

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. 12009
Order No. R-11005

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 9, 1998, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 24th day of July, 1998, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice having been given as required by law, 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 gas from the Delaware formation, said pool to bear the designation of Cottonwood Draw-Delaware Gas Pool. Said Cottonwood Draw-Delaware Gas Pool was discovered by the Chevron U.S.A., Inc. Cable 26 Well No. 2 located in Unit B of Section 26, Township 25 South, Range 26 East, NMPM. It was completed in the Delaware formation on June 23, 1997. The top of the perforations is at 1,898 feet.

(3) 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 South Indian Basin-Morrow Gas Pool. Said South Indian Basin-Morrow Gas Pool was discovered by the Yates Petroleum Corporation Hickory "AVL" Federal Well No. 5 located

in Unit H of Section 18, Township 22 South, Range 24 East, NMPM. It was completed in the Morrow formation on December 24, 1997. The top of the perforations is at 9,955 feet.

(4) 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 Southwest Indian Basin-Upper Pennsylvanian Gas Pool. Said Southwest Indian Basin-Upper Pennsylvanian Gas Pool was discovered by the Yates Petroleum Corporation Big Freddy Unit Well No. 1 located in Unit G of Section 10, Township 23 South, Range 22 East, NMPM. It was completed in the Upper Pennsylvanian formation on November 25, 1997. The top of the perforations is at 7,368 feet.

(5) 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 Laguna Salado-Bone Spring Pool. Said Laguna Salado-Bone Spring Pool was discovered by the Santa Fe Energy Resources, Inc. Spud "16" State Well No. 1 located in Unit P of Section 16, Township 23 South, Range 29 East, NMPM. It was completed in the Bone Spring formation on September 28, 1997. The top of the perforations is at 7,670 feet.

(6) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Devonian formation, said pool to bear the designation of Northwest Paduca-Devonian Gas Pool. Said Northwest Paduca-Devonian Gas Pool was discovered by the Texaco Exploration and Production Inc. Cotton Draw Unit Well No. 84 located in Unit I of Section 2, Township 25 South, Range 31 East, NMPM. It was completed in the Devonian formation on March 19, 1998. The top of the perforations is at 16,295 feet.

(7) There is need for certain extensions to the Avalon-Morrow Gas Pool, the Avalon-Strawn Gas Pool, the Black River-Delaware Pool, the Burton Flat-Morrow Gas Pool, the Cabin Lake-Morrow Gas Pool, the South Carlsbad-Strawn Gas Pool, the Catclaw Draw-Delaware Pool, the East Catclaw Draw-Strawn Gas Pool, the Cemetery-Morrow Gas Pool, the Cemetery-Wolfcamp Gas Pool, the North Dagger Draw-Upper Pennsylvanian Pool, the South Dagger Draw-Upper Pennsylvanian Associated Pool, the Empire-Yeso Pool, the East Empire-Yeso Pool, the Frontier Hills-Strawn Gas Pool, the Golden Lane-Morrow Gas Pool, the Hackberry-Morrow Gas Pool, the Ingle Wells-Delaware Pool, the South Livingston Ridge-Delaware Pool, the Loco Hills-Paddock Pool, the Nash Draw-Brushy Canyon Pool, the Otis-Morrow Gas Pool, the East Pierce Crossing-Bone Spring Pool, the Southeast Quahada Ridge-Delaware Pool, the Red Lake-Queen-Grayburg-San Andres Pool, the Ross Draw-Wolfcamp Gas Pool, the Sand Tank-Morrow Gas Pool, the Sand Tank-Strawn Gas Pool, and the Turkey Track-Morrow Gas Pool, all in Eddy County, New Mexico.

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IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 26: NE/4

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

TOWNSHIP 22 SOUTH, RANGE 24 EAST, NMPM
Section 18: E/2

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

TOWNSHIP 23 SOUTH, RANGE 22 EAST, NMPM
Section 10: E/2

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

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM
Section 16: SE/4

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

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

(f) The Avalon-Morrow 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 15: All

(g) The Avalon-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 17: SE/4
Section 20: E/2

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

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 15: N/2

(i) 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 26 EAST, NMPM
Section 11: S/2

(j) The Cabin Lake-Morrow Gas 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 6: SW/4
Section 7: NW/4 and S/2

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

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

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

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 22: NW/4

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(m) The East Catclaw Draw-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 17: W/2

(n) The Cemetery-Morrow Gas 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 27: E/2
Section 34: NE/4

(o) The Cemetery-Wolfcamp Gas 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 23: E/2
Section 26: E/2

(p) The North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 11: SE/4

(q) 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 27: E/2

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

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 24: S/2

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 19: SW/4

Section 30: NW/4

(s) The East Empire-Yeso Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 27: NW/4

Section 28: N/2

Section 29: NE/4

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

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM

Section 27: N/2

(u) The Golden Lane-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM

Section 16: E/2

(v) The Hackberry-Morrow Gas 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 18: S/2

Section 19: W/2

Section 30: NW/4

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

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 10: NE/4

(x) The South Livingston Ridge-Delaware 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 31 EAST, NMPM
Section 12: NE/4

(y) The Loco Hills-Paddock Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 17: S/2
Section 20: SE/4
Section 21: NE/4

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

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

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM
Section 19: NE/4
Section 20: NW/4

(aa) The Otis-Morrow 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 13: W/2

(bb) The East Pierce Crossing-Bone Spring 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 11: SE/4

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

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM
Section 25: SE/4

(dd) The Red Lake-Queen-Grayburg-San Andres Pool in Eddy County, New

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Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 32: SE/4

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 18: NE/4

(ee) The Ross Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
Section 23: N/2

(ff) The Sand Tank-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 25: All

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

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 8: E/2

(hh) The Turkey Track-Morrow Gas 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 9: S/2

IT IS FURTHER ORDERED THAT:

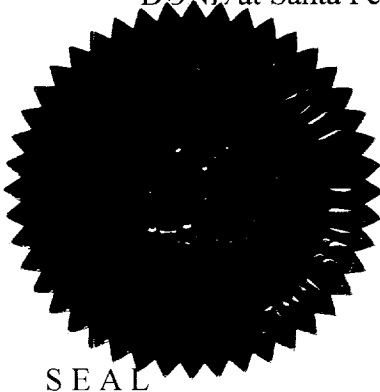
(1) Pursuant to Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective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

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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 August 1, 1998.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Handwritten signature of Lori Wrotenbery in cursive script.

LORI WROTENBERY
Director

fd/