

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. 11867
Order No. R-10910

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 23, 1997, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 31st day of October, 1997, 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 Brushy Canyon formation, said pool to bear the designation of Antelope Ridge-Brushy Canyon Pool. Said Antelope Ridge-Brushy Canyon Pool was discovered by the TOCO LLC NewKumet Federal Well No. 1 located in Unit H of Section 10, Township 23 South, Range 34 East, NMPM. It was completed in the Brushy Canyon formation on March 5, 1997. The top of the perforations is at 7,794 feet.
- (3) 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 Berry-Wolfcamp Pool. Said Berry-Wolfcamp Pool was discovered by the Yates Petroleum

Case No. 11867
Order No. R-10910

-2-

Corporation Alphabet AQR State Well No. 1 located in Unit F of Section 17, Township 21 South, Range 34 East, NMPM. It was completed in the Wolfcamp formation on March 7, 1997. The top of the perforations is at 12,244 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 West Brinninstool-Wolfcamp Pool. Said West Brinninstool-Wolfcamp Pool was discovered by the Santa Fe Energy Resources, Inc. Thistle Unit Well No. 2 located in Unit E of Section 28, Township 23 South, Range 33 East, NMPM. It was completed in the Wolfcamp formation on October 29, 1996. The top of the perforations is at 13,002 feet.

(5) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the McKee formation, said pool to bear the designation of North Eunice-McKee Pool. Said North Eunice-McKee Pool was discovered by the Conoco Inc. Deck Estate 7 Well No. 1 located in Unit L of Section 7, Township 21 South, Range 37 East, NMPM. It was completed in the McKee formation on March 25, 1997. The top of the perforations is at 9,600 feet.

(6) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Grayburg and San Andres formations, said pool to bear the designation of East Knowles-Grayburg-San Andres Pool. Said East Knowles-Grayburg-San Andres Pool was discovered by the JKR Oil and Gas Inc. Byers Well No. 1 located in Unit N of Section 7, Township 17 South, Range 39 East, NMPM. It was completed in the Grayburg and San Andres formations on January 2, 1997. The top of the perforations is at 5,351 feet.

(7) 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 Laguna Valley-Delaware Pool. Said Laguna Valley-Delaware Pool was discovered by the Nearburg Producing Company Federal LS Well No. 1 located in Unit B of Section 25, Township 20 South, Range 34 East, NMPM. It was completed in the Delaware formation on March 4, 1997. The top of the perforations is at 8,276 feet.

(8) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Grayburg formation, said pool to bear the designation of Pearl-Grayburg Pool. Said Pearl-Grayburg Pool was discovered by the Mallon Oil Company Mallon 34 Federal Well No. 7 located in Unit H of Section 34, Township 19 South, Range 34 East, NMPM. It was completed in the Grayburg formation on May 5, 1997. The top of the perforations is at 5,236 feet.

(9) There is need for the creation of a new pool in Lea County, New Mexico, for

the production of oil from the Grayburg formation, said pool to bear the designation of West Reeves-Grayburg Pool. Said West Reeves-Grayburg Pool was discovered by the Yates Petroleum Corporation Pawnee APW State Well No. 1 located in Unit A of Section 20, Township 18 South, Range 35 East, NMPM. It was completed in the Grayburg formation on December 31, 1996. The top of the perforations is at 4,738 feet.

(10) 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 West Reeves-San Andres Pool. Said West Reeves-San Andres Pool was discovered by the Yates Petroleum Corporation Pawnee APW State Well No. 1 located in Unit A of Section 20, Township 18 South, Range 35 East, NMPM. It was completed in the San Andres formation on December 31, 1996. The top of the perforations is at 5,140 feet.

(11) 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 Northeast San Simon-Wolfcamp Pool. Said Northeast San Simon-Wolfcamp Pool was discovered by the Yates Petroleum Corporation Treat State Unit Well No. 1 located in Unit B of Section 34, Township 21 South, Range 35 East, NMPM. It was completed in the Wolfcamp formation on June 6, 1997. The top of the open-hole interval is at 10,400 feet.

(12) 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 Scharb-Delaware Pool. Said East Scharb-Delaware Pool was discovered by the TMBR/Sharp Drilling, Inc. TMBR State 1 Well No. 1 located in Unit G of Section 1, Township 19 South, Range 35 East, NMPM. It was completed in the Delaware formation on March 1, 1997. The top of the perforations is at 5,471 feet.

(13) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Devonian formation, said pool to bear the designation of Southwest Tatum-Devonian Pool. Said Southwest Tatum-Devonian Pool was discovered by the Saba Energy of Texas, Inc. Saba State Well No. 1 located in Unit I of Section 7, Township 13 South, Range 36 East, NMPM. It was completed in the Devonian formation on March 9, 1997. The top of the open-hole interval is at 13,980 feet.

(14) 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 West Triple X-Bone Spring Pool. Said West Triple X-Bone Spring Pool was discovered by the Parker & Parsley Development LP Tres Equis State Well No. 1 located in Unit J of Section 6, Township 24 South, Range 33 East, NMPM. It was completed in the Bone Spring formation on January 11, 1997. The top of the perforations is at 11,015 feet.

Case No. 11867

Order No. R-10910

-4-

(15) 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 North Triste Draw-Atoka Gas Pool. Said North Triste Draw-Atoka Gas Pool was discovered by the Penwell Energy, Inc. Tomcat Federal 21 Com Well No. 1 located in Unit F of Section 21, Township 23 South, Range 32 East, NMPM. It was completed in the Atoka formation on April 8, 1997. The top of the perforations is at 14,350 feet.

