

Entered August 4, 1980
JLR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6947
Order No. R-6416
NOMENCLATURE

APPLICATION OF KNOX INDUSTRIES, INC.
FOR POOL CONTRACTION AND CREATION AND
AN NGPA DETERMINATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 25, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 4th day of August, 1980, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Knox Industries, Inc., seeks a determination by the Division, in accordance with Sections 2 (6) and 102 of the Natural Gas Policy Act of 1978, and the applicable rules of the Federal Energy Regulatory Commission, that its New Mexico State Well No. 1, located in Unit F of Section 2, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, has discovered a new onshore reservoir from which natural gas was not produced in commercial quantities before April 20, 1977.

(3) That said well was completed in the Morrow formation on April 25, 1980, through perforations from 13,571 feet to 13,585 feet.

(4) That although there are several wells in the general vicinity of the subject well which have penetrated or are

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completed in the Morrow formation, pressures and productive capacity encountered in said New Mexico State Well No. 1 as compared to said wells are completely distinctive and are indicative of an undrained reservoir.

(5) That the combined geological and engineering data presented establishes that said New Mexico State Well No. 1 has been completed in a new onshore reservoir as defined by the provisions of Section 102 of the Natural Gas Policy Act of 1978 and the applicable rules of the Federal Energy Regulatory Commission.

(6) That said New Mexico State Well No. 1 is completed within one mile of the La Rica-Morrow Gas Pool as previously defined and described in Lea County, New Mexico, and is subject to the Special Rules and Regulations for said pool including the requirement for 640-acre spacing and proration units.

(7) That the evidence presented in this case demonstrated that said New Mexico State Well No. 1 has discovered a new common source of supply in the Morrow formation separate from the La Rica-Morrow Gas Pool.

(8) That the evidence presented in this case demonstrated that said New Mexico State Well No. 1 is not expected to drain 640 acres.

(9) That the evidence presented in this case further demonstrates that a La Rica-Morrow Gas Pool well located in Section 3, Township 19 South, Range 34 East, is incapable of draining 640 acres and that said section should be deleted therefrom.

(10) That the La Rica-Morrow Gas Pool in Lea County, New Mexico, as previously defined and described should be contracted by the deletion of said Section 3.

(11) That a new gas pool for Morrow production consisting of Sections 2 and 3, Township 19 South, Range 34 East, Lea County, New Mexico, should be created and designated the East La Rica-Morrow Gas Pool.

IT IS THEREFORE ORDERED:

(1) That the Knox Industries, Inc. New Mexico State Well No. 1, located in Unit F of Section 2, Township 19 South, Range 34 East, NMPM, Lea County, New Mexico, is completed in a new

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onshore reservoir as defined by Sections 2 (6) and 102 of the Natural Gas Policy Act of 1978, and the applicable rules of the Federal Energy Regulatory Commission.

IT IS FURTHER ORDERED:

(1) That the La Rica-Morrow Gas Pool in Lea County, New Mexico, as previously defined and described, is hereby contracted by the deletion therefrom of Section 3, Township 19 South, Range 34 East, NMPM.

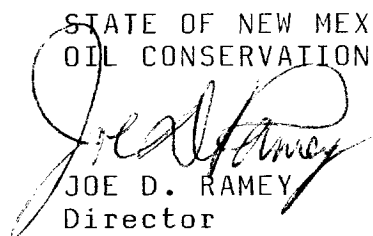
(2) That a new gas pool for Morrow production consisting of Sections 2 and 3, Township 19 South, Range 34 East, Lea County, New Mexico, is hereby created and designated the East La Rica-Morrow Gas Pool.

(3) That the effective date of this order and of the pool contraction and creation contained herein shall be August 1, 1980.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY
Director

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