

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. 12160
Order No. R-11160

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING, ABOLISHING,
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 April 1, 1999, at Santa Fe, New Mexico, before Examiner Mark W. Ashley.

NOW, on this 7th day of April, 1999, 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 oil from the Bone Spring formation, bearing the designation of West Forty Niner Ridge-Bone Spring Pool. The West Forty Niner Ridge-Bone Spring Pool was discovered by the Texaco Exploration and Production, Inc. Remuda Basin State Well No. 4 located in Unit N of Section 19, Township 23 South, Range 30 East, NMPM. It was completed in the Bone Spring formation on October 2, 1998. The top of the perforations is at 8,207 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Cisco-Canyon formation, bearing the designation of Northwest Logan Draw-Cisco Canyon Pool. The Northwest Logan Draw-Cisco Canyon Pool was discovered by the Costilla Energy, Inc. Funk "49" Well No. 1 located in Unit L of Section 33, Township 16 South, Range 26 East, NMPM. It was completed in the

Cisco-Canyon formation on November 6, 1998. The top of the perforations is at 6,826 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Canyon formation, bearing the designation of Southeast Rocky Arroyo-Canyon Gas Pool. The Southeast Rocky Arroyo-Canyon Gas Pool was discovered by the Penwell Energy, Inc. Wagon Wheel Federal Unit Well No. 2 located in Unit N of Section 22, Township 22 South, Range 22 East, NMPM. It was completed in the Canyon formation on May 29, 1998. The top of the perforations is at 7,538 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, bearing the designation of Northeast Springs-Strawn Gas Pool. The Northeast Springs-Strawn Gas Pool was discovered by the Yates Petroleum Corporation Spring "ART" Federal Well No. 1 located in Unit O of Section 23, Township 20 South, Range 26 East, NMPM. It was completed in the Strawn formation on October 16, 1998. The top of the perforations is at 9,280 feet.

(6) There is need for the abolishment of the Dark Canyon-Pennsylvanian Gas Pool in Eddy County, New Mexico, in order to correct nomenclature.

(7) There is need for certain extensions to the Avalon-Morrow Gas Pool, the West Burton Flat-Strawn Gas Pool, the Cedar Canyon-Delaware Pool, the East Dark Canyon-Delaware Pool, the East Empire-Yeso Pool, the Hackberry-Morrow Gas Pool, the Happy Valley-Delaware Pool, the Indian Loafer Draw-Upper Pennsylvanian Gas Pool, the Logan Draw-Morrow Gas Pool, the Otis-Morrow Gas Pool, the Northeast Red Lake-Glorieta-Yeso Pool, the Ross Draw-Wolfcamp Gas Pool, the Sand Tank-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 West Forty Niner Ridge-Bone Spring Pool, consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM
Section 19: SW/4

(b) A new pool in Eddy County, New Mexico, classified as an oil pool for Cisco-Canyon production is hereby created and designated as the Northwest Logan Draw-Cisco Canyon Pool, consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 26 EAST, NMPM
Section 33: SW/4

(c) A new pool in Eddy County, New Mexico, classified as a gas pool for

Canyon production is hereby created and designated as the Southeast Rocky Arroyo-Canyon Gas Pool, consisting of the following described area:

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM
Section 22: S/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 Northeast Springs-Strawn Gas Pool, consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM
Section 23: S/2

(e) The Dark Canyon-Pennsylvanian Gas Pool in Eddy County, New Mexico, consisting of the following described area, is hereby abolished:

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM
Section 36: E/2

TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM
Sections 30 through 32: All

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM
Section 1: All

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

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 10: All

(g) The West Burton Flat-Strawn Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 1: Lots 9 through 16

(h) The Cedar Canyon-Delaware Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 23: N/2

(i) The East Dark Canyon-Delaware Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM

Section 30: NE/4

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

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 29: NW/4

(k) The Hackberry-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 17: W/2

(l) The Happy Valley-Delaware Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM

Section 34: S/2

Section 35: SW/4

(m) The Indian Loafer Draw-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 21 EAST, NMPM

Section 36: S/2

TOWNSHIP 20 ½ SOUTH, RANGE 21 EAST, NMPM

Section 36: All

(n) The Logan Draw-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 14: N/2

Section 22: NE/4

(o) The Otis-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 12: All

(p) The Northeast Red Lake-Glorieta-Yeso Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 34: S/2

Section 35: S/2

(q) The Ross Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM

Section 14: S/2

(r) The Sand Tank-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 30: W/2

(s) The Shugart-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

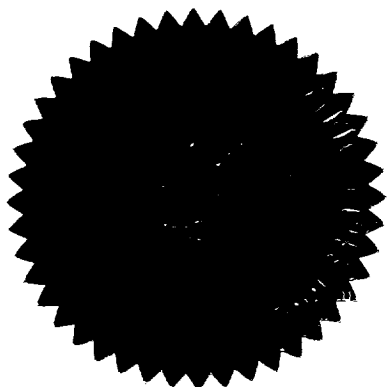
Section 28: W/2

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, abolishments, and extensions included herein shall be May 1, 1999.

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