

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 13183
Order No. R-12063

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on November 7, 2003, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 25th day of November, 2003, 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 Lea County, New Mexico for the production of gas from the Atoka formation, bearing the designation of Northeast **Caprock-Atoka** Gas Pool (Pool Code 97292). The Northeast Caprock-Atoka Gas Pool was discovered by the Paladin Energy Corporation State EC C Well No. 1 (API No. **30-025-00104**) located in Unit G of Section 11, Township 12 South, Range 32 East, NMPM, which was completed in the Atoka formation on June 16, 2003. The top of the perforations is at 10,120 feet.
- (3) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Atoka formation, bearing the designation of **Dempster Mill-Atoka** Gas Pool (Pool Code 97299). The Dempster Mill-Atoka Gas Pool was discovered by the Yates Petroleum Corporation Ray BBR State Well No. 1 (API No. 30-025-02674) located in Unit P of Section 25, Township 11 South,

Range 35 East, **NMPM**, which was completed in the Atoka formation on March 27, 2003. The top of the perforations is at 12,361 feet.

(4) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the **Mississippian** formation, bearing the designation of Dempster **Mill-Mississippian** Gas Pool (Pool Code 97291). The Dempster Mill-Mississippian Gas Pool was discovered by the Yates Petroleum Corporation Dempster State Unit Well No. 1 (API No. 30-025-36077) located in Unit N of Section 30, Township 11 South, Range 36 East, NMPM, which was completed in the Mississippian formation on August 4, 2003. The top of the perforations is at 12,675 feet.

(5) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Atoka formation, bearing the designation of North Lazy **J-Atoka** Gas Pool (Pool Code 97301). The North Lazy **J-Atoka** Gas Pool was discovered by the Asher Enterprises Ltd. Company **Lawton** State Well No. 2 (API No. 30-025-01070) located in Unit P of Section 10, Township 13 South, Range 33 East, NMPM, which was completed in the Atoka formation on August 4, 2003. The top of the perforations is at 11,340 feet.

(6) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Upper **Pennsylvanian** formation, bearing the designation of South **Morton-Upper** Pennsylvanian Pool (Pool Code 97300). The South Morton-Upper Pennsylvanian Pool was discovered by the Permian Resources Inc. **Townstar** ACS State Well No. 1 (API No. 30-025-35867) located in Unit L of Section 18, Township 15 South, Range 35 East, NMPM, which was completed in the Upper Pennsylvanian formation on November 16, 2002. The top of the perforations is at 10,726 feet.

(7) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Bone Spring formation, bearing the designation of South Ojo **Chiso-Bone** Spring Pool (Pool Code 97293). The South Ojo Chiso-Bone Spring Pool was discovered by the **BTA** Oil Producers Maxus B 8026 JV-P Well No. 3 (API No. **30-025-30661**) located in Unit B of Section 34, Township 22 South, Range 34 East, NMPM, which was completed in the Bone Spring formation on March 2, 2003. The top of the perforations is at 10,840 feet.

(8) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Chester formation, bearing the designation of South Ranger Lake-Chester Gas Pool (Pool Code 97296). The South Ranger Lake-Chester Gas Pool was discovered by the Yates Petroleum Corporation Mocha State Unit Well No. 2 (API No. 30-025-36097) located in Unit N of Section 33, Township 12 South, Range 34 East, NMPM, which was completed in the Chester formation on June 24, 2003. The top of the perforations is at 12,600 feet.

(9) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Lower Mississippian Lime formation, bearing the designation of South Ranger Lake-Lower Mississippian Lime Gas Pool (Pool Code 97295). The South Ranger Lake-Lower Mississippian Lime Gas Pool was discovered by the Yates Petroleum Corporation Slick AZU State Com. Well No. 1 (API No. 30-025-01868) located in Unit C of Section 1, Township 13 South, Range 34 East, NMPM, which was completed in the Lower Mississippian Lime formation on June 24, 2003. The top of the perforations is at 13,152 feet.

(10) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Upper Pennsylvanian formation, bearing the designation of West Shoe Bar-Upper Pennsylvanian Pool (Pool Code 97297). The West Shoe Bar-Upper Pennsylvanian Pool was discovered by the TMBR/Sharp Drilling Inc. State 5 Well No. 1 (API No. 30-025-35040) located in Unit G of Section 5, Township 17 South, Range 35 East, NMPM, which was completed in the Upper Pennsylvanian formation on April 11, 2003. The top of the perforations is at 10,952 feet.

