

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. 13431
Order No. R-12288

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING AND
EXTENDING CERTAIN POOLS IN CHAVES AND
EDDY COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on February 17, 2005, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 23rd day of February, 2005, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its **subject** matter.

(2) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the **Strawn** formation, bearing the designation of Benson-Strawn Pool (**Pool Code** 97414). The **Benson-Strawn** Pool was discovered by the Chisos, Ltd Wishbone Federal Well No. 1 (**API No.** 30-015-30640) located in Unit L of Section 6, Township 19 South, Range 30 East, **NMPM**, which was completed in the Strawn formation on June 7, 2004. The top of the perforations is at 10,498 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the **Wolfcamp** formation, bearing the designation of Four Mile Draw-Wolfcamp Gas Pool (**Pool Code** 97415). The Four Mile Draw-Wolfcamp Gas Pool was discovered by the Mack Energy Corporation Walrus State Well No. 1 (**API No.** 30-015-33508) located in Unit D of Section 29, Township 18 South, Range 23 East,

NMPM, which was completed in the Wolfcamp formation on October 9, 2004. The top of the perforations is at 5,553 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Cisco-Canyon formation, bearing the designation of Henshaw-Upper **Pennsylvanian** Pool (Pool Code 97410). The Henshaw-Upper **Pennsylvanian** Pool was discovered by the Edge Petroleum Operating Company, Inc. Henshaw "7" Federal Well No. 1 (API No. **30-015-32676**) located in Unit M of Section 7, Township 16 South, Range 30 East, NMPM, which was completed in the Cisco-Canyon formation on August 7, 2004. The top of the perforations is at 8,478 feet.

(5) There is need for the creation of a new pool in Chaves County, New Mexico for the production of gas from the **Pre-Permian** formation, bearing the designation of Lea **Lake-Pre-Permian** Gas Pool (Pool Code 97406). The Lea **Lake-Pre-Permian** Gas Pool was discovered by the Yates Petroleum Corporation Luminary "BAU" Federal Com. Well No. 2 (API No. 30-005-63567) located in Unit A of Section 35, Township 11 South, Range 26 East, NMPM, which was completed in the Pre-Permian formation on February 10, 2004. The top of the perforations is at 5,996 feet.

(6) There is need for the creation of a new pool in Chaves County, New Mexico for the production of gas from the Wolfcamp formation, bearing the designation of **Palma Mesa-Wolfcamp** Gas Pool (Pool Code 97413). The **Palma Mesa-Wolfcamp** Gas Pool was discovered by the Yates Petroleum Corporation Hanlad "AKZ" State Well No. 2 (API No. 30-005-62911) located in Unit M of Section 13, Township 8 South, Range 27 East, NMPM, which was completed in the Wolfcamp formation on December 6, 2000. The top of the perforations is at 5,550 feet.

(7) 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, bearing the designation of **Segrest Draw-Upper Pennsylvanian** Pool (Pool Code 97416). The **Segrest Draw-Upper Pennsylvanian** Pool was discovered by the Mack Energy Corporation Coral State Well No. 1 (API No. 30-015-33405) located in Unit H of Section 26, Township 19 South, Range 23 East, NMPM, which was completed in the Upper Pennsylvanian formation on October 4, 2004. The top of the perforations is at 6,487 feet.

(8) There is need for extensions to the **Alacran Hills-Atoka** Gas Pool, the **Angell Ranch-Atoka-Morrow** Gas Pool, the **Bass-Morrow** Gas Pool, the **Southeast Cemetery-Morrow** Gas Pool, the **East Cottonwood Creek-Abo** Gas Pool, the **Crow Flats-Morrow** Gas Pool, the **Northeast Dos Hermanos-Morrow** Gas Pool, the **Dublin Ranch-Morrow** Gas Pool, the **Golden Lane-Morrow** Gas Pool, the **Ingle Wells-Delaware** Pool, the **Lone Tree Draw-Wolfcamp** Pool, the **South Loving-Delaware** Pool, the **Malaga-Morrow** Gas Pool, the **Nash Draw-Delaware** Pool, the **Southeast Quahada Ridge-Delaware** Pool, the **Runyan Ranch-Abo** Gas Pool, and the **Scanlon-Morrow** Gas Pool, all in Eddy County, New Mexico; the **Foor Ranch-Wolfcamp** Gas Pool and the **Haystack-Cisco** Gas Pool, both in Chaves County, New Mexico; and the **West Lusk-Delaware** Pool in Eddy and Lea Counties, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Eddy County, New Mexico classified as an oil pool for Strawn production is hereby created and designated as the Benson-Strawn Pool (Pool Code 97414), consisting of the following described area:

TOWNSHIP 19 SOUTH. RANGE 30 EAST. NMPM
Section 6: SW/4

(b) A new pool in Eddy County, New Mexico classified as a gas pool for Wolfcamp production is hereby created and designated as the Four Mile Draw-Wolfcamp Gas Pool (Pool Code 97415), consisting of the following described area:

