

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. 11623
Order No. R-10680

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 3, 1996, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 8th day of October, 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 Eddy County, New Mexico, for the production of gas from the Wolfcamp formation, said pool to bear the designation of Hay Hollow-Wolfcamp Gas Pool. Said Hay Hollow-Wolfcamp Gas Pool was discovered by the Great Western Drilling Company Hay Hollow "25" State Well No. 1 located in Unit G of Section 25, Township 25 South, Range 27 East, NMPM. It was completed in the Wolfcamp formation on August 22, 1996. The top of the perforations is at 11,065 feet.

(3) There is need for the creation of a new pool in Chaves County, New Mexico, for the production of oil from the Devonian formation, said pool to bear the designation of Northeast Chisum-Devonian Pool. Said Northeast Chisum-Devonian Pool was discovered

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by the Marbob Energy Corporation True Grit Fee Well No. 1 located in Lot 4 of Section 3, Township 11 South, Range 28 East, NMPM. It was completed in the Devonian formation on August 7, 1996. The top of the perforations is at 7.030 feet.

(4) There is need for certain extensions to the North Dagger Draw-Upper Pennsylvanian Pool, the Hoag Tank-Wolfcamp Gas Pool, the Loafer Draw-Morrow Gas Pool, the Southwest Poker Lake-Delaware Pool, and the Sand Tank-Morrow Gas Pool, all in Eddy County, New Mexico.

IT IS THEREFORE ORDERED THAT;

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

TOWNSHIP 25 SOUTH, RANGE 27 EAST, NMPM
Section 25: N/2

(b) A new pool in Chaves County, New Mexico, classified as an oil pool for Devonian production is hereby created and designated as the Northeast Chisum-Devonian Pool, consisting of the following described area:

TOWNSHIP 11 SOUTH, RANGE 28 EAST, NMPM
Section 3: NW/4

(c) The North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 10; SE/4

(d) The Hoag Tank-Wolfcamp Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 15: N/2
Section 16: NE/4

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

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TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM
Section 26: N/2

(f) The Southwest Poker Lake-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMPM
Section 24: NE/4

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

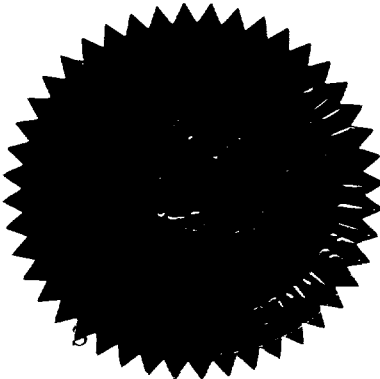
TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 12: S/2

IT IS FURTHER ORDERED THAT:

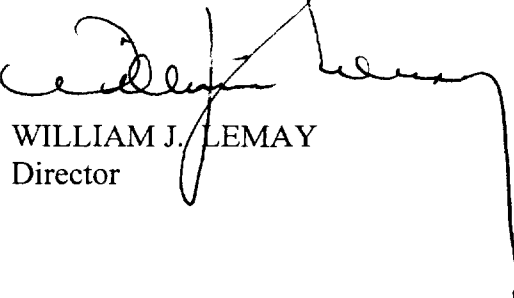
(1) Pursuant to Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective 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 November 1, 1996.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director