

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. 10215  
Order No. R-9418

THE APPLICATION OF THE OIL CONSERVATION  
DIVISION UPON ITS OWN MOTION FOR AN  
ORDER CREATING, ASSIGNING A DISCOVERY  
ALLOWABLE, 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 January 10, 1991, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 23rd day of January, 1991, 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 oil from the Abo formation, said pool to bear the designation of Bear Grass Draw-Abo Pool. Said Bear Grass Draw-Abo Pool was discovered by the Phillips Petroleum Corporation Grayburg Deep Unit Well No. 5 located in Unit A of Section 25, Township 17 South, Range 29 East, NMPM. It was completed in the Abo formation on April 29, 1985. The top of the perforations is at 6,655 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 Cass Draw-Bone Spring Pool. Said Cass Draw-Bone

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Spring Pool was discovered by the Lanexco, Inc. Cerro Com Well No. 1 located in Unit E of Section 11, Township 23 South, Range 27 East, NMPM. It was completed in the Bone Spring formation on June 23, 1988. The top of the perforations is at 7,404 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Delaware formation, said pool to bear the designation of East Catclaw Draw-Delaware Pool. Said East Catclaw Draw-Delaware Pool was discovered by the Chi Operating Inc. Oxy State Well No. 1 located in Unit K of Section 9, Township 21 South, Range 26 East, NMPM. It was completed in the Delaware formation on July 23, 1990. The top of the perforations is at 3,074 feet.

(5) 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 Diablo-Pennsylvanian Gas Pool. Said Diablo-Pennsylvanian Gas Pool was discovered by the Stevens Operating Corporation Hanlad State Well No. 1 located in Unit K of Section 16, Township 10 South, Range 27 East, NMPM. It was completed in the Pennsylvanian formation on October 1, 1990. The top of the perforations is at 6,547 feet.

(6) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Wolfcamp formation, said pool to bear the designation of Dog Canyon-Wolfcamp Pool. Said Dog Canyon-Wolfcamp Pool was discovered by the Cheyenne Resources Crow Flat Federal Com Unit Well No. 1 located in Unit K of Section 30, Township 16 South, Range 28 East, NMPM. It was completed in the Wolfcamp formation on October 14, 1990. The top of the perforations is at 6,429 feet.

(7) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the San Andres formation, said pool to bear the designation of Elkins-San Andres Gas Pool. Said Elkins-San Andres Gas Pool was discovered by the N. Dale Nichols J. O'Brien Well No. 1 located in Unit L of Section 25, Township 7 South, Range 28 East, NMPM. It was completed in the San Andres formation on October 3, 1990. The top of the perforations is at 2,499 feet.

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(8) 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 Forehand Ranch-Bone Spring Pool. Said Forehand Ranch-Bone Spring Pool was discovered by the Harvey E. Yates Company Forehand Well No. 1 located in Unit K of Section 15, Township 23 South, Range 27 East, NMPM. It was completed in the Bone Spring formation on February 7, 1990. The top of the perforations is at 8,642 feet.

(9) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Cisco/Canyon formations, said pool to bear the designation of High Lonesome-Upper Pennsylvanian Pool. Said High Lonesome-Upper Pennsylvanian Pool was discovered by the McClellan Oil Corporation Golden Bear Federal Well No. 1 located in Unit N of Section 24, Township 16 South, Range 29 East, NMPM. It was completed in the Cisco formation on October 9, 1990. The top of the perforations is at 9,332 feet.

(10) 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 Livingston Ridge-Bone Spring Pool. Said Livingston Ridge-Bone Spring Pool was discovered by the Union Oil Company of California Medano State Well No. 1 located in Unit K of Section 36, Township 22 South, Range 31 East, NMPM. It was completed in the Bone Spring formation on May 26, 1990. The top of the perforations is at 10,140 feet.

(11) 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 North Palmillo-Bone Spring Pool. Said North Palmillo-Bone Spring Pool was discovered by the Hondo Drilling Company Sivley Federal Well No. 2 located in Unit G of Section 30, Township 18 South, Range 29 East, NMPM. It was completed in the Bone Spring formation on July 11, 1990. The top of the perforations is at 7,726 feet.

(12) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Cisco/Canyon formations, said pool to bear the designation of North Parkway-Upper Pennsylvanian Pool.

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Further, the discovery well for said North Parkway-Upper Pennsylvanian Pool, the Southland Royalty Company Parkway C State Com Well No. 1 located in Unit F of Section 15, Township 19 South, Range 29 East, NMPM, is entitled to and should receive a bonus discovery allowable in the amount of 49,035 barrels of oil to be assigned over a two-year period. Said discovery well was completed in the Cisco and Canyon formations on October 10, 1990. The top of the perforations is at 9,852 feet.

(13) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Glorieta and Yeso formations, said pool to bear the designation of Red Lake Glorieta-Yeso Pool. Said Red Lake Glorieta-Yeso Pool was discovered by the Hondo Oil and Gas Company Pitcher Federal Well No. 1 located in Unit C of Section 8, Township 18 South, Range 27 East, NMPM. It was completed in the Yeso formation on September 9, 1990. The top of the perforations is at 2,832 feet.

(14) There is need for the contraction of the Bullseye-San Andres Pool in Chaves County, New Mexico, with a portion of the deleted acreage to be placed in the Elkins-San Andres Gas Pool created by this order.

(15) There is need for the dismissal of the proposed extension to the Palmillo-Bone Spring Pool in Eddy County, New Mexico, pending further study.

