

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. 11814
Order No. R-10844

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN
ORDER CREATING, CONTRACTING, 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 July 10, 1997, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 16th day of July, 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 Upper Pennsylvanian formation, said pool to bear the designation of South Carlsbad-Upper Pennsylvanian Gas Pool. Said South Carlsbad-Upper Pennsylvanian Gas Pool was discovered by the Mobil Producing Texas & New Mexico Inc. Federal LL Well No. 1 located in Unit O of Section 13, Township 23 South, Range 26 East, NMPM. It was completed in the Upper Pennsylvanian formation on January 27, 1982. The top of the perforations is at 9,954 feet.
- (3) 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

West Catclaw Draw-Morrow Gas Pool. Said West Catclaw Draw-Morrow Gas Pool was discovered by the Marbob Energy Corporation Como Fee Well No. 1 located in Unit F of Section 17, Township 21 South, Range 25 East, NMPM. It was completed in the Morrow formation on May 2, 1997. The top of the perforations is at 10,259 feet.

(4) There is need for the creation of a new pool in Chaves County, New Mexico, for the production of gas from the Mississippian formation, said pool to bear the designation of Chisum-Mississippian Gas Pool. Said Chisum-Mississippian Gas Pool was discovered by the Plains Radio Petroleum Corporation Plains "16" State Well No. 1 located in Unit B of Section 16, Township 11 South, Range 28 East, NMPM. It was completed in the Mississippian formation on February 27, 1989. The top of the perforations is at 6,816 feet.

(5) 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 Cottonwood Creek-Strawn Gas Pool. Said Cottonwood Creek-Strawn Gas Pool was discovered by the Yates Petroleum Corporation Cottonwood "KI" Federal Com. Well No. 1 located in Unit J of Section 17, Township 16 South, Range 25 East, NMPM. It was completed in the Strawn formation on August 8, 1979. The top of the perforations is at 6,868 feet.

(6) 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 Fren-Morrow Gas Pool. Said Fren-Morrow Gas Pool was discovered by the Texaco Exploration and Production, Inc. Skelly Unit Well No. 902 located in Unit E of Section 15, Township 17 South, Range 31 East, NMPM. It was completed in the Morrow formation on April 6, 1997. The top of the perforations is at 11,980 feet.

(7) 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 Gatuna Canyon-Bone Spring Pool. Said Gatuna Canyon-Bone Spring Pool was discovered by the Hanley Petroleum Inc. Adams Federal Well No. 1 located in Unit N of Section 31, Township 19 South, Range 31 East, NMPM. It was completed in the Bone Spring formation on April 30, 1997. The top of the perforations is at 7,986 feet.

(8) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Atoka formation, said pool to bear the designation of Southeast La Huerta-Atoka Gas Pool. Said Southeast La Huerta-Atoka Gas Pool was discovered by the Cities Service Company Government "AD" Well No. 2 located in Unit E of Section 27, Township 21 South, Range 27 East, NMPM. It was completed in the Atoka formation on November 2, 1978. The top of the perforations is at 10,613 feet.

(9) 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 Little Box Canyon-Strawn Gas Pool. Said Little Box Canyon-Strawn Gas Pool was discovered by the Yates Petroleum Corporation Federal "HQ" Well No. 1 located in Unit N of Section 5, Township 21 South, Range 22 East, NMPM. It was completed in the Strawn formation on July 22, 1988. The top of the perforations is at 7,538 feet.

(10) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Atoka formation, said pool to bear the designation of East McKittrick Hills-Atoka Gas Pool. Said East McKittrick Hills-Atoka Gas Pool was discovered by the Mitchell Energy Corporation McKittrick "30" Federal Well No. 1 located in Unit C of Section 30, Township 22 South, Range 26 East, NMPM. It was completed in the Atoka formation on November 29, 1994. The top of the perforations is at 11,540 feet.

(11) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Wolfcamp formation, said pool to bear the designation of North Parkway-Wolfcamp Pool. Said North Parkway-Wolfcamp Pool was discovered by the Southland Royalty Company Parkway "B" State Well No. 1 located in Unit I of Section 15, Township 19 South, Range 29 East, NMPM. It was completed in the Wolfcamp formation on September 20, 1980. The top of the perforations is at 9,044 feet.

(12) 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 Pierce Crossing-Bone Spring Pool. Said South Pierce Crossing-Bone Spring Pool was discovered by the Nearburg Producing Company Ruby "30" State Com. Well No. 1 located in Unit O of Section 30, Township 24 South, Range 29 East, NMPM. It was completed in the Bone Spring formation on January 17, 1997. The top of the perforations is at 8,866 feet.

(13) 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 Rock Tank-Upper Pennsylvanian Gas Pool. Said Rock Tank-Upper Pennsylvanian Gas Pool was discovered by the Mineral Technologies, Inc. Dark Canyon Well No. 1 located in Unit D of Section 18, Township 23 South, Range 25 East, NMPM. It was completed in the Upper Pennsylvanian formation on January 28, 1975. The top of the perforations is at 8,510 feet.

(14) 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 Southeast Rocky Arroyo-Morrow Gas Pool. Said Southeast Rocky Arroyo-Morrow Gas Pool was discovered by the Penwell Energy, Inc. Wagon Wheel "22" Federal Unit Well No.

1 located in Unit O of Section 22, Township 22 South, Range 22 East, NMPM. It was completed in the Morrow formation on March 17, 1997. The top of the perforations is at 7,418 feet.

