

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. 11682
Order No. R-10724

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN
ORDER CREATING 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 December 19, 1996, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 8th day of January, 1997, 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 Abo formation, said pool to bear the designation of Antelope Sink-Abo Gas Pool. Said Antelope Sink-Abo Gas Pool was discovered by the Kaiser Francis Oil Company Antelope Federal Well No. 1 located in Unit F of Section 22, Township 18 South, Range 23 East, NMPM. It was completed in the Abo formation on May 18, 1980. The top of the perforations is at 4,568 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Abo formation, said pool to bear the designation of West

Antelope Sink-Abo Gas Pool. Said West Antelope Sink-Abo Gas Pool was discovered by the Heartland Energy Corporation Sun Texas State Well No. 1 located in Unit J of Section 24, Township 18 South, Range 21 East, NMPM. It was completed in the Abo formation on August 5, 1981. The top of the perforations is at 4,283 feet.

(4) 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 Northeast Collins Ranch-Wolfcamp Gas Pool. Said Northeast Collins Ranch-Wolfcamp Gas Pool was discovered by the Yates Petroleum Corporation Niles "KA" Com. Well No. 1 located in Unit N of Section 24, Township 17 South, Range 24 East, NMPM. It was completed in the Wolfcamp formation on January 15, 1979. The top of the perforations is at 5,010 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Morrow formation, said pool to bear the designation of Cottonwood Spring-Morrow Gas Pool. Said Cottonwood Spring-Morrow Gas Pool was discovered by the Llano Land & Exploration Company Federal "CU" Well No. 1 located in Unit G of Section 35, Township 25 South, Range 25 East, NMPM. It was completed in the Morrow formation on May 4, 1982. The top of the perforations is at 11,342 feet.

(6) 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 North Duffield-Strawn Gas Pool. Said North Duffield-Strawn Gas Pool was discovered by the UMC Petroleum Corporation Sink Federal Well No. 2 located in Unit N of Section 9, Township 16 South, Range 27 East, NMPM. It was completed in the Strawn formation on September 23, 1981. The top of the perforations is at 8,398 feet.

(7) 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 Eagle Creek-Wolfcamp Gas Pool. Said Eagle Creek-Wolfcamp Gas Pool was discovered by the Yates Petroleum Corporation Divide "JW" Federal Com. Well No. 1 located in Unit K of Section 4, Township 17 South, Range 24 East, NMPM. It was completed in the Wolfcamp formation on November 14, 1978. The top of the perforations is at 4,641 feet.

(8) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Yeso formation, said pool to bear the designation of East Empire-Yeso Pool. Said East Empire-Yeso Pool was discovered by the Marbob Energy Corporation Barnsdall Federal Well No. 1 located in Unit B of Section 27, Township 17 South, Range 29 East, NMPM. It was completed in the Yeso formation on November 1, 1996. The top of the perforations is at 4,008 feet.

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(9) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Upper Pennsylvanian formation, said pool to bear the designation of North Penasco Draw-Upper Pennsylvanian Gas Pool. Said North Penasco Draw-Upper Pennsylvanian Gas Pool was discovered by the Yates Petroleum Corporation Scout "EII" Federal Com. Well No. 2 located in Unit I of Section 27, Township 18 South, Range 25 East, NMPM. It was completed in the Upper Pennsylvanian formation on September 9, 1975. The top of the perforations is at 8,710 feet.

(10) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Abo formation, said pool to bear the designation of North Runyan Ranch-Abo Gas Pool. Said North Runyan Ranch-Abo Gas Pool was discovered by the Heartland Energy Corporation State "AR" Well No. 1 located in Unit F of Section 31, Township 18 South, Range 23 East, NMPM. It was completed in the Abo formation on January 1, 1979. The top of the perforations is at 4,552 feet.

