

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. 8474
Order No. R-7800

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on January 30, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 31st day of January, 1985, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Permo Pennsylvanian formation, said pool to bear the designation of Eight Mile Draw-Permo Pennsylvanian Pool. Said Eight Mile Draw-Permo Pennsylvanian Pool was discovered by the Yates Petroleum Corporation Lonestar AAI State Well No. 1 located in Unit K of Section 19, Township 11 South, Range 35 East, NMPM. It was completed in the Permo Pennsylvanian formation on October 30, 1984. The top of the perforations is at 10,373 feet.

(3) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Atoka formation, said pool to bear the designation of Kemnitz-Atoka Pool. Said Kemnitz-Atoka Pool was discovered by the OGR Operating Company, Inc. Kemnitz 17 State Well No. 1 located in Unit H of Section 17, Township 16 South, Range 34 East, NMPM. It was completed in the Atoka formation on October 3, 1984. The top of the perforations is at 12,040 feet.

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(4) There is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the Chester formation, said pool to bear the designation of East Shoe Bar-Chester Gas Pool. Said East Shoe Bar-Chester Gas Pool was discovered by the Maralo, Inc. State K-33 Com Well No. 3 located in Unit O of Section 30, Township 16 South, Range 36 East, NMPM. It was completed in the Chester formation on October 17, 1984. The top of the perforations is at 11,719 feet.

(5) There is need for the creation of a new pool in Roosevelt County, New Mexico, for the production of oil from the Canyon formation, said pool to bear the designation of West Tucker Ranch-Canyon Pool. Said West Tucker Ranch-Canyon Pool was discovered by the Wallace Oil and Gas, Inc. Tucker Well No. 2 located in Unit P of Section 5, Township 7 South, Range 33 East, NMPM. It was completed in the Canyon formation on September 18, 1984. The top of the perforations is at 8,961 feet.

(6) There is need for the contraction of the vertical limits of the McDonald-Pennsylvanian Pool in Lea County, New Mexico, to include the Cisco, Canyon, and Strawn formations only, and the redesignation of said pool as the McDonald-Upper Pennsylvanian Pool.

(7) There is need for the redesignation of the East New Hope-Pennsylvanian Gas Pool in Roosevelt County, New Mexico, as the East New Hope-Wolfcamp Gas Pool because the producing formation was incorrectly classified when the pool was created.

(8) There is need for certain extensions to the Southeast Chaves-Queen Gas Area Associated Pool in Chaves County, New Mexico, and the North Anderson Ranch-Cisco Canyon Pool, the South Brunson-Abo Pool, the Cruz-Delaware Pool, the East Grama Ridge-Morrow Gas Pool, the Northeast Lovington-Pennsylvanian Pool, the McDonald-Atoka Gas Pool, the Morton-Wolfcamp Pool, the Pearl-Queen Pool, and the North Quail Ridge-Morrow Gas Pool, all in Lea County, New Mexico, and the North Chaveroo-Permo Pennsylvanian Pool in Roosevelt County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Lea County, New Mexico, classified as an oil pool for Permo Pennsylvanian production is hereby created and designated as the Eight Mile Draw-Permo Pennsylvanian Pool, consisting of the following described

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area:

TOWNSHIP 11 SOUTH, RANGE 35 EAST, NMPM
Section 19: SW/4

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

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
Section 17: NE/4

(c) A new pool in Lea County, New Mexico, classified as a gas pool for Chester production is hereby created and designated as the East Shoe Bar-Chester Gas Pool, consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 30: SE/4

(d) A new pool in Roosevelt County, New Mexico, classified as an oil pool for Canyon production is hereby created and designated as the West Tucker Ranch-Canyon Pool, consisting of the following described area:

TOWNSHIP 7 SOUTH, RANGE 33 EAST, NMPM
Section 5: SE/4

(e) The vertical limits of the McDonald-Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined, and described, are hereby contracted to include only the Cisco, Canyon, and Strawn formations, and said pool is hereby redesignated as the McDonald-Upper Pennsylvanian Pool.

(f) The East New Hope-Pennsylvanian Gas Pool in Roosevelt County, New Mexico, is hereby redesignated as the East New Hope-Wolfcamp Gas Pool.

(g) The North Anderson Ranch-Cisco Canyon Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM
Section 33: SW/4

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
Section 1: NW/4

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(h) The South Brunson-Abo Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM
Section 32: SE/4
Section 33: SW/4

(i) The Southeast Chaves-Queen Gas Area Associated Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 12 SOUTH, RANGE 31 EAST, NMPM
Section 35: NW/4

(j) The North Chaveroo-Permo Pennsylvanian Pool in Roosevelt County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 7 SOUTH, RANGE 33 EAST, NMPM
Section 14: NW/4

(k) The Cruz-Delaware Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM
Section 8: SW/4

(l) 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 22 SOUTH, RANGE 34 EAST, NMPM
Section 11: S/2

(m) The Northeast Lovington-Pennsylvanian 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: NW/4

(n) The McDonald-Atoka 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 33: NW/4 and S/2

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(o) The Morton-Wolfcamp Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM
Section 7: E/2 SE/4

(p) The Pearl-Queen Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 33: NE/4
Section 34: N/2

(q) The North Quail Ridge-Morrow Gas 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 36: N/2 and SE/4

IT IS FURTHER ORDERED THAT:

(1) 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) The effective date of this order and all creations, contractions, redesignations, and extensions included herein shall be February 1, 1985.

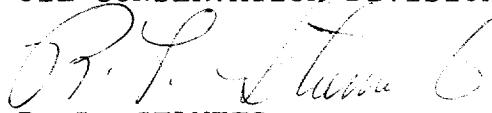
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DONE in Santa Fe, New Mexico, on the day and year
hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "R. L. Stamets", written in dark ink.

R. L. STAMETS
Director

S E A L

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