

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. 9118
Order No. R-8431

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 8, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 15th day of April, 1987, 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 dismissal of the proposed creation of the Cedar Lake-Strawn Pool in Section 4, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico, pending further study.

(3) There is need for the dismissal of the proposed creation of the Esperanza-Wolfcamp Pool in Section 12, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico, pending further study.

(4) 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, said pool to bear the designation of Cotton Draw-Bone Spring Pool. Said Cotton Draw-Bone Spring Pool was discovered by the Texaco Producing, Inc. Todd 2 State Well No. 1 located in Unit F of Section 2, Township

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24 South, Range 31 East, NMPM. It was completed in the Bone Spring formation on January 1, 1987. The top of the perforations is at 10,874 feet.

(5) There is need for the abolishment of the Cave-Seven Rivers Pool in Eddy County, New Mexico, in order that the productive acreage may be included in the Grayburg Jackson-Queen-Grayburg-San Andres-Seven Rivers Pool.

(6) There is need for certain extensions to the East Carlsbad-Wolfcamp Gas Pool, the Cedar Canyon-Morrow Gas Pool, the East Empire Yates-Seven Rivers Pool, the Northwest Fenton-Delaware Pool, the Grayburg Jackson-Queen-Grayburg-San Andres-Seven Rivers Pool, the Malaga-Atoka Gas Pool, the McMillan-Upper Pennsylvanian Gas Pool, the East Red Lake Queen-Grayburg Pool, the North Ross Draw-Delaware Pool, the Saladar-Strawn Gas Pool, the North Sand Dunes-Morrow Gas Pool, and the Turkey Track-Atoka Gas Pool, all in Eddy County, New Mexico, and the Diablo-San Andres Pool in Chaves County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) The proposed creation of the Cedar Lake-Strawn Pool in Section 4, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico, is hereby dismissed.

(b) The proposed creation of the Esperanza-Wolfcamp Pool in Section 12, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico, is hereby dismissed.

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

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM
Section 2: NW/4

(d) The Cave-Seven Rivers Pool in Eddy County, New Mexico, consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 8: NW/4

is hereby abolished.

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(e) The East Carlsbad-Wolfcamp 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 12: W/2

(f) The Cedar Canyon-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 2: W/2
Section 3: S/2

(g) The Diablo-San Andres Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM
Section 28: SE/4

(h) The East Empire Yates-Seven Rivers Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 28: NW/4 SE/4

(i) The Northwest Fenton-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 1: SE/4

(j) The Grayburg Jackson Queen-Grayburg-San Andres-Seven Rivers 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 7: SE/4

(k) The Malaga-Atoka Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 7: SE/4

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(l) The McMillan-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 18: E/2

(m) The East Red Lake Queen-Grayburg Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM
Section 24: SE/4

(n) The North Ross Draw-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
Section 14: SW/4

(o) The Saladar-Strawn Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 29: S/2

(p) The North Sand Dunes-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 1: S/2

(q) The Turkey Track-Atoka Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 16: S/2

IT IS FURTHER ORDERED THAT:

(l) 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

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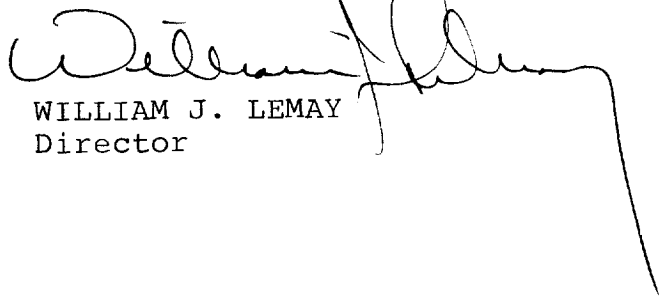
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from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said well, or to obtain a non-standard unit approved by the Division. Pending such compliance, the well shall receive a maximum allowable 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, abolishments, and extensions included herein shall be May 1, 1987.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

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