

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. 12093
Order No. R-11097

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING, CONTRACTING,
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 November 19, 1998, at Santa Fe, New Mexico, before Examiner Mark W. Ashley.

NOW, on this 10th day of December, 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 Wolfcamp formation, bearing the designation of North Corral Draw-Wolfcamp Gas Pool. The North Corral Draw-Wolfcamp Gas Pool was discovered by the Burlington Resources Oil & Gas Company Corral Draw "9" Federal Well No. 1 located in Unit C of Section 9, Township 25 South, Range 29 East, NMPM, which was completed in the Wolfcamp formation on June 30, 1998. The top of the perforations is at 11,325 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, bearing the designation of Loco Hills-Chester Gas Pool. The Loco Hills-Chester Gas Pool was discovered by the Yates Petroleum Corporation Loco "ASI" Federal Com. Well No. 1 located in Unit L of Section 10,

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Township 18 South, Range 29 East, NMPM, which was completed in the Chester formation on August 27, 1998. The top of the perforations is at 11,397 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Wolfcamp formation, bearing the designation of Travis-Wolfcamp Pool. The Travis-Wolfcamp Pool was discovered by the Marathon Oil Company Edward Mitchusson "4" State Well No. 1 located in Unit K of Section 4, Township 19 South, Range 28 East, NMPM, which was completed in the Wolfcamp formation on September 19, 1998. The top of the perforations is at 8,894 feet.

(5) There is need for the contraction of the Grayburg Jackson-Seven Rivers-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, in order to correct nomenclature. The deleted acreage will be placed in the Maljamar-Grayburg-San Andres Pool.

(6) There is need for certain extensions to the Crow Flats-Morrow Gas Pool, the Diamond Mound-Morrow Gas Pool, the Empire-Yeso Pool, the East Empire-Yeso Pool, the Little Box Canyon-Morrow Gas Pool, the Loco Hills-Paddock Pool, the West Lost Tank-Delaware Pool, the Maljamar-Grayburg-San Andres Pool, the Penasco-Wolfcamp Pool, the Red Lake-Queen-Grayburg-San Andres Pool, the Travis-Upper Pennsylvanian Pool, and the North Turkey Track-Morrow Gas Pool, all in Eddy County, New Mexico.

(7) The effective date of this order and all creations, contractions, and extensions included herein should be December 1, 1998.

IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM
Section 9: N/2

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

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 10: W/2

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

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 4: SW/4

(d) The Grayburg Jackson-Seven Rivers-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, is hereby contracted by the deletion of the following described area:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 36: NE/4 SE/4

(e) The Maljamar-Grayburg-San Andres Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 36: NE/4 SE/4

(f) The Crow Flats-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 4: N/2
Section 12: SE/4
Section 13: E/2

(g) The Diamond Mound-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM
Section 3: SE/4
Section 10: E/2

(h) The Empire-Yeso Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 30: NE/4

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(I) The East Empire-Yeso Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 27: SE/4

(j) The Little Box Canyon-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 21 EAST, NMPM
Section 36: S/2

TOWNSHIP 20 ½ SOUTH, RANGE 21 EAST, NMPM
Section 36: E/2

(k) The Loco Hills-Paddock Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 22: N/2

(l) The West Lost Tank-Delaware Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 31 EAST, NMPM
Section 34: NW/4

(m) The Penasco-Wolfcamp Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 2: N/2
Section 3: NE/4

(n) The Red Lake-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 25: N/2

(o) The Travis-Upper Pennsylvanian Pool in Eddy County, New Mexico, is

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hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 26: NW/4

(p) The North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 22: S/2

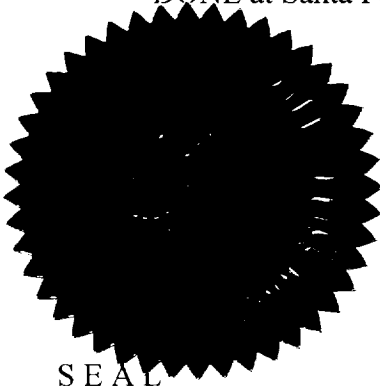
TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 30: N/2

IT IS FURTHER ORDERED THAT:

(1) Pursuant to Section 70-2-18, NMSA, 1978, an operator of any well that, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one presently dedicated thereto, shall have 60 days from the effective date of this order to file Form C-102 dedicating a standard unit for the pool to that 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 that 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 December 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