

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. 12781  
Order No. R-11705

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 6, 2001, at Santa Fe, New Mexico before Examiner David R. Catanach.

NOW, on this 3<sup>rd</sup> day of December, 2001, 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 Pennsylvanian formation, to be designated the Bear Canyon-Pennsylvanian Pool. The Bear Canyon-Pennsylvanian Pool was discovered by the Yates Petroleum Corporation Oso "AVV" Federal Well No. 1 located in Unit M of Section 17, Township 19 South, Range 20 East, NMPM, which was completed in the Pennsylvanian formation on March 29, 2001. The top of the perforations is at 6,071 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Wolfcamp formation, to be designated the Brushy Draw-Wolfcamp Pool. The Brushy Draw-Wolfcamp Pool was discovered by the Texaco Exploration and Production, Inc. Yates "8" Federal Well No. 2 located in Unit K of Section 8, Township 26 South, Range 30 East, NMPM, which was

completed in the Wolfcamp formation on May 5, 2001. The top of the perforations is at 11,803 feet.

(4) 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, to be designated the Mosley Canyon-Upper Pennsylvanian Gas Pool. The Mosley Canyon-Upper Pennsylvanian Gas Pool was discovered by the Nadel and Gussman Permian, LLC Rolling Rock State Well No. 2 located in Unit P of Section 31, Township 23 South, Range 25 East, NMPM, which was completed in the Upper Pennsylvanian formation on May 8, 2001. The top of the perforations is at 9,200 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Atoka formation, to be designated the Staple Canyon Rim-Atoka Gas Pool. The Staple Canyon Rim-Atoka Gas Pool was discovered by the Marathon Oil Company Indian Hills Unit Well No. 6 located in Unit N of Section 20, Township 21 South, Range 24 East, NMPM, which was completed in the Atoka formation on March 14, 2001. The top of the perforations is at 9,290 feet.

(6) There is need for certain extensions to the Box Canyon-Permo Pennsylvanian Gas Pool, the Chosa Draw-Morrow Gas Pool, the Southeast Crow Flats-Morrow Gas Pool, the Diamond Mound-Morrow Gas Pool, the East Eagle Creek-Atoka-Morrow Gas Pool, the Eagle Creek-Strawn Gas Pool, the South Empire-Morrow Gas Pool, the North Hackberry-Morrow Gas Pool, the North Illinois Camp-Morrow Gas Pool, the Revelation-Morrow Gas Pool, the Sand Dune-Upper Pennsylvanian Pool, the Turkey Track-Atoka Gas Pool, the North Turkey Track-Atoka Gas Pool, and the North Turkey Track-Morrow Gas Pool, all in Eddy County, New Mexico; and the Cottonwood Ranch-Pennsylvanian Gas Pool, the North Foor Ranch-Pre-Permian Gas Pool, the North Foor Ranch-Wolfcamp Gas Pool, and the Northwest Foor Ranch-Wolfcamp Gas Pool, all in Chaves County, New Mexico.

IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 19 SOUTH, RANGE 20 EAST, NMPM  
Section 17: S/2

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

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM  
Section 8: SW/4

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

TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM  
Section 31: E/2

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

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM  
Section 20: W/2

(e) The Box Canyon-Permo Pennsylvanian Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 21 EAST, NMPM  
Section 11: NE/4

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

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM  
Section 8: N/2  
Section 9: N/2

(g) The Cottonwood Ranch-Pennsylvanian Gas Pool in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 6 SOUTH, RANGE 25 EAST, NMPM  
Section 26: W/2 and SE/4

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM  
Section 30: S/2

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

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM  
Section 10: N/2

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

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM  
Section 14: N/2

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM  
Section 5: SE/4  
Section 8: E/2

(j) The East Eagle Creek-Atoka-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM  
Section 29: S/2

(k) The Eagle Creek-Strawn Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM  
Section 3: SW/4  
Section 10: W/2

(l) The South Empire-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM  
Section 29: N/2

(m) The North Foor Ranch-Pre-Permian Gas Pool in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM  
Section 2: SW/4  
Section 11: W/2  
Section 14: N/2

(n) The North Foor Ranch-Wolfcamp Gas Pool in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM  
Section 28: S/2  
Section 29: SE/4

(o) The Northwest Foor Ranch-Wolfcamp Gas Pool in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM

Section 32: N/2

Section 33: N/2

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

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 31: W/2

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 1: E/2

(q) The North Illinois Camp-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 19: E/2

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

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM

Section 2: S/2

(s) The Sand Dune-Upper Pennsylvanian Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 26: SE/4

(t) The Turkey Track-Atoka Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 10: W/2

Section 15: NW/4

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

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 36: NE/4

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

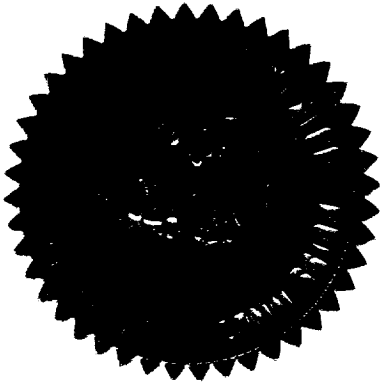
TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM  
Section 25: E/2

IT IS FURTHER ORDERED THAT:

(1) Pursuant to NMSA 1978, Section 70-2-18, 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.

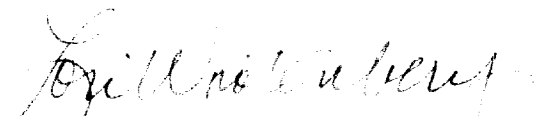
(2) The effective date of this order and all creations and extensions included herein shall be January 1, 2002.

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  
Director