

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. 10591  
Order No. R-9771

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 November 5, 1992, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 19th day of November, 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 North Avalon-Bone Spring Pool. Said North Avalon-Bone Spring Pool was discovered by the Abo Petroleum Corporation Lario Federal Well No. 1 located in Unit F of Section 20, Township 20 South, Range 27 East, NMPM. It was completed in the Bone Spring formation on August 3, 1992. The top of the perforations is at 6075 feet.

(3) 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 North Black River-Wolfcamp Pool. Said North Black River-Wolfcamp Pool was discovered by the BTA Oil Producers Crystal 9105 JV-P Well No. 1 located in Unit O of Section 4, Township 24 South, Range 26 East, NMPM. It was completed in the Wolfcamp formation on May 5, 1992. The top of the perforations is at 8875 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Upper Pennsylvanian formation, said pool to bear the designation of

East Dagger Draw-Upper Pennsylvanian Pool. Said East Dagger Draw-Upper Pennsylvanian Pool was discovered by the Nearburg Production Company South Boyd Well No. 1 located in Unit F of Section 27, Township 19 South, Range 25 East, NMPM. It was completed in the Upper Pennsylvanian formation on August 28, 1992. The top of the perforations is at 7712 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the San Andres formation, said pool to bear the designation of West Dagger Draw-San Andres Pool. Said West Dagger Draw-San Andres Pool was discovered by the Yates Petroleum Corporation Mimosa AHS Federal Well No. 5 located in Unit H of Section 5, Township 20 South, Range 24 East, NMPM. It was completed in the San Andres formation on June 11, 1992. The top of the perforations is at 1305 feet.

(6) 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 Dayton-Strawn Gas Pool. Said Dayton-Strawn Gas Pool was discovered by the Yates Petroleum Corporation West Dayton AJR State Com Well No. 1 located in Unit N of Section 16, Township 18 South, Range 26 East, NMPM. It was completed in the Strawn formation on August 10, 1992. The top of the perforations is at 8220 feet.

(7) 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 Indian Flats-Wolfcamp Gas Pool. Said Indian Flats-Wolfcamp Gas Pool was discovered by the Bass Enterprises Production Company Big Eddy Well No. 93 located in Unit K of Section 36, Township 21 South, Range 28 East, NMPM. It was completed in the Wolfcamp formation on August 6, 1992. The top of the perforations is at 10,428 feet.

(8) There is need for the creation of a new pool in Chaves County, New Mexico, for the production of oil from the Devonian formation, said pool to bear the designation of Southwest Lone Wolf-Devonian Pool. Said Southwest Lone Wolf-Devonian Pool was discovered by the Rachael Exploration Corporation Rachael 29 Federal Well No. 1 located in Unit F of Section 29, Township 13 South, Range 29 East, NMPM. It was completed in the Devonian formation on August 6, 1992. The top of the perforations is at 9564 feet.

(9) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Brushy Canyon formation, said pool to bear the designation of Nash Draw-Brushy Canyon Pool. Said Nash Draw-Brushy Canyon Pool was discovered by the Strata Production Company Nash Draw Unit Well No. 9 located in Unit B of Section 13, Township 23 South, Range 29 East, NMPM. It was completed in the Brushy Canyon formation on June 26, 1992. The top of the perforations is at 6713 feet.

(10) There is need for the creation of a new pool in Chaves County, New Mexico, pursuant to the provisions of Division Order No. R-9721, for the production of gas from the Siluro-Ordovician formation, said pool to bear the designation of Palma Mesa Siluro-Ordovician Gas Pool. Said Palma Mesa Siluro-Ordovician Gas Pool was discovered by the BHP Petroleum (Americas) Inc. Puffer State Well No. 1 located in Unit D of Section 24, Township 8 South, Range 27 East, NMPM. It was completed in the Siluro-Ordovician formation on March 5, 1991. The top of the perforations is at 6371 feet.

