

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. 9608
Order No. R-8892

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 March 15, 1989, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 20th day of March, 1989, 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 Atoka formation, said pool to bear the designation of Diamond Mound-Atoka Gas Pool. Said Diamond Mound-Atoka Gas Pool was discovered by the Northern Natural Gas Company Vandagriff Federal Well No. 1 located in Unit K of Section 1, Township 16 South, Range 27 East, NMPM. It was completed in the Atoka formation on August 8, 1972. The top of the perforations is at 8,698 feet.

(3) There is need for the creation of a new pool in Chaves and Eddy Counties, New Mexico, for the production of gas from the Morrow formation, said pool to bear the designation of Diamond Mound-Morrow Gas Pool. Said Diamond Mound-

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Morrow Gas Pool was discovered by the Mesa Petroleum Company Derrick Federal Com Well No. 1 located in Unit K of Section 5, Township 16 South, Range 28 East, NMPM. It was completed in the Morrow formation on March 11, 1980. The top of the perforations is at 8,925 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Bone Spring formation, said pool to bear the designation of Magruder-Bone Spring Gas Pool. Said Magruder-Bone Spring Gas Pool was discovered by the Oxy USA, Inc. State CP Com Well No. 1 located in Unit J of Section 9, Township 21 South, Range 27 East, NMPM. It was completed in the Bone Spring formation on November 29, 1984. The top of the perforations is at 5,089 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Wolfcamp formation, said pool to bear the designation of West Millman-Wolfcamp Gas Pool. Said West Millman-Wolfcamp Gas Pool was discovered by the Yates Petroleum Corporation State HU Com Well No. 1 located in Unit N of Section 7, Township 19 South, Range 28 East, NMPM. It was completed in the Wolfcamp formation on June 7, 1988. The top of the perforations is at 8,569 feet.

(6) There is need for the dismissal of the proposed creation of the West Wickiup Hill-Strawn Gas Pool in Eddy County, New Mexico, pending further study.

(7) There is need for the abolishment of the Diamond Mound Atoka-Morrow Gas Pool in Chaves and Eddy Counties, New Mexico, in order that two separate Atoka and Morrow gas pools may be created from the abolished acreage.

(8) There is need for certain extensions to the North Grayburg-Atoka Gas Pool, the Owen Mesa-Atoka Gas Pool, and the North Shugart-Bone Spring Pool, all in Eddy County, New Mexico, and the Diablo-San Andres Pool in Chaves County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production is hereby created and designated as the Diamond Mound-Atoka Gas Pool, consisting

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of the following described area:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM

Section 1: All
Section 2: Lots 1, 2, 7, 8, 9, and 10
Section 9: S/2
Sections 10 through 12: All
Section 16: N/2

(b) A new pool in Chaves and Eddy Counties, New Mexico, classified as a gas pool for Morrow production is hereby created and designated as the Diamond Mound-Morrow Gas Pool, consisting of the following described area:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM

Sections 33 through 36: All

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM

Section 30: S/2
Sections 31 and 32: All

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM

Section 1: All
Section 2: Lots 1, 2, 7, 8, 9, 10, 15
and 16
Section 9: S/2
Sections 10 through 12: All
Section 15: N/2
Section 16: N/2

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM

Section 3: Lots 1 through 16
Section 4: Lots 1 through 16
Section 5: Lots 1 through 16

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

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 9: SE/4

(d) A new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production is hereby created and designated as the West Millman-Wolfcamp Gas Pool, consisting

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of the following described area:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 7: S/2

(e) The proposed creation of the West Wickiup Hill-Strawn Gas Pool in Eddy County, New Mexico, is hereby dismissed.

(f) The Diamond Mound Atoka-Morrow Gas Pool in Chaves and Eddy Counties, New Mexico, consisting of the following described area:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM
Sections 33 through 36: All

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM
Section 30: S/2
Sections 31 and 32: All

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 1: All
Section 2: Lots 1, 2, 7, 8, 9, 10,
15, and 16
Section 9: S/2
Sections 10 through 12: All
Section 15: N/2
Section 16: N/2

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM
Section 3: Lots 1 through 16
Section 4: Lots 1 through 16
Section 5: Lots 1 through 16
Section 6: All

is hereby abolished.

(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 22: E/2 SW/4 and SE/4

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(h) The North Grayburg-Atoka Gas 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 22: W/2

(i) The Owen Mesa-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 35: NE/4
Section 36: N/2

(j) 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: 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.

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

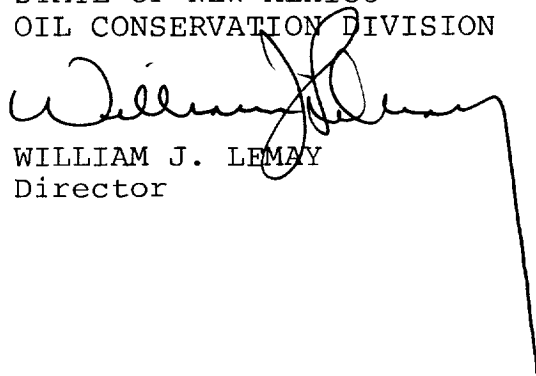
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DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

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