

Entered October 19, 1982
JDR

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. 7702
Order No. R-7114

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN ORDER
CREATING, ASSIGNING DISCOVERY ALLOWABLES,
CONTRACTING, AND EXTENDING CERTAIN POOLS
IN CHAVES, EDDY, LEA, AND ROOSEVELT
COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 13, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 19th day of October, 1982, 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 there is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Cherry Canyon formation, said pool to bear the designation of Antelope Ridge-Cherry Canyon Pool. Further, that there is need for the assignment of a discovery allowable of 34,590 barrels to the discovery well, the Estoril Production Corporation Triple A Federal Well No. 2 located in Unit J of Section 10, Township 23 South, Range 34 East, NMPM. It was completed in the Cherry Canyon formation on May 30, 1982. The top of the perforations is at 6,734 feet.

(3) That there is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Cherry Canyon formation, said pool to bear the designation of Brushy Draw-Cherry Canyon Pool. Further, that there is need

for the assignment of a discovery allowable of 25,410 barrels to the discovery well, the J. C. Williamson UCBHWW Federal Well No. 1 located in Unit M of Section 25, Township 26 South, Range 29 East, NMPM. It was completed in the Cherry Canyon formation on June 23, 1982. The top of the perforations is at 5,082 feet.

(4) That there is need for the creation of a new pool in Chaves County, New Mexico, for the production of gas from the Pennsylvanian formation, said pool to bear the designation of West Buffalo Valley-Pennsylvanian Gas Pool. Said West Buffalo Valley-Pennsylvanian Gas Pool was discovered by the Clements Energy, Inc. Drumm Com Well No. 1 located in Unit E of Section 33, Township 14 South, Range 26 East, NMPM. It was completed in the Pennsylvanian formation on June 18, 1982. The top of the perforations is at 6,678 feet.

(5) That there is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the Wolfcamp formation, said pool to bear the designation of North Grama Ridge-Wolfcamp Gas Pool. Said North Grama Ridge-Wolfcamp Gas Pool was discovered by the HNG Oil Company San Simon 19 State Well No. 1 located in Unit J of Section 19, Township 21 South, Range 35 East, NMPM. It was completed in the Wolfcamp formation on July 26, 1982. The top of the perforations is at 10,858 feet.

(6) That there is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the Yates and Seven Rivers formations, said pool to bear the designation of South House Yates-Seven Rivers Gas Pool. Said South House Yates-Seven Rivers Gas Pool was discovered by the Alpha Twenty-One Production Company Colvin Federal Well No. 1 located in Unit B of Section 17, Township 20 South, Range 39 East, NMPM. It was completed in the Yates and Seven Rivers formations on June 2, 1982. The top of the perforations is at 2,889 feet.

(7) That there is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Devonian formation, said pool to bear the designation of McDonald-Devonian Pool. Said McDonald-Devonian Pool was discovered by the Harvey E. Yates Company McDonald Unit Well No. 2 located in Unit D of Section 3, Township 14 South, Range 36 East, NMPM. It was completed in the Devonian formation on July 8, 1982. The top of the perforations is at 14,556 feet.

(8) That there is need for the creation of a new pool in Chaves County, New Mexico, for the production of gas from the

-3-

Case No. 7702

Order No. R-7114

Pennsylvanian formation, said pool to bear the designation of Palma Mesa-Pennsylvanian Gas Pool. Said Palma Mesa-Pennsylvanian Gas Pool was discovered by the Rault Petroleum Corporation Hanlad State Well No. 1 located in Unit M of Section 13, Township 8 South, Range 27 East, NMPM. It was completed in the Pennsylvanian formation on July 8, 1982. The top of the perforations is at 6,327 feet.

(9) That there is need for the contraction of the Bar U-Pennsylvanian Pool in Chaves County, New Mexico, in order to correct an overlap with the Tobac-Pennsylvanian Pool.

