

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. 9549
Order No. R-8827

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN
ORDER CREATING, CONTRACTING, 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 December 7, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 22nd day of December, 1988, 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 Eddy County, New Mexico, for the production of gas from the Cisco formation, said pool to bear the designation of Palmillo-Cisco Gas Pool. Said Palmillo-Cisco Gas Pool was discovered by the Yates Petroleum Corporation Dixon Yates LM Federal Well No. 1 located in Unit G of Section 28, Township 18 South, Range 29 East, NMPM. It was completed in the Cisco formation on October 12, 1988. The top of the perforations is at 9,792 feet.

(3) 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 Turkey Track-Bone Spring Pool. Said Turkey Track-Bone

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Spring Pool was discovered by the MorOilCo, Inc. Halcon State Well No. 1 located in Unit G of Section 26, Township 19 South, Range 29 East, NMPM. It was completed in the Bone Spring formation on August 31, 1988. The top of the perforations is at 8,088 feet.

(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 Walters Lake-Bone Spring Pool. Said Walters Lake-Bone Spring Pool was discovered by the Enron Oil and Gas Company Nelson Federal Well No. 8 located in Unit C of Section 3, Township 18 South, Range 30 East, NMPM. It was completed in the Bone Spring formation on September 2, 1988. The top of the perforations is at 7,724 feet.

(5) There is need for the creation of a new pool in Chaves County, New Mexico, for the production of oil from the San Andres formation, said pool to bear the designation of South Wolf Lake-San Andres Pool. Said South Wolf Lake-San Andres Pool was discovered by the Cibola Energy Corporation Duncan Federal Well No. 2 located in Unit M of Section 7, Township 9 South, Range 28 East, NMPM. It was completed in the San Andres formation on August 15, 1988. The top of the perforations is at 2,241 feet.

(6) There is need for the contraction of the Turkey Track Seven Rivers-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, in order to correct nomenclature.

(7) There is need for certain extensions to the East Burton-Delaware Pool, the Cemetery-Morrow Gas Pool, the Collins Ranch-Wolfcamp Gas Pool, the North Dagger Draw-Upper Pennsylvanian Pool, the Filaree Dome-Delaware Pool, the Happy Valley-Morrow Gas Pool, the South Leo-Bone Spring Pool, the West Lusk-Bone Spring Pool, the Parkway-Delaware Pool, the Penasco Draw-Permo Pennsylvanian Gas Pool, the Santo Nino-Bone Spring Pool, the Shugart Yates-Seven Rivers-Queen-Grayburg Pool, and the North Shugart-Bone Spring Pool, all in Eddy County, New Mexico, and the Buffalo Valley-Pennsylvanian Gas Pool, the Foor Ranch-PrePermian Gas Pool, the Foor Ranch-Wolfcamp Gas Pool, the Lucky Lake-Queen Pool, and the South Pecos Slope-Abo Gas Pool, all in Chaves County, New Mexico.

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IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 28: N/2

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

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 26: NE/4

(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 Walters Lake-Bone Spring Pool, consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 3: NW/4

(d) A new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production is hereby created and designated as the South Wolf Lake-San Andres Pool, consisting of the following described area:

TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM
Section 7: SW/4

(e) The Turkey Track Seven Rivers-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby contracted by the deletion of the following described area:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 1: SW/4

(f) The Buffalo Valley-Pennsylvanian 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 22: E/2

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

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 16: SE/4

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

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 26: S/2

(i) The Collins Ranch-Wolfcamp Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 24 EAST, NMPM
Section 34: E/2

(j) The North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 8: SW/4

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

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 19: N/2

(l) The Foor Ranch-PrePermian Gas Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

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

(m) The Foor Ranch-Wolfcamp Gas Pool in Chaves County, New Mexico, as heretofore classified, defined, and described,

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is hereby extended to include therein:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM

Section 13: W/2

Section 24: S/2

Section 25: S/2

Section 26: S/2

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

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM

Section 28: N/2

(o) The South Leo-Bone Spring Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 33: NE/4

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

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM

Section 15: NW/4

(q) The West Lusk-Bone Spring Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 15: SE/4

(r) The Parkway-Delaware 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 35: E/2

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

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM

Section 20: SW/4

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(t) The Penasco Draw-Permo Pennsylvanian Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 6: W/2

(u) The Santo Nino-Bone Spring Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 30: W/2 SE/4

(v) The North Shugart-Bone Spring Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 5: NE/4
Section 6: NE/4

(w) The Shugart Yates-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 31 EAST, NMPM
Section 7: SW/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.

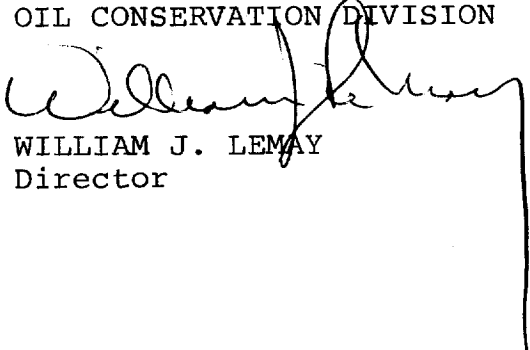
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(2) The effective date of this order and all creations, contractions, and extensions included herein shall be January 1, 1989.

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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