(15) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Atoka formation, said pool to bear the designation of Seven Rivers Hills-Atoka Gas Pool. Said Seven Rivers Hills-Atoka Gas Pool was discovered by the Fasken Oil and Ranch, Ltd. Mobil "10" Federal Well No. 1 located in Unit M of Section 10, Township 21 South, Range 24 East, NMPM. It was completed in the Atoka formation on July 23, 1996. The top of the perforations is at 9,344 feet.

(16) 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 Sheep Draw-Upper Pennsylvanian Gas Pool. Said Sheep Draw-Upper Pennsylvanian Gas Pool was discovered by the Louis Dreyfuss Natural Gas Corporation Squaw Federal Well No. 3 located in Unit K of Section 1, Township 23 South, Range 25 East, NMPM. It was completed in the Upper Pennsylvanian formation on November 14, 1985. The top of the perforations is at 9,754 feet.

(17) 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 North Shugart-Delaware Pool. Said North Shugart-Delaware Pool was discovered by the Harvey E. Yates Company Can-Ken "4" Federal Well No. 2 located in Unit G of Section 4, Township 18 South, Range 31 East, NMPM. It was completed in the Delaware formation on March 27, 1997. The top of the perforations is at 4,624 feet.

(18) 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 Southwest White City-Wolfcamp Gas Pool. Said Southwest White City-Wolfcamp Gas Pool was discovered by the Inexco Oil Company Southland State Well No. 1 located in Unit J of Section 32, Township 25 South, Range 25 East, NMPM. It was completed in the Wolfcamp formation on April 20, 1981. The top of the perforations is at 9,413 feet.

(19) There is need for the contraction of the Cottonwood Creek-Wolfcamp Gas Pool in Eddy County, New Mexico, by the deletion of certain acreage in order to correct nomenclature.

(20) There is need for certain extensions to the Angell Ranch-Atoka-Morrow Gas Pool, the West Antelope Sink-Abo Pool, the North Dagger Draw-Upper Pennsylvanian Pool, the South Empire-Morrow Gas Pool, the Herradura Bend-Delaware Pool, the North Illinois Camp-Morrow Gas Pool, the East Indian Basin-Morrow Gas Pool, the Indian Basin-Strawn

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Gas Pool, the Logan Draw-Morrow Gas Pool, the West Lost Tank-Delaware Pool, the Penasco Draw-Upper Pennsylvanian Pool, the East Pierce Crossing-Bone Spring Pool, the Red Lake-Queen-Grayburg-San Andres Pool, the North Runyan Ranch-Abo Gas Pool, the Sand Tank-Morrow Gas Pool, the North Turkey Track-Morrow Gas Pool, and the Willow Lake-Delaware Pool, all in Eddy County, New Mexico.

IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
Section 13: S/2

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

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 17: W/2

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

TOWNSHIP 11 SOUTH, RANGE 28 EAST, NMPM
Section 16: N/2

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

TOWNSHIP 16 SOUTH, RANGE 25 EAST, NMPM
Section 17: S/2

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

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TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 15: W/2

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

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 31: SW/4

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

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

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

TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM
Section 5: Lots 13, 14, 15, 16, and S/2

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

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM
Section 24: E/2

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 19: S/2
Section 30: N/2

(j) A new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production is hereby created and designated as the North Parkway-Wolfcamp Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 15: SE/4

(k) 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 Pierce Crossing-Bone Spring Pool, consisting of the following described area:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 30: SE/4

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

TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM

Section 18: N/2

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

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM

Section 22: N/2

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

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 10: S/2

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

TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM

Section 1: W/2

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

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 4: NE/4

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

TOWNSHIP 25 SOUTH, RANGE 25 EAST, NMPM
Section 32: E/2

(r) The Cottonwood Creek-Wolfcamp Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby contracted by the deletion of the following described area:

TOWNSHIP 16 SOUTH, RANGE 25 EAST, NMPM
Section 17: S/2
Section 20: N/2

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

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 7: N/2

(t) The West Antelope Sink-Abo Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

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

(u) 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 25 EAST, NMPM
Section 22: SE/4

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

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 5: E/2
Section 8: E/2

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(w) The Herradura Bend-Delaware 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 25: E/2

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

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 21: S/2

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

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM
Section 13: W/2

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

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM
Section 10: S/2

(aa) 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 22: S/2
Section 23: S/2

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

TOWNSHIP 21 SOUTH, RANGE 31 EAST, NMPM
Section 33: NE/4

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

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TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 4: SW/4

(dd) The East Pierce Crossing-Bone Spring 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 13: SW/4

(ee) 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 27 EAST, NMPM
Section 33: NE/4
Section 34: NE/4

(ff) The North Runyan Ranch-Abo Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 23 EAST, NMPM
Section 31: NE/4
Section 32: NW/4

(gg) 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 29 EAST, NMPM
Section 36: W/2

(hh) 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 28 EAST, NMPM
Section 34: E/2

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 5: S/2
Section 6: All

(ii) The Willow Lake-Delaware Pool in Eddy County, New Mexico, as

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heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM
Section 1: NW/4

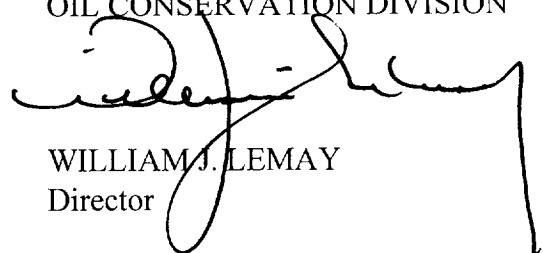
IT IS FURTHER ORDERED THAT:

(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, contractions, and extensions included herein shall be August 1, 1997.

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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