(10) That there is need for certain extensions to the Cato-San Andres Pool, the Diamond Mound Atoka-Morrow Gas Pool, the Linda-San Andres Pool, the Pecos Slope-Abo Gas Pool, and the Tower-San Andres Pool, all in Chaves County, New Mexico, and the Carlsbad-Strawn Gas Pool, the Empire-Abo Pool, the Indian Flats-Morrow Gas Pool, the North Loving-Morrow Gas Pool, the Sandpoint-Atoka Gas Pool, and the Turkey Track Seven Rivers-Queen-Grayburg Pool, all in Eddy County, New Mexico, and the Austin-Mississippian Gas Pool, the Blinebry Oil and Gas Pool, the Bootleg Ridge-Morrow Gas Pool, the Buckeye-Abo Pool, the Buffalo-Pennsylvanian Gas Pool, the South Corbin-Wolfcamp Pool, the EK-Bone Spring Pool, the East Gem-Morrow Gas Pool, the East Grama Ridge-Morrow Gas Pool, the Hat Mesa-Morrow Gas Pool, the South Kemnitz-Atoka Gas Pool, the Langlie Mattix Seven Rivers-Queen-Grayburg Pool, the Lovington-Abo Pool, the Maljamar Grayburg-San Andres Pool, the Skaggs-Abo Gas Pool, the Vacuum Grayburg-San Andres Pool, and the Vada-Pennsylvanian Pool, all in Lea County, New Mexico, and the Tomahawk-San Andres Pool in Roosevelt County, New Mexico.

IT IS THEREFORE ORDERED:

(a) That a new pool in Lea County, New Mexico, classified as an oil pool for Cherry Canyon production is hereby created and designated as the Antelope Ridge-Cherry Canyon Pool, consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 10: SE/4

Further, that the discovery well for said Antelope Ridge-Cherry Canyon Pool, being the Estoril Production Corporation Triple A Federal Well No. 2 located in Unit J of Section 10, Township 23 South, Range 34 East, NMPM, is hereby assigned a bonus discovery allowable in the amount of 34,590 barrels to be produced over a two-year period.

-4-

Case No. 7702

Order No. R-7114

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

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM
Section 25: SW/4

Further, that the discovery well for said Brushy Draw-Cherry Canyon Pool, being the J. C. Williamson UCBHWW Federal Well No. 1 located in Unit M of Section 25, Township 26 South, Range 29 East, NMPM, is hereby assigned a bonus discovery allowable in the amount of 25,410 barrels to be produced over a two-year period.

(c) That a new pool in Chaves County, New Mexico, classified as a gas pool for Pennsylvanian production is hereby created and designated as the West Buffalo Valley-Pennsylvanian Gas Pool, consisting of the following described area:

TOWNSHIP 14 SOUTH, RANGE 26 EAST, NMPM
Section 33: All
Section 34: All
Section 35: All

(d) That a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production is hereby created and designated as the North Grama Ridge-Wolfcamp Gas Pool, consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Section 19: S/2

(e) That a new pool in Lea County, New Mexico, classified as a gas pool for Yates and Seven Rivers production is hereby created and designated as the South House Yates-Seven Rivers Gas Pool, consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 39 EAST, NMPM
Section 17: Lots 1 and 2 and NW/4

(f) That a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production is hereby created and designated as the McDonald-Devonian Pool, consisting of the following described area:

TOWNSHIP 14 SOUTH, RANGE 36 EAST, NMPM
Section 3: NW/4

-5-

Case No. 7702
Order No. R-7114

(g) That a new pool in Chaves County, New Mexico, classified as a gas pool for Pennsylvanian production is hereby created and designated as the Palma Mesa-Pennsylvanian Gas Pool, consisting of the following described area:

TOWNSHIP 8 SOUTH, RANGE 27 EAST, NMPM
Section 13: S/2

(h) That the Bar U-Pennsylvanian Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby contracted by the deletion of the following described area:

TOWNSHIP 8 SOUTH, RANGE 33 EAST, NMPM
Section 31: NE/4

(i) That the Austin-Mississippian Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 13 SOUTH, RANGE 36 EAST, NMPM
Section 32: S/2

