

NEW POOLS

It is recommended that a new oil pool be created and designated as the South Shoe Bar-Wolfcamp Pool.

Vertical limits to be the Wolfcamp formation and the horizontal limits should be as follows: As outlined in Paragraph (a) Exhibit I

Discovery well was Mobil Exploration & Producing US Inc Lovington Deep Ut #3 located in Unit G Section 1 Township 17 Range 35 and was completed on January 26, 1991. Top of perforations is at 10,248 feet.

It is recommended that a new _____ pool be created and designated as the _____ Pool.

Vertical limits to be the _____ formation and the horizontal limits should be as follows: _____

Discovery well was _____ located in Unit _____ Section _____ Township _____ Range _____ and was completed on _____. Top of perforations is at _____ feet.

It is recommended that a new _____ pool be created and designated as the _____ Pool.

Vertical limits to be the _____ formation and the horizontal limits should be as follows: _____

Discovery well was _____ located in Unit _____ Section _____ Township _____ Range _____ and was completed on _____. Top of perforations is at _____ feet.

COUNTY LEA

POOL GERONIMO-DELAWARE

TOWNSHIP 19 South

RANGE 33 East

NMPM

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

PURPOSE: Assignment of a bonus discovery allowable.

Mitchell Energy Corporation Geronimo-Federal Well No. 1 located in Unit D of Section 31, Township 19 South, Range 33 East, NMPM. It was completed October 3, 1990, in the Delaware formation. The top of the perforations is at 7,586 feet.

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. 10291
Order No. R-9533

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN
ORDER CREATING AND ASSIGNING DISCOVERY
ALLOWABLES TO 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 May 16 and June 13, 1991, before Examiners David R. Catanach and Michael E. Stogner, respectively.

NOW, on this 24th day of June, 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 Lea County, New Mexico, for the production of oil from the Wolfcamp formation, said pool to bear the designation of South Shoe Bar-Wolfcamp Pool. Further, the discovery well for said South Shoe Bar-Wolfcamp Pool, the Mobil Exploration and Producing US Inc. Lovington Deep State Well No. 3 located in Unit G of Section 1, Township 17 South, Range 35 East, NMPM, is entitled to and should receive a bonus discovery allowable, retroactive to the date of completion, in the amount of 51,240 barrels of oil to be assigned over a two-year period. Said discovery well was completed in the Wolfcamp formation on January 26, 1991. The top of the perforations is at 10,248 feet.

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Case No. 10291
Order No. R-9533

(3) There is need for the assignment of a discovery allowable to the discovery well for the Geronimo-Delaware Pool in Lea County, New Mexico, the Mitchell Energy Corporation Geronimo Federal Well No. 1 located in Unit D of Section 31, Township 19 South, Range 33 East, NMPM. Said discovery well is entitled to and should receive a bonus discovery allowable in the amount of 37,930 barrels of oil to be assigned over a two-year period. Said Geronimo-Delaware Pool was created by Division Order No. R-9447, effective March 1, 1991.

IT IS THEREFORE ORDERED THAT:

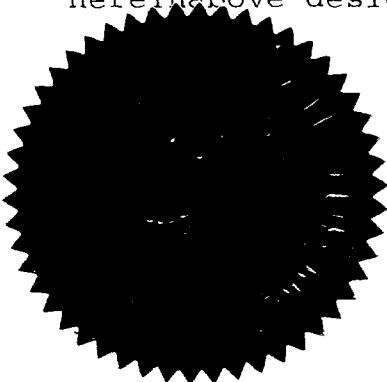
(a) Effective January 26, 1991, a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production is hereby created and designated as the South Shoe Bar-Wolfcamp Pool, consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 1: NE/4

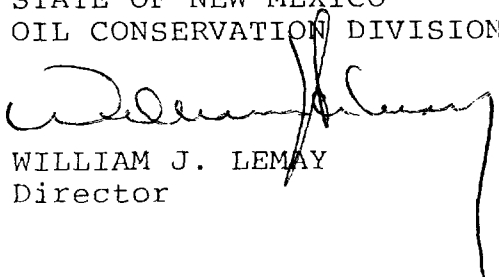
Further, the discovery well for said South Shoe Bar-Wolfcamp Pool, the Mobil Exploration and Producing US Inc. Lovington Deep Unit Well No. 3 located in Unit G of Section 1, Township 17 South, Range 35 East, NMPM, is hereby assigned a bonus discovery allowable, retroactive to January 26, 1991, in the amount of 51,240 barrels of oil to be assigned over a two-year period.

(b) Effective May 1, 1991, the discovery well for the Geronimo-Delaware Pool in Lea County, New Mexico, the Mitchell Energy Corporation Geronimo Federal Well No. 1 located in Unit D of Section 31, Township 19 South, Range 33 East, NMPM, is hereby assigned a bonus discovery allowable in the amount of 37,930 barrels of oil to be assigned over a two-year period.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director