sand Dunes-Bone Spring Pool, the Southwest Teague Glorieta-Upper Paddock Pool, the North Teague Lower Paddock-Blinbry Associated Pool, the North Teague-Tubb Associated Pool, the West Teas Yates-Seven Rivers Pool, and the West Tonto-Delaware Pool, all in Lea County, New Mexico, and the Chaveroo-San Andres Pool in Roosevelt County, New Mexico.

(11) The effective date of this order and all creations and extensions included herein should be March 1, 1996.

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 East Bilbrey-Delaware Pool, consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 33 EAST, NMPM
Section 31: 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 North Bilbrey-Delaware Pool, consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM

Section 27: NW/4

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

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM

Section 30: NW/4

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

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM

Section 26: NW/4

Section 27: NE/4

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

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM

Section 23: N/2

(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 North Red Hills-Bone Spring Pool, consisting of the following described area:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM

Section 24: S/2

Section 25: W/2

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

TOWNSHIP 23 SOUTH, RANGE 35 EAST, NMPM

Section 18: S/2

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 33: SW/4

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

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 33: SE/4

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

TOWNSHIP 7 SOUTH, RANGE 34 EAST, NMPM
Section 20: NE/4
Section 21: N/2

(k) The Dean-Permo Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined, and described is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 4: Lots 1, 2, 7, and 8

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

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 4: W/2

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

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

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

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 15: NW/4

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

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPPM
Section 26: NE/4

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

TOWNSHIP 21 SOUTH, RANGE 33 EAST, NMPPM
Section 28: S/2

(q) 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, NMPPM
Section 7: SE/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, NMPPM
Section 32: SE/4
Section 34: SE/4

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

TOWNSHIP 24 SOUTH, RANGE 32 EAST, NMPPM
Section 7: NW/4

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

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPPM
Section 17: SE/4

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

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPPM
Section 7: N/2

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

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPPM
Section 27: NW/4

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

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPPM
Section 4: N/2

(x) The North Quail Ridge-Morrow Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPPM
Section 2: W/2

(y) 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 34 EAST, NMPPM
Section 18: W/2 and SE/4

(z) 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, NMPPM
Section 36: SE/4

(aa) The East 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 33 EAST, NMPPM
Section 31: NW/4

(bb) The Red Tank-Morrow 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, NMPPM
Section 8: All

(cc) The Sand Dunes-Bone Spring 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 7: SE/4

(dd) The South Sand Dunes-Bone Spring 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 19: SE/4
Section 28: NW/4
Section 29: E/2

(ee) The Southwest Teague Glorieta-Upper Paddock Pool in Lea County, New Mexico, as heretofore classified, defined, and described is hereby extended to include therein:

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

(ff) The North Teague Lower Paddock-Blinebry Associated Pool in Lea County, New Mexico, as heretofore classified, defined, and described is hereby extended to include therein:

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

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

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

(hh) The West Teas Yates-Seven Rivers 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 16: E/2 NE/4

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

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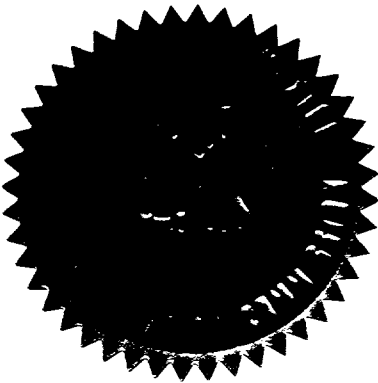
TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 12: NE/4

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 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.

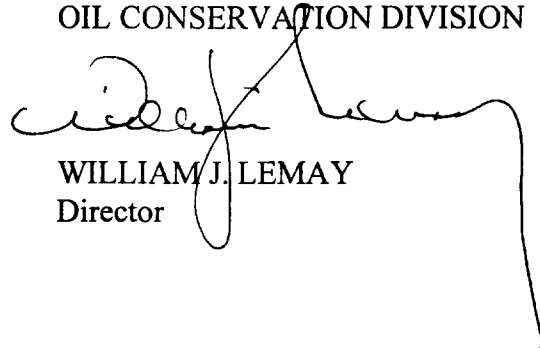
(2) The effective date of this order and all creations and extensions included herein shall be March 1, 1996.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

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