

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. 12504
Order No. R-11470

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 5, 2000, at Santa Fe, New Mexico before Examiner Mark W. Ashley.

NOW, on this 11th day of October, 2000, 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 Delaware formation, to be designated the Foster Draw-Delaware Pool. The Foster Draw-Delaware Pool was discovered by the Fasken Oil & Ranch, Ltd. El Paso Federal Well No. 10 located in Lot 34 of Section 2, Township 21 South, Range 26 East, NMPM, which was completed in the Delaware formation on July 12, 2000. The top of the perforations is at 3,692 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, to be designated the Laguna Grande-Wolfcamp Gas Pool. The Laguna Grande-Wolfcamp Gas Pool was discovered by the Kukui Operating Company Goodnight "35" Federal Well No.1 located in Unit N of Section 35, Township 23 South, Range 29 East, NMPM, which was completed in the Wolfcamp formation on August 11, 2000. The top of the perforations is at 11,439 feet.

(4) There is need for the creation of a new pool in Chaves County, New Mexico for the production of oil from the Wolfcamp formation, to be designated the Lost Lake-Wolfcamp Pool. The Lost Lake-Wolfcamp Pool was discovered by the Southwestern Energy Production Company Lost Lake "25" Well No. 1 located in Unit M of Section 25, Township 8 South, Range 29 East, NMPM, which was completed in the Wolfcamp formation on May 16, 2000. The top of the perforations is at 6,867 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Wolfcamp formation, to be designated the Owen Mesa-Wolfcamp Gas Pool. The Owen Mesa-Wolfcamp Gas Pool was discovered by the Mitchell Energy Corporation Corral Fly "35" Federal Com. Well No. 1 located in Unit F of Section 35, Township 24 South, Range 29 East, NMPM, which was completed in the Wolfcamp formation on July 30, 2000. The top of the perforations is at 11,398 feet.

(6) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Wolfcamp formation, to be designated the Northwest Winchester-Wolfcamp Pool. The Northwest Winchester-Wolfcamp 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 Wolfcamp formation on April 12, 2000. The top of the perforations is at 8,814 feet.

(7) There is need for certain extensions to the Artesia-Glorieta-Yeso Pool, the Avalon-Upper Pennsylvanian Gas Pool, the Southeast Crow Flats-Morrow Gas Pool, the South Empire-Morrow Gas Pool, the Southwest Forty Niner Ridge-Delaware Pool, the West Lusk-Morrow Gas Pool, the Red Lake-Glorieta-Yeso Pool, the Northeast Red Lake-Glorieta-Yeso Pool, and the Turkey Track-Atoka Gas Pool, all in Eddy County, New Mexico.

IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 2: SE/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 Laguna Grande-Wolfcamp Gas Pool, consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM
Section 35: S/2

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(c) A new pool in Chaves County, New Mexico classified as an oil pool for Wolfcamp production is hereby created and designated as the Lost Lake-Wolfcamp Pool, consisting of the following described area:

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM
Section 25: SW/4

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

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 35: N/2

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

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

(f) The Artesia-Glorieta-Yeso Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 25: S/2

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 4: NW/4
Section 5: N/2
Section 6: W/2 and NE/4

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

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 10: E/2

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

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM
Section 33: S/2
Section 34: S/2

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

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 26: N/2

(j) The Southwest Forty Niner Ridge-Delaware Pool in Eddy County, New Mexico is hereby extended to include:

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

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

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 16: N/2

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

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 33: SW/4

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

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 26: E/2

(n) The Turkey Track-Atoka Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 20: E/2
Section 29: NE/4

IT IS FURTHER ORDERED THAT:

(1) Pursuant to NMSA 1978, Section 70-2-18, 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

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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, 2000.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

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