(11) There is need for the creation of a new pool in Chaves County, New Mexico, for the production of gas from the Abo formation, said pool to bear the designation of Northwest Pecos Slope-Abo Gas Pool. Said Northwest Pecos Slope-Abo Gas Pool was discovered by the McKay Oil Corporation April State Unit Well No. 1 located in Unit D of Section 4, Township 4 South, Range 20 East, NMPM. It was completed in the Abo formation on July 1, 1992. The top of the perforations is at 2514 feet.

(12) 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 North Poker Lake-Delaware Pool. Said North Poker Lake-Delaware Pool was discovered by the Bettis, Boyle and Stovall Cactus 16 State Well No. 1 located in Unit C of Section 16, Township 24 South, Range 31 East, NMPM. It was completed in the Delaware formation on July 17, 1992. The top of the perforations is at 8053 feet.

(13) 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 East Red Lake-Upper Pennsylvanian Gas Pool. Said East Red Lake-Upper Pennsylvanian Gas Pool was discovered by the Yates Petroleum Corporation Chalk AKH Federal Com Well No. 1 located in Unit I of Section 22, Township 18 South, Range 27 East, NMPM. It was completed in the Upper Pennsylvanian formation on July 20, 1992. The top of the perforations is at 7662 feet.

(14) There is need for certain extensions to the Dog Canyon-Wolfcamp Pool, the East Herradura Bend-Delaware Pool, the West Sand Dunes-Atoka Gas Pool, the West Sand Dunes-Delaware Pool, and the Willow Lake-Delaware Pool, all in Eddy County, New Mexico, and the South Lone Wolf-Devonian 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 Bone Spring production is hereby created and designated as the North Avalon-Bone Spring Pool, consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM  
Section 20: NW/4

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

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM  
Section 4: SE/4

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

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM  
Section 27: NW/4

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

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM  
Section 5: NE/4

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

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM  
Section 16: S/2

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

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM  
Section 36: S/2

(g) A new pool in Chaves County, New Mexico, classified as an oil pool for Devonian production is hereby created and designated as the Southwest Lone Wolf-Devonian Pool, consisting of the following described area:

TOWNSHIP 13 SOUTH, RANGE 29 EAST, NMPM  
Section 29: NW/4

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

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM  
Section 13: NE/4

(i) A new pool in Chaves County, New Mexico, classified as a gas pool for Siluro-Ordovician production is hereby created pursuant to the provisions of Division Order No. R-9721 and designated as the Palma Mesa Siluro-Ordovician Gas Pool, consisting of the following described area:

TOWNSHIP 8 SOUTH, RANGE 27 EAST, NMPM  
Section 24: N/2

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

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

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

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM  
Section 16: NW/4

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

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM  
Section 22: E/2

(m) The Dog Canyon-Wolfcamp Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM  
Section 30: N/2

(n) The East Herradura Bend-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 3: NE/4

(o) 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, NMPM  
Section 33: N/2

(p) The West Sand Dunes-Atoka Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM  
Section 9: N/2 and SW/4

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

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM  
Section 32: NE/4

(r) The Willow Lake-Delaware 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 32: W/2

IT IS FURTHER ORDERED THAT:

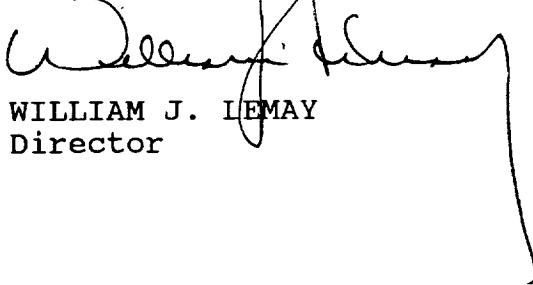
(1) Pursuant to Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective 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 and extensions included herein shall be December 1, 1992.

Case No. 10591  
Order No. R-9771  
-7-

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read 'William J. Lemay', is written over the typed name. The signature is fluid and cursive, with a long, sweeping tail that extends downwards and to the right.

WILLIAM J. LEMAY  
Director

S E A L

fd/