(11) There is need for extensions to the Allison-San Andres Pool in Roosevelt County, New Mexico; and the Southeast Dean-Wolfcamp Pool, the Diamond-Strawn Pool, the Southwest Diamondtail-Delaware Pool, the North Eidson-Morrow Gas Pool, the Grassland-Austin Gas Pool, the Hardy-Tubb-Drinkard Pool, the Northwest Hobbs-Abo Pool, the Northwest Hobbs-Drinkard Pool, the Northwest Hobbs-Tubb Pool, the House-Drinkard Pool, the House-San Andres Pool, the East Livingston Ridge-Delaware Pool, the Monument-Tubb Pool, the West Nadine-Paddock-Blinebry Pool, the West Nadine-Tubb Pool, the North Quail Ridge-Morrow Gas Pool, the San Simon-Yates Pool, the Shoe Bar-Atoka Gas Pool, the North Shoe Bar-Morrow Gas Pool, the Skaggs-Drinkard Pool, the Northwest Skaggs-Drinkard Pool, the Tonto-Bone Spring Pool, the Tonto-Seven Rivers Pool, the Townsend-Mississippian Gas Pool, the Townsend-Morrow Gas Pool, the Trinity-Wolfcamp Pool, the South Tulk-Upper Wolfcamp Pool, and the North Vacuum-Abo Pool, all in Lea County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Lea County, New Mexico classified as a gas pool for Atoka production is hereby created and designated as the Northeast Caprock-Atoka Gas Pool (Pool Code 97292), consisting of the following described area:

TOWNSHIP 12 SOUTH. RANGE 32 EAST. NMPM
Section 11: N/2

(b) A new pool in Lea County, New Mexico classified as a gas pool for Atoka production is hereby created and designated as the Dempster Mill-Atoka Gas Pool (Pool Code 97299), consisting of the following described area:

TOWNSHIP 11 SOUTH, RANGE 35 EAST, NMPM

Section 25: E/2

(c) A new pool in Lea County, New Mexico classified as a gas pool for Mississippian production is hereby created and designated as the Dempster Mill-Mississippian Gas Pool (Pool Code 97291), consisting of the following described area:

TOWNSHIP 11 SOUTH, RANGE 36 EAST, NMPM

Section 30: S/2

(d) A new pool in Lea County, New Mexico classified as a gas pool for Atoka production is hereby created and designated as the North Lazy J-Atoka Gas Pool (Pool Code 97301), consisting of the following described area:

TOWNSHIP 13 SOUTH, RANGE 33 EAST, NMPM

Section 10: E/2

(e) A new pool in Lea County, New Mexico classified as an oil pool for Upper Pennsylvanian production is hereby created and designated as the South Morton-Upper Pennsylvanian Pool (Pool Code 97300), consisting of the following described area:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM

Section 18: SW/4

(f) A new pool in Lea County, New Mexico classified as an oil pool for Bone Spring production is hereby created and designated as the South Ojo Chiso-Bone Spring Pool (Pool Code 97293), consisting of the following described area:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM

Section 34: NE/4

(g) A new pool in Lea County, New Mexico classified as a gas pool for Chester production is hereby created and designated as the South Ranger Lake-Chester Gas Pool (Pool Code 97296), consisting of the following described area:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM

Section 33: S/2

(h) A new pool in Lea County, New Mexico classified as a gas pool for Lower Mississippian Lime production is hereby created and designated as the South Ranger Lake-Lower Mississippian Lime Gas Pool (Pool Code 97295), consisting of the following described area:

TOWNSHIP 13 SOUTH, RANGE 34 EAST, NMPM

Section 1: N/2

(i) A new pool in Lea County, New Mexico classified as an oil pool for Upper Pennsylvanian production is hereby created and designated as the West Shoe Bar-Upper Pennsylvanian Pool (Pool Code 97297), consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM

Section 5: NE/4

(j) The **Allison-San** Andres Pool (Pool Code 01190) in Roosevelt County, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM

Section 36: SE/4

(k) The Southeast **Dean-Wolfcamp** Pool (Pool Code 97005) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 2: SW/4

Section 10: NE/4

Section 11: NW/4

(l) The **Diamond-Strawn** Pool (Pool Code 96248) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM

Section 15: NW/4

(m) The Southwest **Diamondtail-Delaware** Pool (Pool Code 96916) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM

Section 28: W/2

(n) The North **Eidson-Morrow** Gas Pool (Pool Code 76360) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 34 EAST, NMPM

Section 22: S/2

Section 27: NE/4

Section 28: W/2 and SE/4

Section 29: N/2

Section 30: N/2

(o) The Grassland-Austin Gas Pool (Pool Code 97235) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH. RANGE 34 EAST. NMPM

