

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. 10278
Order No. R-9473

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN
ORDER CREATING, ASSIGNING A DISCOVERY
ALLOWABLE, 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 March 21, 1991, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 28th day of March, 1991, 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 Cisco and Canyon formations, said pool to bear the designation of West Dagger Draw-Upper Pennsylvanian Gas Pool. Said West Dagger Draw-Upper Pennsylvanian Gas Pool was discovered by the Yates Petroleum Corporation Agave AAJ State Well No. 2 located in Unit K of Section 32, Township 19 South, Range 24 East, NMPM. It was completed in the Cisco and Canyon formations on January 16, 1991. The top of the perforations is at 6,307 feet.

(3) 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 West Dagger Draw-Wolfcamp Gas Pool. Said West Dagger Draw-Wolfcamp Gas Pool was discovered by the Yates Petroleum Corporation Alexandre AHX Federal Well No. 1 located in Unit C of Section 33, Township 19 South, Range 24 East, NMPM. It was completed in the Wolfcamp formation on January 17, 1991. The top of the perforations is at 6,076 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Atoka formation, said pool to bear the designation of Hart Draw-Atoka Gas Pool. Said Hart Draw-Atoka Gas Pool was discovered by the Mewbourne Oil Company Federal R Well No. 1 located in Unit M of Section 17, Township 17 South, Range 27 East, NMPM. It was completed in the Atoka formation on June 23, 1990. The top of the perforations is at 8,626 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Delaware formation, said pool to bear the designation of Los Medanos-Delaware Pool. Further, the discovery well for said Los Medanos-Delaware Pool, the Yates Petroleum Corporation Medano VA State Well No. 1 located in Unit K of Section 16, Township 23 South, Range 31 East, NMPM, is entitled to and should receive a bonus discovery allowable in the amount of 21,090 barrels of oil to be assigned over a two-year period. Said discovery well was completed in the Delaware formation on October 30, 1990. The top of the perforations is at 4,218 feet.

(6) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Atoka formation, said pool to bear the designation of Palmillo Draw-Atoka Gas Pool. Said Palmillo Draw-Atoka Gas Pool was discovered by the Chevron USA Inc. Artesia State Com. Well No. 3 located in Unit F of Section 23, Township 18 South, Range 28 East, NMPM. It was completed in the Atoka formation on October 31, 1990. The top of the perforations is at 10,297 feet.

(7) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Strawn formation, said pool to bear the designation of Palmillo Draw-Strawn Gas Pool. Said Palmillo Draw-Strawn Gas Pool was discovered by the Hondo Drilling

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Company Alscott Federal Well No. 1 located in Unit G of Section 31, Township 18 South, Range 29 East, NMPM. It was completed in the Strawn formation on February 12, 1990. The top of the perforations is at 10,170 feet.

(8) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Bone Spring formation, said pool to bear the designation of Russell-Bone Spring Pool. Said Russell-Bone Spring Pool was discovered by the Siete Oil and Gas Corporation Indigo Federal Well No. 1 located in Unit L of Section 13, Township 20 South, Range 28 East, NMPM. It was completed in the Bone Spring formation on November 30, 1990. The top of the perforations is at 7,097 feet.

(9) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Delaware formation, said pool to bear the designation of Serpentine Bends-Delaware Gas Pool. Said Serpentine Bends-Delaware Gas Pool was discovered by the Yates Energy Corporation Sidewinder Well No. 1 located in Unit F of Section 20, Township 24 South, Range 24 East, NMPM. It was completed in the Delaware formation on August 10, 1990. The top of the perforations is at 2,923 feet.

(10) There is need for certain extensions to the Elkins-San Andres Gas Pool in Chaves County, New Mexico, and the Bandana Point-Strawn Gas Pool, the Burton-Delaware Pool, the North Burton Flat-Atoka Gas Pool, the East Burton Flat-Strawn Gas Pool, the Cabin Lake-Delaware Pool, the East Catclaw Draw-Delaware Pool, the South Dagger Draw-Upper Pennsylvanian Associated Pool, the Frontier Hills-Strawn Gas Pool, the East Loving-Delaware Pool, the Millman-Grayburg Pool, the Parkway-Bone Spring Pool, the Parkway-Delaware Pool, the Pierce Crossing-Bone Spring Pool, the Red Lake Atoka-Morrow Gas Pool, the West Sand Dunes-Morrow Gas Pool, and the Tamano-Bone Spring 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 Cisco/Canyon production is hereby created and designated as the West Dagger Draw-Upper Pennsylvanian Gas Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 32: S/2
Section 33: All

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

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 33: N/2

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

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 17: S/2

(d) A new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production is hereby created and designated as the Los Medanos-Delaware Pool, consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 16: SW/4

Further, the discovery well for said Los Medanos-Delaware Pool, the Yates Petroleum Corporation Medano VA State Well No. 1 located in Unit K of Section 16, Township 23 South, Range 31 East, NMPM, is hereby assigned a bonus discovery allowable of 21,090 barrels of oil to be produced over a two-year period.

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

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 23: N/2

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

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 31: N/2

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

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 13: SW/4

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

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM
Section 20: NW/4

(i) The Bandana Point-Strawn Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 23 EAST, NMPM
Section 27: W/2

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

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 18: SE/4

(k) The North Burton Flat-Atoka Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 22: N/2

(l) The East Burton Flat-Strawn Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 22: N/2

(m) The Cabin Lake-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described,

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is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM
Section 2: NE/4

(n) The East Catclaw Draw-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 8: SE/4

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

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 12: S/2

(p) The Elkins-San Andres Gas Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 7 SOUTH, RANGE 28 EAST, NMPM
Section 25: SW/4

(q) The Frontier Hills-Strawn Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
Section 21: W/2

(r) The East Loving-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 13: SW/4
Section 22: NW/4

(s) The Millman-Grayburg Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 24: NE/4

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

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 34: SW/4

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

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 2: NE/4

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

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 19: NE/4

(w) The Red Lake Atoka-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 21: N/2

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

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 16: W/2

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

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 10: 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

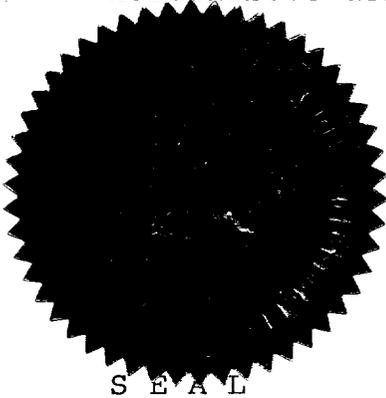
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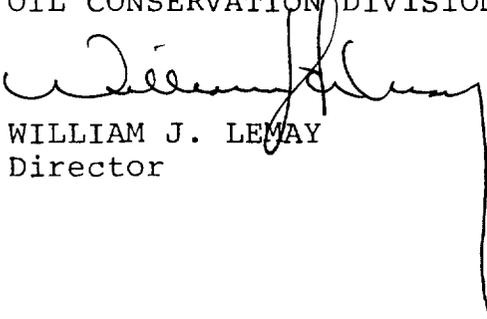
providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said well, or to obtain a non-standard unit approved by the Division. 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 allowable, and extensions included herein shall be April 1, 1991.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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