

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. 10525
Order No. R-9709

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN
ORDER CREATING 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 August 20, 1992, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 25th day of August, 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 gas from the Morrow formation, said pool to bear the designation of Bandana Point-Morrow Gas Pool. Said Bandana Point-Morrow Gas Pool was discovered by the Yates Petroleum Corporation Azotea AJZ Federal Well No. 1 located in Unit E of Section 9, Township 23 South, Range 24 East, NMPM. It was completed in the Morrow formation on February 10, 1992. The top of the perforations is at 10,516 feet.

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(3) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Strawn formation, said pool to bear the designation of South Bandana Point-Strawn Gas Pool. Said South Bandana Point-Strawn Gas Pool was discovered by the Yates Petroleum Corporation Azotea AJZ Federal Well No. 1 located in Unit E of Section 9, Township 23 South, Range 24 East, NMPM. It was completed in the Strawn formation on February 10, 1992. The top of the perforations is at 8,903 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Yates formation, said pool to bear the designation of South Burton- Yates Gas Pool. Said South Burton-Yates Gas Pool was discovered by the Vision Energy Inc. State Well No. 1 located in Unit M of Section 21, Township 20 South, Range 29 East, NMPM. It was completed in the Yates formation on December 13, 1991. The top of the perforations is at 527 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Upper Pennsylvanian formation, said pool to bear the designation of Cottonwood Spring-Upper Pennsylvanian Gas Pool. Said Cottonwood Spring-Upper Pennsylvanian Gas Pool was discovered by the H. E. Lee Chelsi Well No. 1 located in Unit J of Section 2, Township 26 South, Range 25 East, NMPM. It was completed in the Upper Pennsylvanian formation on December 27, 1991. The top of the perforations is at 9,830 feet.

(6) 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 South Golden Lane-Delaware Pool. Said South Golden Lane-Delaware Pool was discovered by the Bass Enterprises Production Company Big Eddy Unit Well No. 113 located in Unit K of Section 8, Township 21 South, Range 29 East, NMPM. It was completed in the Delaware formation on April 10, 1992. The top of the perforations is at 4,238 feet.

(7) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Upper Pennsylvanian formation, said pool to bear the designation of Saladar-Upper Pennsylvanian Gas Pool. Said Saladar-Upper Pennsylvanian Gas Pool was discovered by the Premier Production Company Eddy FV State Com Well No. 1 located in Unit H of Section 25, Township 20 South, Range 27 East, NMPM. It was completed in the Upper Pennsylvanian formation on May 23, 1992. The top of the perforations is at 10,014 feet.

(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 North San Lorenzo-Bone Spring Pool. Said North San Lorenzo-Bone

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Spring Pool was discovered by the Bird Creek Resources, Inc. Salt Draw 11 Federal Com Well No. 1 located in Unit G of Section 11, Township 25 South, Range 28 East, NMPM. It was completed in the Bone Spring formation on April 12, 1992. The top of the perforations is at 6,465 feet.

(9) 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 West Sand Dunes-Delaware Pool. Said West Sand Dunes-Delaware Pool was discovered by the Pogo Producing Company Mobil Federal Well No. 1 located in Unit J of Section 29, Township 23 South, Range 31 East, NMPM. It was completed in the Delaware formation on March 21, 1992. The top of the perforations is at 7,820 feet.

(10) There is need for certain extensions to the Bandana Point-Upper Pennsylvanian Gas Pool, the Brushy Draw-Delaware Pool, the Burton Flat-Morrow Gas Pool, the West Burton Flat-Strawn Gas Pool, the South Carlsbad-Strawn Gas Pool, the South Dagger Draw-Upper Pennsylvanian Associated Pool, the Frontier Hills-Strawn Gas Pool, the East Herradura Bend-Delaware Pool, the North Illinois Camp-Morrow Gas Pool, the East Lake-Morrow Gas Pool, the Lost Tank-Delaware Pool, the East Loving-Delaware Pool, the Red Lake Atoka-Morrow Gas Pool, and the Sheep Draw-Strawn Gas Pool, all in Eddy County, New Mexico, and the Haystack-Cisco Gas Pool and the South Lone Wolf-Devonian Pool, both 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 Morrow production is hereby created and designated as the Bandana Point-Morrow Gas Pool, consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM

Section 9: W/2

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

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM

Section 9: W/2

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

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TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 21: SW/4

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

TOWNSHIP 26 SOUTH, RANGE 25 EAST, NMPM

Section 2: E/2

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

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM

Section 8: SW/4

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

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM

Section 25: E/2

(g) 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 San Lorenzo-Bone Spring Pool, consisting of the following described area:

TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM

Section 11: NE/4

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

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 29: SE/4

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

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TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM

Section 9: W/2

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

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM

Section 16: SE/4

(k) The Burton Flat-Morrow Gas 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 34: S/2

(l) The West Burton Flat-Strawn 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 12: N/2

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 7: NW/4

(m) The South Carlsbad-Strawn 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 19: S/2

Section 30: NE/4

(n) 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 24: S/2

Section 25: N/2

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

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TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPPM

Section 10: E/2

Section 15: N/2

Section 16: NE/4

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

TOWNSHIP 6 SOUTH, RANGE 27 EAST, NMPPM

Section 30: N/2

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

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPPM

Section 26: SW/4

Section 35: NE/4

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

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPPM

Section 1: N/2

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPPM

Section 6: W/2

(s) The East Lake-Morrow 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, NMPPM

Section 19: NE/4

Section 20: N/2

(t) The South Lone Wolf-Devonian Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 13 SOUTH, RANGE 29 EAST, NMPPM

Section 28: SE/4

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

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TOWNSHIP 21 SOUTH, RANGE 31 EAST, NMPM

Section 24: SE/4

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM

Section 2: NE/4

(v) 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 9: SE/4

Section 28: NE/4

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

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 16: W/2

(x) The Sheep Draw-Strawn 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 33: N/2 and SW/4

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 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 and extensions included herein shall be September 1, 1992.

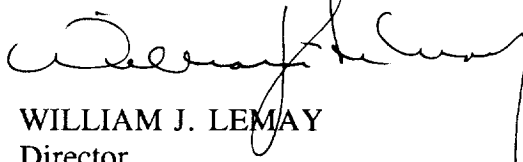
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

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