

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. 12058
Order No. R-11067

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 October 8, 1998, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 20th day of October, 1998, 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 gas from the Atoka formation, bearing the designation of Antelope Sink-Atoka Gas Pool. The Antelope Sink-Atoka Gas Pool was discovered by the Penwell Energy, Inc. Southern Cross "16" State Well No. 1 located in Unit L of Section 16, Township 18 South, Range 24 East, NMPM, which was completed in the Atoka formation on April 23, 1998. The top of the perforations is at 7,721 feet.
- (3) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Yeso formation, bearing the designation of Cedar Lake-Yeso Pool. The Cedar Lake-Yeso Pool was discovered by the Marbob Energy Corporation Cedar Lake Federal Well No. 1 located in Unit K of Section 18, Township 17 South, Range 31 East, NMPM, which was completed in the Yeso formation on July 28, 1998. The top of

the perforations is at 4,697 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Morrow formation, bearing the designation of Henshaw-Morrow Gas Pool. The Henshaw-Morrow Gas Pool was discovered by the Beach Exploration, Inc. Henshaw Deep Unit Well No. 9 located in Unit C of Section 23, Township 16 South, Range 30 East, NMPM, which was completed in the Morrow formation on June 17, 1998. The top of the perforations is at 10,588 feet.

(5) There is need for the creation of a new pool in Chaves County, New Mexico, for the production of oil from the Devonian formation, bearing the designation of Southeast Race Track-Devonian Pool. The Southeast Race Track-Devonian Pool was discovered by the Marbob Energy Corporation Rio Brave Fee Well No. 1 located in Unit B of Section 30, Township 10 South, Range 28 East, NMPM, which was completed in the Devonian formation on July 13, 1998. The top of the perforations is at 6,769 feet.

(6) 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, bearing the designation of Sand Tank-Bone Spring Pool. Said Sand Tank-Bone Spring Pool was discovered by the Enron Oil & Gas Company Duggan "12" Federal Com Well No. 1 located in Unit H of Section 12, Township 18 South, Range 29 East, NMPM, which was completed in the Bone Spring formation on April 12, 1998. The top of the perforations is at 6,809 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 West Winchester-Upper Pennsylvanian Pool. The West Winchester-Upper Pennsylvanian Pool was discovered by the Marathon Oil Company Lightfoot "20" State Well No. 1 located in Unit M of Section 20, Township 19 South, Range 28 East, NMPM, which was completed in the Upper Pennsylvanian formation on June 27, 1998. The top of the perforations is at 9,624 feet.

(8) There is need for certain extensions to the Avalon-Morrow Gas Pool, the Avalon-Strawn Gas Pool, the Cemetery-Morrow Gas Pool, the Crow Flats-Morrow Gas Pool, the East Empire-Yeso Pool, the Happy Valley-Delaware Pool, the Happy Valley-Morrow Gas Pool, the East Hess-Morrow Gas Pool, the South Livingston Ridge-Delaware Pool, the Loco Hills-Paddock Pool, the West Lost Tank-Delaware Pool, the West Parkway-Morrow Gas Pool, the Pierce Crossing-Bone Spring Pool, the East Pierce Crossing-Bone Spring Pool, the Poker Lake-Delaware Pool, the Quahada Ridge-Atoka Gas Pool, the Red Lake-Glorieta-Yeso Pool, the Shugart-Morrow Gas Pool, the Shugart-Yates-Seven Rivers-Queen-Grayburg Pool, the Travis-Upper Pennsylvanian Pool, and the North Turkey Track-Morrow Gas Pool, all in Eddy County, New Mexico.

IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
Section 16: W/2

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

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 18: SW/4

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

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM
Section 23: W/2

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

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NMPM
Section 30: NE/4

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

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 12: NE/4

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

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TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 20: SW/4

(g) The Avalon-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 22: W/2

(h) The Avalon-Strawn Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 15: N/2
Section 21: E/2

(i) The Cemetery-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM
Section 18: E/2

(j) The Crow Flats-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM
Section 31; SE/4
Section 32: S/2

(k) The East Empire-Yeso Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 29: S/2

(l) The Happy Valley-Delaware Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
Section 3: N/2
Section 4: NE/4

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(m) The Happy Valley-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM
Section 13: S/2

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 18: S/2

(n) The East Hess-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 23 EAST, NMPM
Section 11: NE/4
Section 12: N/2

(o) The South Livingston Ridge-Delaware Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 2: NE/4

(p) The Loco Hills-Paddock Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 20: SW/4

(q) The West Lost Tank-Delaware Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 31 EAST, NMPM
Section 34: SW/4

(r) The West Parkway-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 28: S/2

(s) The Pierce Crossing-Bone Spring Pool in Eddy County, New Mexico, is

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hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 18: W/2
Section 19: NW/4

(t) The East Pierce Crossing-Bone Spring Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 25: W/2

(u) The Poker Lake-Delaware Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM
Section 16: S/2
Section 17: NE/4

(v) The Quahada Ridge-Atoka Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 16: E/2
Section 21: NE/4

(w) The Red Lake-Glorieta-Yeso Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 4: W/2
Section 5: S/2

(x) The Shugart-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 28: E/2

(y) The Shugart-Yates-Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico, is hereby extended to include therein:

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TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 9: NW/4

(z) The Travis-Upper Pennsylvanian Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 15: E/2

Section 22: NE/4

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 4: W/2

(aa) The North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 26: E/2

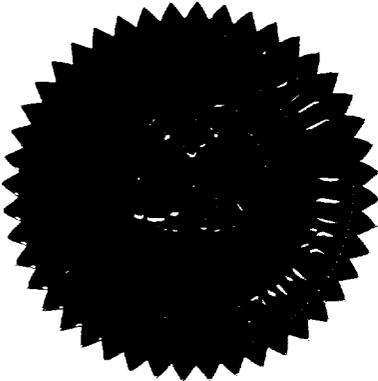
IT IS FURTHER ORDERED THAT:

(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 November 1, 1998.

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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