

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. 11561
Order No. R-10619

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN
ORDER CREATING 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 June 27, 1996, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 2nd day of July, 1996, 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 South Cotton Draw-Bone Spring Pool. Said South Cotton Draw-Bone Spring Pool was discovered by the Bass Enterprises Production Company Poker Lake Unit Well No. 123 located in Unit K of Section 22, Township 24 South, Range 31 East, NMPM. It was completed in the Bone Spring formation on March 7, 1996. The top of the perforations is at 11,586 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

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Cottonwood Draw-Delaware Pool. Said Cottonwood Draw-Delaware Pool was discovered by the Pogo Producing Company HNG "35" Federal Well No. 1 located in Unit P of Section 35, Township 25 South, Range 26 East, NMPM. It was completed in the Delaware formation on November 10, 1987. The top of the perforations is at 4,758 feet.

(4) 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 Phantom Draw-Delaware Pool. Said Phantom Draw-Delaware Pool was discovered by the Meridian Oil Inc. Inkling "8" Federal Well No. 1 located in Unit J of Section 8, Township 26 South, Range 31 East, NMPM. It was completed in the Delaware formation on April 11, 1996. The top of the perforations is at 6,815 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Canyon formation, said pool to bear the designation of Square Lake-Canyon Pool. Said Square Lake-Canyon Pool was discovered by the Burns Operating Company Arco "6" Federal Well No. 1 located in Unit K of Section 6, Township 17 South, Range 31 East, NMPM. It was completed in the Canyon formation on March 9, 1996. The top of the perforations is at 9,424 feet.

(6) There is need for certain extensions to the South Black River-Delaware Pool, the Cemetery-Morrow Gas Pool, the Logan Draw-Morrow Gas Pool, the Sand Tank-Morrow Gas Pool, the Sand Tank-Strawn Gas Pool, and the Winchester-Strawn Gas Pool, all in Eddy County, New Mexico.

(7) The effective date of all creations and extensions included herein should be July 1, 1996.

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 South Cotton Draw-Bone Spring Pool, consisting of the following described area:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM
Section 22: SW/4

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

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TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 35: SE/4

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

TOWNSHIP 26 SOUTH, RANGE 31 EAST, NMPM
Section 8: SE/4

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

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 6: SW/4

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

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 2: W/2 NE/4 and NE/4 NE/4

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

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 9: All
Section 10: N/2

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

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 29: All

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

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 7: W/2

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

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 5: N/2

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

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 34: E/2

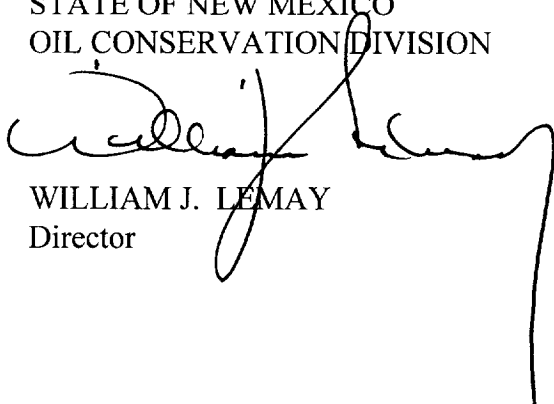
IT IS FURTHER ORDERED THAT:

(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 and extensions included herein shall be July 1, 1996.

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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