Section 21: S/2

Section 22: SW/4

Section 28: W/2

(p) The Hardy-Tubb-Drinkard Pool (Pool Code 29760) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH. RANGE 36 EAST. NMPM

Section 12: NE/4

TOWNSHIP 21 SOUTH. RANGE 37 EAST. NMPM

Section 7: NW/4

(q) The Northwest Hobbs-Abo Pool (Pool Code 97212) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH. RANGE 37 EAST. NMPM

Section 13: SE/4

(r) The Northwest Hobbs-Drinkard Pool (Pool Code 97184) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH. RANGE 37 EAST. NMPM

Section 13: SE/4

(s) The Northwest Hobbs-Tubb Pool (Pool Code **97211**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH. RANGE 37 EAST. NMPM

Section 13: SE/4

(t) The House-Drinkard Pool (Pool Code 33250) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH. RANGE 39 EAST. NMPM

Section 18: S/2

(u) The House-San Andres Pool (Pool Code 33440) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH. RANGE 38 EAST. NMPM
Section 14: NW/4

TOWNSHIP 20 SOUTH. RANGE 39 EAST. NMPM
Section 17: SW/4

(v) The East Livingston Ridge-Delaware Pool (Pool Code 39366) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH. RANGE 32 EAST. NMPM
Section 19: SW/4

(w) The Monument-Tubb Pool (Pool Code 47090) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH. RANGE 37 EAST. NMPM
Section 27: SE/4
Section 34: NE/4

(x) The West Nadine-Paddock-Blinebry Pool (Pool Code 47400) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH. RANGE 38 EAST. NMPM
Section 17: SW/4
Section 18: NE/4

(y) The West Nadine-Tubb Pool (Pool Code 47530) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH. RANGE 38 EAST. NMPM
Section 17: SW/4

(z) The North Quail Ridge-Morrow Gas Pool (Pool Code 83320) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH. RANGE 34 EAST. NMPM
Section 8: E/2

(aa) The San Simon-Yates Pool (Pool Code 53770) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH. RANGE 35 EAST. NMPM
Section 9: W/2

(bb) The Shoe Bar-Atoka Gas Pool (Pool Code 85210) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH. RANGE 35 EAST. NMPM

Section 16: W/2

(cc) The North Shoe Bar-Morrow Gas Pool (**Pool Code 96882**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH. RANGE 35 EAST. NMPM

Section 1: Lots 3, 4, 5, 6, 11, 12, 13 and 14

(dd) The Skaggs-Drinkard Pool (**Pool Code 57000**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH. RANGE 37 EAST. NMPM

Section 36: N/2 and SE/4

(ee) The Northwest Skaggs-Drinkard Pool (**Pool Code 96768**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH. RANGE 37 EAST. NMPM

Section 35: NE/4

(ft) The Tonto-Bone Spring Pool (**Pool Code 59475**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH. RANGE 33 EAST. NMPM

Section 16: SE/4

Section 21: N/2

(gg) The Tonto-Seven Rivers Pool (**Pool Code 59470**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH. RANGE 33 EAST. NMPM

Section 10: SW/4

(hh) The Townsend-Mississippian Gas Pool (**Pool Code 86380**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH. RANGE 35 EAST. NMPM

Section 9: S/2

Section 10: W/2

(ii) The Townsend-Morrow Gas Pool (**Pool Code 86400**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH. RANGE 35 EAST. NMPM

Section 12: S/2
Section 23: SE/4

(jj) The **Trinity-Wolfcamp** Pool (**Pool** Code 59890) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 12 SOUTH. RANGE 38 EAST. NMPM

Section 23: SW/4

(kk) The **South Tulk-Upper Wolfcamp** Pool (Pool Code 60620) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH. RANGE 35 EAST. NMPM

Section 18: SW/4

(ll) The **North Vacuum-Abo** Pool (Pool Code **61760**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH. RANGE 35 EAST. NMPM

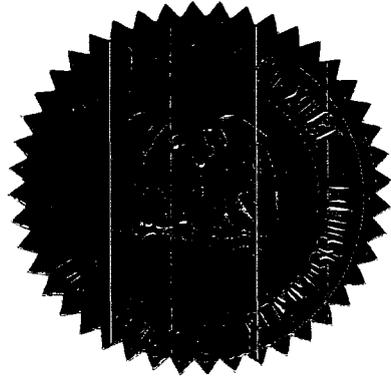
Section 6: NW/4

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 December 1, 2003.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrottenbery

LORI WROTENBERY
Director

a