

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. 12019
Order No. R-11013

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING AND
EXTENDING CERTAIN POOLS IN EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 23, 1998, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 30th day of July, 1998, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) 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 Southeast Indian Basin-Strawn Gas Pool. Said Southeast Indian Basin-Strawn Gas Pool was discovered by the Hallwood Petroleum, Inc. Catclaw Draw Unit Well No. 12 located in Unit N of Section 24, Township 21 South, Range 25 East, NMPM. It was completed in the Strawn formation on January 22, 1998. The top of the perforations is at 9,690 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Glorieta and Yeso formations, said pool to bear the designation of Northeast Red Lake-Glorieta-Yeso Pool. Said Northeast Red Lake-Glorieta-Yeso Pool was discovered by the Arco Permian Red Lake "3" Federal Well No. 1 located in Unit E of Section 3, Township 18 South, Range 27 East, NMPM. It was completed in the

Glorieta and Yeso formations on December 9, 1997. The top of the perforations is at 3,044 feet.

(4) There is need for certain extensions to the Avalon-Strawn Gas Pool, the West Burton Flat-Strawn Gas Pool, the Crow Flats-Morrow Gas Pool, the North Dagger Draw-Upper Pennsylvanian Pool, the Ingle Wells-Delaware Pool, the South Livingston Ridge-Delaware Pool, the Logan Draw-Morrow Gas Pool, the Loving-Delaware Pool, the Nimenim Ridge-Morrow Gas Pool, the Rustler Bluff-Atoka Gas Pool, the Sand Tank-Morrow Gas Pool, the Travis-Upper Pennsylvanian Pool, and the White City-Pennsylvanian Gas 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 Strawn production is hereby created and designated as the Southeast Indian Basin-Strawn Gas Pool, consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 24: S/2

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

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 3: NW/4

(c) The Avalon-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: SW/4

(d) The West Burton Flat-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 10: E/2

(e) The Crow Flats-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 3: S/2

Section 4: S/2

(f) 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 20 SOUTH, RANGE 25 EAST, NMPM

Section 5: NW/4

Section 6: NE/4

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

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 2: NE/4

(h) The South Livingston Ridge-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 1: NW/4

Section 12: SE/4

(i) 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 15: W/2

Section 22: NW/4

(j) The Loving-Delaware 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 32: NW/4

(k) The Nimenim Ridge-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 33: S/2

(l) The Rustler Bluff-Atoka Gas 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 8: S/2

(m) 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: W/2

(n) The Travis-Upper Pennsylvanian 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 4: NE/4

(o) The White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 25 SOUTH, RANGE 27 EAST, NMPM
Section 7: All

IT IS FURTHER ORDERED THAT:

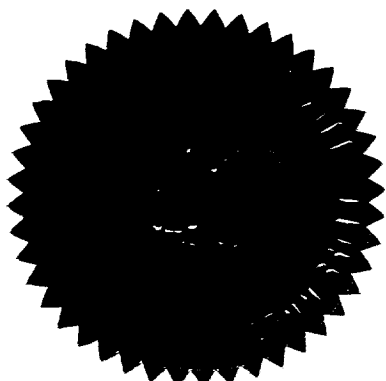
(1) Pursuant to Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective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

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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 August 1, 1998.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director

fd/