(16) 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 East Triste Draw-Bone Spring Pool. Said East Triste Draw-Bone Spring Pool was discovered by the Parker & Parsley Development LP Well No. 1 located in Unit J of Section 28, Township 24 South, Range 33 East, NMPM. It was completed in the Bone Spring formation on February 17, 1997. The top of the perforations is at 12,204 feet.

(17) There is need for the contraction of the West Lovington-Strawn Pool in Lea County, New Mexico, in order to correct nomenclature and include the deleted acreage in the South Big Dog-Strawn Pool.

(18) There is need for the reclassification of the House-Tubb Gas Pool in Lea County, New Mexico, from a gas pool to an oil pool and the redesignation of said pool as the House-Tubb Pool.

(19) There is need for certain extensions to the East Bell Lake-Delaware Pool, the South Big Dog-Strawn Pool, the Crazy Horse-Delaware Pool, the Northeast Echol-Devonian Pool, the North Feather-Morrow Gas Pool, the East Fowler-Ellenburger Pool, the High Plains-Permo Pennsylvanian Pool, the Kemnitz-Morrow Gas Pool, the Northeast Lovington-Pennsylvanian Pool, the West Maljamar-Devonian Pool, the Maljamar-Grayburg-San Andres Pool, the Mesa Verde-Bone Spring Pool, the Monument-Abo Pool, the North Monument-Abo Pool, the West Nadine-Tubb Pool, the West Red Tank-Delaware Pool, the San Simon-Wolfcamp Pool, the Northeast Shoebar-Strawn Pool, the Townsend-Abo Pool, the Triste Draw-Bone Spring Pool, the West Triste Draw-Delaware Pool, the Vacuum-Atoka Pool, the North Vacuum-Atoka-Morrow Gas Pool, the Vacuum-Drinkard Pool, the East Vacuum-Drinkard Pool, and the East Warren-Tubb Pool, all in Lea County, New Mexico.

IT IS THEREFORE ORDERED THAT:

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

Case No. 11867
Order No. R-10910
-5-

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 10: NE/4

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

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 17: 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 West Brinninstool-Wolfcamp Pool, consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM
Section 28: NW/4

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

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 7: SW/4

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

TOWNSHIP 17 SOUTH, RANGE 39 EAST, NMPM
Section 7: SW/4

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

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 25: NE/4

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

Case No. 11867
Order No. R-10910
-6-

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

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

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 20: NE/4

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

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 20 NE/4

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

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Section 34: NE/4

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

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 1: NE/4

(l) A new pool in Lea County, New Mexico, classified as an oil pool for Devonian production is hereby created and designated as the Southwest Tatum-Devonian Pool, consisting of the following described area:

TOWNSHIP 13 SOUTH, RANGE 36 EAST, NMPM
Section 7: SE/4

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

Case No. 11867
Order No. R-10910

-7-

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 6: SE/4

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

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 21: N/2

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

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 28: SE/4

(p) The West Lovington-Strawn Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby contracted by the deletion of the following described area:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 1: Lots 11, 12, 13 and 14

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

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 1: Lots 11, 12, 13 and 14
Section 2: Lots 9, 10, 11, 12, 13, 14, 15 and 16
Section 3: Lots 9, 10, 15, 16 and SE/4

(r) The House-Tubb Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby reclassified as an oil pool and redesignated as the House-Tubb Pool.

(s) 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 28: SE/4

Case No. 11867
Order No. R-10910
-8-

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

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 13: SE/4

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

TOWNSHIP 10 SOUTH, RANGE 37 EAST, NMPM
Section 15: SE/4

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

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM
Section 9: S/2

(w) The East Fowler-Ellenburger Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 38 EAST, NMPM
Section 17: S/2

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

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
Section 27: S/2

(y) The Kemnitz-Morrow Gas Pool in Lea County, new Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
Section 13: W/2
Section 14: N/2 and SW/4

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

Case No. 11867
Order No. R-10910
-9-

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 12: NE/4

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

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM
Section 17: SE/4
Section 20: NE/4

(bb) The Maljamar-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 5: SW/4

(cc) 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, NMPM
Section 8 S/2

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

TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM
Section 23: SW/4
Section 26: SE/4
Section 35: E/2

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 5: SW/4

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

TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM
Section 12: SW/4
Section 13: NW/4
Section 23: NE/4

Case No. 11867
Order No. R-10910
-10-

(ff) The West Nadine-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, NMM
Section 4: SW/4

(gg) 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 13: SE/4
Section 24: NE/4

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 1: NE/4

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

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM
Section 18: NE/4

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

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 5: S/2
Section 6: SE/4
Section 8: W/2

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

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 26: SE/4

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

Case No. 11867
Order No. R-10910
-11-

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM

Section 26: S/2
Section 35: NW/4

(ll) 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: NW/4

(mm) The Vacuum-Atoka 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 25: S/2

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

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM

Section 35: W/2 and SE/4
Section 36: W/2

(oo) 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 35 EAST, NMPM

Section 32: SE/4

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

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM

Section 28: SE/4

(qq) The East Warren-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, NMPM

Section 24: NW/4

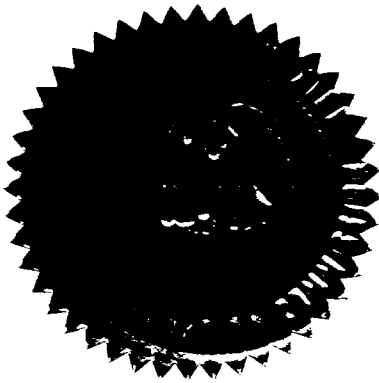
Case No. 11867
Order No. R-10910
-12-

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, contractions, reclassifications, redesignations, and extensions included herein shall be November 1, 1997.

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

fd/