

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. 10834
Order No. R-9981

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN
ORDER CREATING, ASSIGNING A DISCOVERY
ALLOWABLE, AND EXTENDING CERTAIN POOLS
IN EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 23, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this ___1st___ day of October, 1993, 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 oil from the Bone Spring formation, said pool to bear the designation of East Carlsbad-Bone Spring Pool. Said East Carlsbad-Bone Spring Pool was discovered by the Collins & Ware, Inc. Lone Tree Federal Com Well No. 1 located in Unit N of Section 24, Township 21 South, Range 27 East, NMPM. It was completed in the Bone Spring formation on May 21, 1993. The top of the perforations is at 7,687 feet.

(3) 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 Northwest Poker Lake-Delaware Pool. Further, the discovery well for said Northwest Poker Lake-Delaware Pool, the Meridian Oil Inc. Poker Lake 18 Federal Well No. 1 located in Unit F of

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Section 18, Township 24 South, Range 31 East, NMPM, is entitled to and should receive a bonus discovery allowable in the amount of 39,620 barrels of oil to be assigned over a two-year period. Said discovery well was completed in the Delaware formation on June 20, 1993. The top of the perforations is at 7,924 feet.

(4) There is need for certain extensions to the North Brushy Draw-Delaware Pool, the South Golden Lane-Delaware Pool, the Los Medanos-Delaware Pool, the Red Lake Queen-Grayburg-San Andres Pool, and the Scanlon-Delaware Pool, all in Eddy County, New Mexico.

(5) The effective date of this order and all creations, assignments of discovery allowables, and extensions included herein should be October 1, 1993.

IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 24: S/2

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

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM
Section 18: NW/4

Further, the discovery well for said Northwest Poker Lake-Delaware Pool, the Meridian Oil Inc. Poker Lake 18 Federal Well No. 1 located in Unit F of Section 18, Township 24 South, Range 31 East, NMPM, is hereby assigned a bonus discovery allowable of 39,620 barrels of oil to be produced over a two-year period.

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

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM
Section 35: SE/4

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

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 17: NW/4

(e) The Los Medanos-Delaware 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 9: NW/4

(f) The Red Lake Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 23: E/2 SE/4

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

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM
Section 2: W/2 and NE/4

IT IS FURTHER ORDERED THAT:

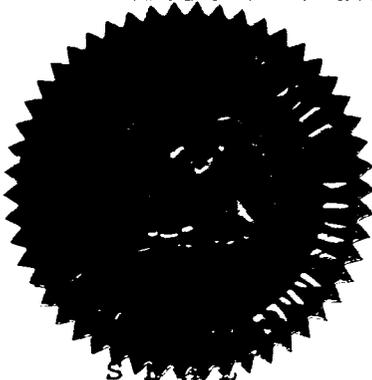
(1) Pursuant to Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective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

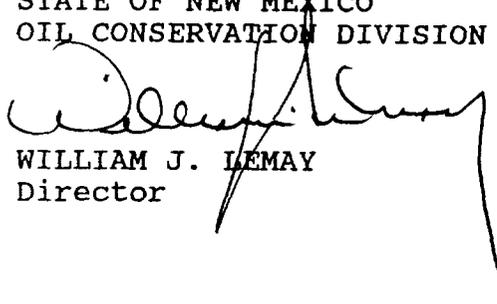
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herein shall be October 1, 1993.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "William J. Lemay", written over the typed name and title.

WILLIAM J. LEMAY
Director