(j) That the Blinebry Oil and Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 7: SE/4

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 6: SW/4
Section 7: N/2

(k) That the Bootleg Ridge-Morrow Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 33 EAST, NMPM
Section 7: E/2

(l) That the Buckeye-Abo Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 4: SE/4

(m) That the Buffalo-Pennsylvanian Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 9: S/2

(n) That the Carlsbad-Strawn Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 16: All
Section 21: N/2

(o) That the Cato-San Andres Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 9 SOUTH, RANGE 30 EAST, NMPM
Section 7: SE/4

(p) That the South Corbin-Wolfcamp Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 17: SW/4
Section 18: E/2
Section 20: NW/4

(q) That the Diamond Mound Atoka-Morrow Gas Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM
Section 34: N/2

(r) That the EK-Bone Spring Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 30: SW/4

(s) That the Empire-Abo Pool in Eddy County, New Mexico, as heretofore classified, defined, and described,

is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 19: SE/4

Section 30: N/2 NE/4

(t) That the East Gem-Morrow Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM

Section 25: E/2 and SW/4

Section 35: S/2

(u) That the East Grama Ridge-Morrow Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM

Section 31: N/2

Section 32: N/2

(v) That the Hat Mesa-Morrow Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM

Section 9: E/2

(w) That the Indian Flats-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM

Section 36: E/2

(x) That the South Kemnitz Atoka-Morrow Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM

Section 20: W/2

(y) That the Langlie Mattix Seven Rivers-Queen-Grayburg Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 35: NE/4

TOWNSHIP 25 SOUTH, RANGE 38 EAST, NMPM

Section 30: SE/4

-8-

Case No. 7702
Order No. R-7114

(z) That the Linda-San Andres Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM
Section 32: W/2 NE/4, S/2 NW/4, and
NW/4 NW/4

(aa) That the North Loving-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 13: E/2

(bb) That the Lovington-Abo Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 28: S/2

(cc) That the Maljamar Grayburg-San Andres Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM
Section 1: NW/4

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 26: SW/4

(dd) That the Pecos Slope-Abo Gas Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM
Section 9: S/2
Section 10: All

TOWNSHIP 7 SOUTH, RANGE 26 EAST, NMPM
Sections 1 through 4: All
Section 11: E/2
Sections 12 through 14: All
Sections 23 through 26: All
Sections 35 and 36: All

-9-

Case No. 7702
Order No. R-7114

TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM
Sections 1 and 2: All
Section 7: All
Sections 18 and 19: All
Section 20: W/2
Section 28: W/2
Sections 29 through 32: All

(ee) That the Sand Point-Atoka Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM
Section 10: N/2

(ff) That the Skaggs-Abo Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 11: SE/4
Section 12: NE/4, W/2 and N/2 SE/4
Section 14: N/2

(gg) That the Tomahawk-San Andres Pool in Roosevelt County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM
Section 19: NE/4

(hh) That the Tower-San Andres Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 11 SOUTH, RANGE 31 EAST, NMPM
Section 3: SW/4

(ii) That the Turkey Track Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 22: SE/4

(jj) That the Vacuum Grayburg-San Andres Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

-10-

Case No. 7702

Order No. R-7114

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM
Section 32: SW/4

(kk) That the Vada-Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM
Section 12: SW/4
Section 13: NW/4
Section 14: E/2 and SW/4
Section 23: NE/4

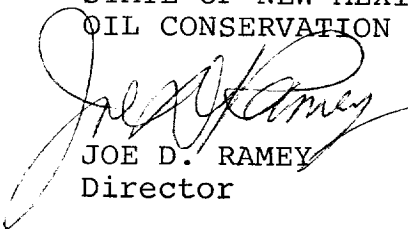
IT IS FURTHER ORDERED:

(1) That 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 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) That the effective date of this order and all creations, discovery allowable assignments, contractions, and extensions included herein shall be November 1, 1982.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

S E A L
fd/