Case 8740

IN THE MATTER OF THE APPLICATION OF THE OIL CONSERVATION DIVISION OF THE ENERGY & MINERALS DEPARTMENT UPON ITS OWN MOTION FOR AN ORDER FOR THE CREATION OF NEW POOLS IN EDDY AND CHAVES COUNTIES, NEW MEXICO, AND THE EXTENSION OF HORIZONTAL LIMITS OF CERTAIN EXISTING POOLS IN EDDY AND CHAVES COUNTIES, NEW MEXICO, AND GIVING NOTICE TO ALL PERSONS AND PARTIES INTERESTED IN THE SUBJECT MATTER THEREOF TO APPEAR AND SHOW WHY SUCH CREATIONS AND EXTENSIONS SHOULD NOT BE MADE.

(A) Create a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Hay Hollow - Bone Spring Pool. The discovery well is Woods & Locker Inc., Amoco Federal #1 located in Unit A of Section 26, Township 25 South, Range 27 East NMPM. Said pool would comprise:

Township 25 South, Range 27 East NMPM Section 26: NE/4

(B) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Hay Hollow - Morrow Gas Pool. The discovery well is H.N.G. Oil Co., Hay Hollow 25 State #1 located in Unit G of Section 25, Township 25 South, Range 27 East NMPM. Said pool would comprise:

Township 25 South, Range 27 East NMPM Section 25: N/2

(C) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the East Hess - Morrow Gas Pool. The discovery well is Cities Service Co., Federal AC #1 located in Unit K of Section 35, Township 23 South, Range 23 East NMPM.

Said pool would comprise:

Township 23 South, Range 23 East NMPM Section 35: W/2

(D) Create a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Malaga - Bone Spring Pool. The discovery well is Maddox Energy Corp., Malaga #1 located in Unit G of Section 3, Township 24 South, Range 28 East NMPM. Said pool would comprise:

Township 24 South, Range 28 East NMPM Section 3: NE/4

(E) Create a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Outpost - Delaware Pool. The discovery well is Sure Energy, Connie C #1 located in Unit G of Section 25, Township 19 South, Range 28 East NMPM.

Said pool would comprise:

Township 19 South, Range 28 East NMPM Section 25: NE/4

(F) Create a new pool in Chaves County, New Mexico, classified as a gas pool for Penr production and designated as the Race Track - Penn Gas Pool. The Discovery well is Tenneco Oil Co., Plains SL 19 19 #1 located in Unit B of Section 19, Township 10 South, Range 28 East NMPM.

Said pool would comprise:

Township 10 South, Range 28 East NMPM Section 19: E/2

(G) Create a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the San Lorenzo - Bone Spring Pool. The discovery well is MYCO Industries, Inc., State 15 #1 located in Unit L of Section 15, Township 25 South, Range 28 East NMPM. Said pool would comprise:

Township 25 South, Range 28 East NMPM Section 15: SW/4

(H) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Northeast Sheep Draw - Strawn Gas Pool. The discovery well is Exxon Corp., Happy Valley Federal Com #1 located in Unit G of Section 28, Township 22 South, Range 26 East NMPM. Said pool would comprise:

Township 22 South, Range 26 East NMPM Section 28: N/2

(I) Create a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Turkey Track - Wolfcamp Pool. The discovery well is Tenneco Oil Co., State HL 2 #1-Y located in Unit F of Section 2, Township 19 South, Range 29 East NMPM.

Said pool would comprise:

Township 19 South, Range 29 East NMPM Section 2: NW/4

(J) Extend the Aid-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

Township 17 South, Range 28 East NMPM Section 13: W/2

(K) Extend the Atoka-Glorieta/Yeso Pool in Eddy County, New Mexico, to include therein:

Township 18 South, Range 26 East NMPM Section 23: N/2 SE/4 & NE/4

(L) Extend the Brown-Queen/Grayburg Pool in Chaves County, New Mexico, to include therein:

Township 10 South, Range 26 East NMPM Section 27: E/2

(M) Extend the Brushy Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

Township 26 South, Range 29 East NMPM Section 15: W/2 Section 22: W/2

(N) Extend the East Brushy Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

Township 26 South, Range 30 East NMPM Section 8: SE/4

(0) Extend the East Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

Township 20 South, Range 29 East NMPM Section 10: S/2

(P) Extend the Cass Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

Township 22 South, Range 27 East NMPM Section 34: W/2

Township 23 South, Range 27 East NMPM Section 3: All

(Q) Extend the Cedar Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

Township 18 South, Range 30 East NMPM Section 2: All

(R) Extend the Diamond Mound-Atoka/Morrow Gas Pool in Chaves County, New Mexico, to include therein:

Township 15 South, Range 28 East NMPM Section 31: W/2

(S) Extend the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

Township 17 South, Range 29 East NMPM Section 17: S/2 Section 20: W/2

Township 18 South, Range 29 East NMPM Section 16: W/2

(T) Extend the Grayburg-Upper Penn Pool in Eddy County, New Mexico, to include therein:

Township 17 South, Range 29 East NMPM Section 27: E/2 Section 34: E/2 Section 35: NW/4

(U) Extend the North Hackberry-Yates/Seven Rivers Pool in Eddy County, New Mexico, to include therein:

Township 19 South, Range 31 East NMPN Section 21: SE/4

(V) Extend the High Ionesome-Queen Pool in Eddy County, New Mexico, to include therein:

Township 16 South, Range 29 East NMPM Section 19: SE/4, SW/4 NE/4, & N/2 NE/4

(W) Extend the McMillan-Upper Penn Gas Pool in Eddy County, New Mexico, to include therein:

Township 19 South, Range 27 East NMPM Section 7: S/2

(X) Extend the Red Bluff-Delaware Gas Pool in Eddy County, New Mexico, to include therein:

Township 26 South, Range 28 East NMPM Section 11: N/2

(Y) Extend the Red Lake Ridge-San Andres Pool in Chaves County, New Mexico, to include therein:

Township 8 South, Range 29 East NMPN Section 16: S/2 Section 21: N/2

(Z) Extend the Richard Knob-Atoka/Morrow Gas Pool in Eddy County, New Mexico, to include therein:

Township 17 South, Range 25 East NMPM Section 33: E/2

(AA) Extend the Round Tank-San Andres Pool in Chaves County, New Mexico, to include therein:

Township 15 South, Range 28 East NMPM Section 23: N/2 Section 24: NW/4

(BB) Extend the Salt Draw-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

Township 25 South, Range 28 East NMPM Section 2: W/2 Section 3: E/2

(CC) Extend the Sand Dunes-Cherry Canyon Pool in Eddy County, New Mexico, to include therein:

Township 23 South, Range 31 East NMPM Section 24: W/2 Section 25: W/2

(DD) Extend the Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

Township 19 South, Range 28 East NMPM Section 12: All

(EE) Extend the Turkey Track-Seven Rivers/Queen/Grayburg/San Andres Pool in Eddy County, New Mexico to include therein:

Township 18 South, Range 29 East NMPM Section 35: N/2