TOWNSHIP 18 SOUTH. RANGE 23 EAST. NMPM
Section 29: N/2

(c) A new pool in Eddy County, New Mexico classified as an oil pool for Cisco-Canyon production is hereby created and designated as the Henshaw-Upper Pennsylvanian Pool (Pool Code 97410), consisting of the following described area:

TOWNSHIP 16 SOUTH. RANGE 30 EAST. NMPM
Section 7: SW/4

(d) A new pool in Chaves County, New Mexico classified as a gas pool for Pre-Permian production is hereby created and designated as the Lea Lake-Pre-Permian Gas Pool (Pool Code 97406), consisting of the following described area:

TOWNSHIP 11 SOUTH. RANGE 26 EAST. NMPM
Section 35: E/2

(e) A new pool in Chaves County, New Mexico classified as a gas pool for Wolfcamp production is hereby created and designated as the Palma Mesa-Wolfcamp Gas Pool (Pool Code 97413), consisting of the following described area:

TOWNSHIP 8 SOUTH. RANGE 27 EAST. NMPM
Section 13: S/2

(f) A new pool in Eddy County, New Mexico classified as an oil pool for Upper Pennsylvanian production is hereby created and designated as the Segrest Draw-Upper Pennsylvanian Pool (Pool Code 97416), consisting of the following described area:

TOWNSHIP 19 SOUTH. RANGE 23 EAST. NMPM
Section 26: NE/4

(g) The **Alacran Hills-Atoka** Gas Pool (**Pool Code 70060**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 6: Lots 11, 12, 13, 14, 17 and 18 and Unit
Letters K and N

(h) The **Angell Ranch-Atoka-Morrow** Gas Pool (Pool Code 70310) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM

Section 2: S/2

(i) The **Bass-Morrow** Gas Pool (Pool Code 71640) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM

Section 33: All

(j) The **Southeast Cemetery-Morrow** Gas Pool (Pool Code 97031) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 2: S/2

(k) The **East Cottonwood Creek-Abo** Gas Pool (Pool Code 97373) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 25 EAST, NMPM

Section 29: N/2

Section 30: E/2

Section 32: N/2

(l) The **Crow Flats-Morrow** Gas Pool (Pool Code 75720) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM

Section 28: S/2

(m) The **Northeast Dos Hermanos-Morrow** Gas Pool (Pool Code 76076) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM

Section 1: S/2

Section 2: S/2

(n) The Dublin Ranch-Morrow Gas Pool (Pool Code 76140) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 21: W/2

(o) The **Foor Ranch-Wolfcamp** Gas Pool (Pool Code 76750) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM
Section 1: S/2

(p) The Golden Lane-Morrow Gas Pool (Pool Code 77560) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 36: S/2

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM
Section 31: SW/4

(q) The Haystack-Cisco Gas Pool (Pool Code 78320) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 6 SOUTH, RANGE 27 EAST, NMPM
Section 8: N/2

(r) The Ingle Wells-Delaware Pool (Pool Code 33745) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 10: SE/4

(s) The Lone Tree Draw-Wolfcamp Pool (Pool Code 97208) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 22: S/2
Section 23: SW/4

(t) The South Loving-Delaware Pool (Pool Code 40380) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 16: NE/4

(u) The West **Lusk-Delaware** Pool (**Pool** Code 41540) in Eddy and Lea Counties, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPPM
Section 24: N/2

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPPM
Section 19: N/2

(v) The Malaga-Morrow Gas Pool (Pool Code 80920) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPPM
Section 21: E/2

(w) The Nash Draw-Delaware Pool (Pool Code 47545) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMPPM
Section 18: SE/4

(x) The Southeast **Quahada** Ridge-Delaware Pool (Pool Code 50443) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPPM
Section 36: NW/4

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPPM
Section 6: SW/4

(y) The **Runyan** Ranch-Abo Gas Pool (Pool Code 84340) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPPM
Section 4: SW/4
Section 9: NW/4

(z) The **Scanlon-Morrow** Gas Pool (Pool Code 84920) in Eddy County, New Mexico is hereby extended to include:

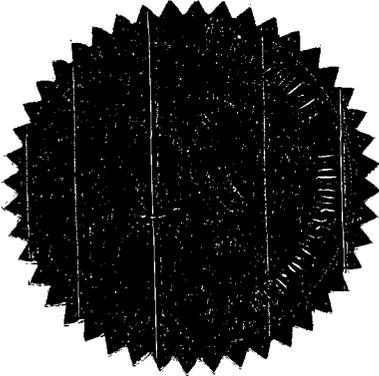
TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPPM
Section 30: W/2

IT IS FURTHER ORDERED THAT:

(1) Pursuant to Section 70-2-18, NMSA, 1978, an operator of any well that, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one presently dedicated thereto, shall have 60 days from the effective date of this order to file Form C-102 dedicating a standard unit for the pool to that 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 that 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 March 1, 2005.

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



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

MARK E. FESMIRE, P.E.
Director