(11) There is need for the creation of a new pool in Chaves County, New Mexico, for the production of oil from the Devonian formation, said pool to bear the designation of Southwest Twin Lakes-Devonian Pool. Said Southwest Twin Lakes-Devonian Pool was discovered by the Marbob Energy Corporation McClintock Fee Well No. 1 located in Lot 2 of Section 30, Township 9 South, Range 28 East, NMPM. It was completed in the Devonian formation on November 1, 1996. The top of the perforations is at 6,785 feet.

(12) There is need for certain extensions to the South Carlsbad-Morrow Gas Pool, the South Carlsbad-Strawn Gas Pool, the East Carlsbad-Wolfcamp Gas Pool, the Cedar Canyon-Delaware Pool, the North Dagger Draw-Upper Pennsylvanian Pool, the South Dagger Draw-Upper Pennsylvanian Associated Pool, the Fenton-Delaware Pool, the East Loving-Brushy Canyon Pool, the Sand Tank-Morrow Gas Pool, the Shugart Yates-Seven Rivers-Queen-Grayburg Pool, and the North Turkey Track-Morrow Gas Pool, all in Eddy County, New Mexico.

(13) The effective date of this order and all creations and extensions included herein should be January 1, 1997.

IT IS THEREFORE ORDERED THAT

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

TOWNSHIP 18 SOUTH, RANGE 23 EAST, NMPM
Section 22: NW/4

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

TOWNSHIP 18 SOUTH, RANGE 21 EAST, NMPM
Section 24: SE/4

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

TOWNSHIP 17 SOUTH, RANGE 24 EAST, NMPM
Section 24: S/2

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

TOWNSHIP 25 SOUTH, RANGE 25 EAST, NMPM
Section 35: N/2

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

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 9: S/2

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

TOWNSHIP 17 SOUTH, RANGE 24 EAST, NMPM
Section 4: W/2

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

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TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 27: NE/4

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

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM

Section 27: E/2

(i) A new pool in Eddy County, New Mexico, classified as a gas pool for Abo production is hereby created and designated as the North Runyan Ranch-Abo Gas Pool, consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 23 EAST, NMPM

Section 31: NW/4

(j) A new pool in Chaves County, New Mexico, classified as an oil pool for Devonian production is hereby created and designated as the Southwest Twin Lakes-Devonian Pool, consisting of the following described area:

TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM

Section 30: NW/4

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

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 22: S/2

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

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 17: S/2

(m) The East Carlsbad-Wolfcamp Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

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TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 16: NW/4

Section 17: N/2

(n) The Cedar Canyon-Delaware 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 28: SW/4

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

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM

Section 12: E/2

Section 26: S/2

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM

Section 33: NE/4

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 2: SW/4

Section 11: NW/4

(p) 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 25 EAST, NMPM

Section 19: S/2

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM

Section 13: N/2

(q) The Fenton-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 28: E/2

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(r) The East Loving-Brushy Canyon 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 12: S/2

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM

Section 7: SW/4

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

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 31: SE/4

Section 32: S/2

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 6: E/2

(t) The Shugart Yates-Seven Rivers-Queen-Grayburg 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 8: NE/4

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

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 26: W/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

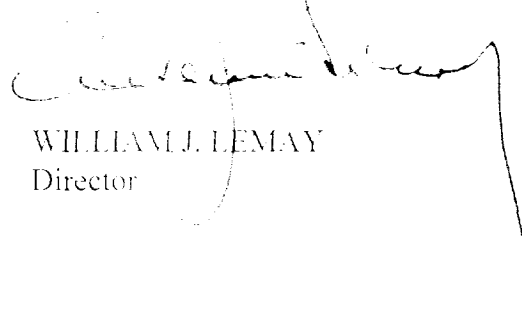
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dedicated to the well bears to a standard unit for the pool. Failure to file Form C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Division within said 60-day period shall subject the well to cancellation of allowable.

(2) The effective date of this order and all creations and extensions included herein shall be January 1, 1997.

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", is written over the typed name and title. The signature is fluid and cursive, with a long, sweeping tail that extends downwards and to the right.

WILLIAM J. LEMAY
Director

SEAL

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