(16) There is need for certain extensions to the East Burton-Delaware Pool, the East Burton Flat-Strawn Gas Pool, the East Burton Flat-Wolfcamp Gas Pool, the North Dagger Draw-Upper Pennsylvanian Pool, the South Dagger Draw-Upper Pennsylvanian Associated Pool, the Grayburg-Morrow Gas Pool, the East Hess-Morrow Gas Pool, the Indian Basin-Morrow Gas Pool, the Indian Basin-Upper Pennsylvanian Gas Pool, the Kennedy Farms-Morrow Gas Pool, the Livingston Ridge-Delaware Pool, the Logan Draw-Wolfcamp Gas Pool, the East Loving-Delaware Pool, the South Loving-Delaware Pool, the South Sand Dunes-Lower Pennsylvanian Gas Pool, the Shugart Yates-Seven Rivers-Queen-Grayburg Pool, the North Shugart-Morrow Gas Pool, and the Tamano-Bone Spring Pool, all in Eddy County, New Mexico, and the Lucky Lake-Queen Pool in Chaves County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Eddy County, New Mexico, classified as an oil pool for Abo production and designated as the Bear Grass Draw-Abo Pool, consisting of the following described area:

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TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM  
Section 25: NE/4

(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 Cass Draw-Bone Spring Pool, consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM  
Section 11: NW/4

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

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM  
Section 9: W/2

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

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM  
Section 16: S/2

(e) A new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production is hereby created and designated as the Dog Canyon-Wolfcamp Pool, consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM  
Section 30: SW/4

(f) A new pool in Chaves County, New Mexico, classified as a gas pool for San Andres production is hereby created and designated as the Elkins-San Andres Gas Pool, consisting of the following described area:

TOWNSHIP 7 SOUTH, RANGE 28 EAST, NMPM  
Section 25: NW/4  
Section 26: E/2

(g) A new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production is hereby created

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and designated as the Forehand Ranch-Bone Spring Pool,  
consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM  
Section 15: SW/4

(h) A new pool in Eddy County, New Mexico, classified  
as an oil pool for Cisco/Canyon production is hereby created  
and designated as the High Lonesome-Upper Pennsylvanian Pool,  
consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM  
Section 24: SW/4

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

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM  
Section 36: SW/4

(j) A new pool in Eddy County, New Mexico, classified  
as an oil pool for Bone Spring production is hereby created  
and designated as the North Palmillo-Bone Spring Pool. con-  
sisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM  
Section 30: NE/4

(k) A new pool in Eddy County, New Mexico, classified  
as an oil pool for Cisco-Canyon production is hereby created  
and designated as the North Parkway-Upper Pennsylvanian Pool,  
consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 15: NW/4

Further, the discovery well for said North Parkway-Upper  
Pennsylvanian Pool, the Southland Royalty Company Parkway C  
State Com Well No. 1 located in Unit F of Section 15, Town-  
ship 19 South, Range 29 East, NMPM, is hereby assigned a  
bonus discovery allowable of 49,035 barrels to be produced  
over a two-year period.

(l) A new pool in Eddy County, New Mexico, classified  
as an oil pool for Glorieta/Yeso production is hereby created

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and designated as the Red Lake Glorieta-Yeso Pool, consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM  
Section 8: NW/4

(m) The Bullseye-San Andres Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby contracted by the deletion of the following described area:

TOWNSHIP 7 SOUTH, RANGE 28 EAST, NMPM  
Section 24: SE/4  
Section 25: All  
Section 26: NE/4

TOWNSHIP 7 SOUTH, RANGE 29 EAST, NMPM  
Section 7: S/2 S/2  
Sections 17 through 20: All  
Sections 29 and 30: All  
Section 31: W/2

(n) 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 10: SW/4  
Section 15: NW/4

(o) The East Burton Flat-Strawn Gas 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 1: S/2

(p) The East Burton Flat-Wolfcamp Gas 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 17: SW/4

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(q) 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 24 EAST, NMPM  
Section 34: SE/4

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM  
Section 2: SE/4

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

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM  
Section 22: W/2

(s) The Grayburg-Morrow 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 15: N/2

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

TOWNSHIP 23 SOUTH, RANGE 23 EAST, NMPM  
Section 34: E/2

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

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM  
Section 9: All

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

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM  
Section 8: All



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

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM  
Section 14: S/2

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

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM  
Section 23: SE/4

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

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM  
Section 27: SE/4

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

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM  
Section 10: NE/4  
Section 11: SE/4  
Section 22: NE/4

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

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM  
Section 20: SW/4  
Section 29: NW/4

(bb) 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 10: SW/4

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(cc) The proposed extension of the Palmillo-Bone Spring Pool in Eddy County, New Mexico, is hereby dismissed.

(dd) The South Sand Dunes-Lower Pennsylvanian Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM  
Section 10: W/2

(ee) 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 19 SOUTH, RANGE 30 EAST, NMPM  
Section 2: SW/4

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM  
Section 11: W/2

(ff) The North Shugart-Morrow Gas 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 17: N/2

(gg) The Tamano-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 10: 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

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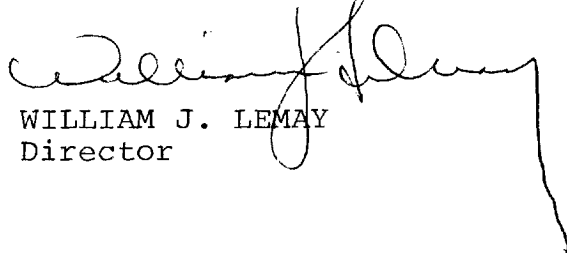
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allowable for the pool that the acreage dedicated to the well bears to a standard unit for the pool. Failure to file Form C-102 dedicating a standard unit to the well or to obtain a non-standard unit approved by the Division within said 60-day period shall subject the well to cancellation of allowable.

(2) The effective date of this order and all creations, assignments of discovery allowable, contractions, and extensions included herein shall be February 1, 1991.

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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