

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. 10435
Order No. R-9625

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN
ORDER CREATING, ASSIGNING A DISCOVERY
ALLOWABLE, 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 9, 1992, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 15th day of January, 1992, 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 Bone Spring formation, said pool to bear the designation of Cedar Canyon-Bone Spring Pool. Further, the discovery well for said Cedar Canyon-Bone Spring Pool, the Vision Energy Inc. H.B. 3 Federal Well No. 1 located in Unit J of Section 3, Township 24 South, Range 29 East, NMPM, is entitled to and should receive a bonus discovery allowable in the amount of 39,315 barrels of oil to be assigned over a two-year period. Said discovery well was completed in the Bone Spring formation on October 7, 1991. The top of the perforations is at 7,863 feet.

(3) There is need for the dismissal of the proposed creation of the North Santo Nino-Upper Pennsylvanian Pool

in 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 gas from the Atoka formation, said pool to bear the designation of Tansill Dam-Atoka Gas Pool. Said Tansill Dam-Atoka Gas Pool was discovered by the Bird Creek Resources Jarvis Mead Com Well No. 1 located in Unit N of Section 5, Township 22 South, Range 27 East, NMPM. It was completed in the Atoka formation on November 2, 1991. The top of the perforations is at 10,423 feet.

(5) There is need for certain extensions to the West Pecos Slope-Abo Gas Pool in Chaves County, New Mexico, and the Burton-Delaware Pool, the Crozier Bluff-Atoka Gas Pool, the South Culebra Bluff-Bone Spring Pool, the Livingston Ridge-Delaware Pool, the Lost Tank-Delaware Pool, the East Millman Queen-Grayburg-San Andres Pool, the Parkway-Delaware Pool, the Salt Draw-Atoka Gas Pool, and the Shugart Yates-Seven Rivers-Queen-Grayburg Pool, all in Eddy County, New Mexico.

IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 3: SE/4

Further, the discovery well for said Cedar Canyon-Bone Spring Pool, the Vision Energy Inc. H.B. 3 Federal Well No. 1 located in Unit J of Section 3, Township 24 South, Range 29 East, NMPM, is hereby assigned a bonus discovery allowable of 39,315 barrels of oil to be produced over a two-year period.

(b) The proposed creation of the North Santo Nino-Upper Pennsylvanian Pool in Eddy County, New Mexico, is hereby dismissed.

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

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 5: W/2

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(d) The 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 17: SW/4

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

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 14: E/2
Section 23: N/2
Section 26: N/2

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

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 35: W/2

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 21: NE/4

(g) 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 14: SE/4

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

TOWNSHIP 21 SOUTH, RANGE 31 EAST, NMPM
Section 25: E/2

(i) The East Millman Queen-Grayburg-San Andres 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 17: SW/4

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

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM
Section 6: NW/4

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

TOWNSHIP 5 SOUTH, RANGE 21 EAST, NMPM
Section 27: SW/4

TOWNSHIP 6 SOUTH, RANGE 22 EAST, NMPM
Section 17: NE/4

(l) The Salt Draw-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 30: S/2

(m) 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 31 EAST, NMPM
Section 11: NE/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

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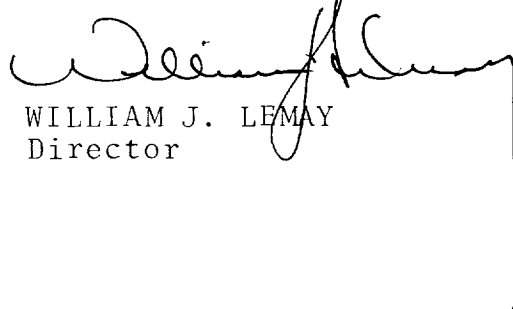
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non-standard unit approved by the Division within said 60-day period shall subject the well to cancellation of allowable.

(2) The effective date of this order and all creations, assignments of discovery allowable, and extensions included herein shall be February 1, 1992.

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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