

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. 11930
Order No. R-10962

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 February 19, 1998, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 23rd day of February, 1998, 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 Hackberry-Bone Spring Pool. Said East Hackberry-Bone Spring Pool was discovered by the Lynx Petroleum Consultants, Inc. Federal HJ-27 Well No. 1 located in Unit E of Section 27, Township 19 South, Range 31 East, NMPM. It was completed in the Bone Spring formation on December 19, 1997. The top of the perforations is at 8,990 feet.
- (3) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Chester formation, said pool to bear the designation of North Illinois Camp-Chester Gas Pool. Said North Illinois Camp-Chester Gas Pool was

discovered by the Marathon Oil Company W. B. Travis 15 State Com Well No. 1 located in Unit G of Section 15, Township 18 South, Range 28 East, NMPM. It was completed in the Chester formation on October 22, 1997. The top of the perforations is at 11,040 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Cisco formation, said pool to bear the designation of McMillan-Cisco Gas Pool. Said McMillan-Cisco Gas Pool was discovered by the Maralo, Inc. D. S. "26" Federal Well No. 1 located in Unit H of Section 26, Township 20 South, Range 26 East, NMPM. It was completed in the Cisco formation on May 23, 1997. The top of the perforations is at 8,182 feet.

(5) There is need for certain extensions to the Avalon-Strawn Gas Pool, the Black River-Delaware Pool, the Cemetery-Morrow Gas Pool, the West Corral Canyon-Delaware Pool, the South Indian Basin-Yeso Pool, the East Loving-Brushy Canyon Pool, the Southwest Poker Lake-Delaware Pool, the Red Lake-Atoka-Morrow Gas Pool, the East Ross Draw-Delaware Pool, the Sand Point-Morrow Gas Pool, and the Shugart-Morrow Gas Pool, all in Eddy County, New Mexico.

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 Hackberry-Bone Spring Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 27: NW/4

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

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 15: E/2

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

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM
Section 26: E/2

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

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 9: SE/4
Section 16: S/2 and NE/4

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

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 10: E/2
Section 11: SW/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 21 SOUTH, RANGE 24 EAST, NMPM
Section 7: All

(g) The West Corral Canyon-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 13: W/2
Section 14: SE/4

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

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM
Section 34: SW/4

(i) 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 21: NE/4

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

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TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMPM
Section 36: S/2

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

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 17: E/2

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

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
Section 27: E/2 NW/4

(m) The Sand Point-Morrow Gas 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: SE/4

(n) The Shugart-Morrow Gas 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 22: S/2

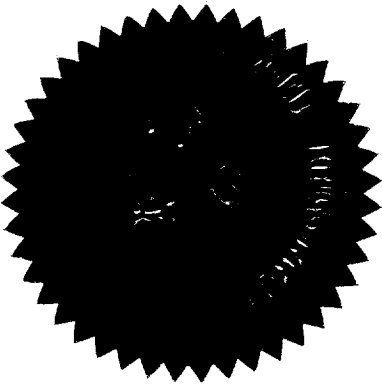
IT IS FURTHER ORDERED THAT:

(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.

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(2) The effective date of this order and all creations and extensions included herein shall be March 1, 1998.

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director

fd/