

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. 10133  
Order No. R-9326

THE APPLICATION OF THE OIL CONSERVATION  
DIVISION UPON ITS OWN MOTION FOR AN ORDER  
CREATING, ASSIGNING A DISCOVERY ALLOWABLE,  
AND EXTENDING CERTAIN POOLS IN CHAVES AND  
EDDY COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 31, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 7th day of November, 1990, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(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, said pool to bear the designation of South Cotton Draw-Atoka Gas Pool. Said South Cotton Draw-Atoka Gas Pool was discovered by the Texaco Inc. Cotton Draw Unit Well No. 67 located in Unit L of Section 35, Township 24 South, Range 31 East, NMPM. It was completed in the Atoka formation on March 13, 1990. The top of the perforations is at 14,060 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Delaware formation, said pool to bear the designation of Fadeaway Ridge-Delaware Pool. Further, the discovery well

for said Fadeaway Ridge-Delaware Pool, the Chevron U.S.A. Pacheco Federal Well No. 1 located in Unit J of Section 31, Township 19 South, Range 28 East, NMPM, is entitled to and should receive a bonus discovery allowable in the amount of 16,210 barrels of oil to be assigned over a two-year period. Said discovery well was completed in the Delaware formation on July 19, 1990. The top of the perforations is at 3,242 feet.

(4) There is need for the dismissal of the proposed creation of the Jennings Springs-Wolfcamp Gas Pool in Eddy County, New Mexico, pending further study.

(5) There is need for the dismissal of the proposed creation of the Livingston Ridge-Bone Spring Pool in Eddy County, New Mexico, pending further study.

(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, said pool to bear the designation of Rock Spur-Bone Spring Pool. Said Rock Spur-Bone Spring Pool was discovered by the Hallwood Petroleum, Inc. Craft 25 Com Well No. 1 located in Unit B of Section 25, Township 25 South, Range 28 East, NMPM. It was completed in the Bone Spring formation on August 9, 1990. The top of the perforations is at 8,696 feet.

(7) 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 Scanlon Draw-Bone Spring Pool. Said Scanlon Draw-Bone Spring Pool was discovered by the Read & Stevens, Inc. Marbob State Well No. 1 located in Unit A of Section 19, Township 19 South, Range 29 East, NMPM. It was completed in the Bone Spring formation on May 29, 1990. The top of the perforations is at 8,284 feet.

(8) There is need for certain extensions to the Avalon-Morrow Gas Pool, the East Burton-Delaware Pool, the East Burton Flat-Strawn Gas Pool, the South Culebra Bluff-Bone Spring Pool, the North Dagger Draw-Upper Pennsylvanian Pool, the South Dagger Draw-Upper Pennsylvanian Associated Pool, the Dark Canyon-Pennsylvanian Gas Pool, the Golden Lane-Morrow Gas Pool, the Livingston Ridge-Delaware Pool, the East Loving-Delaware Pool, the South Loving-Delaware Pool, the North Loving-Morrow Gas Pool, the South Poker Lake-Delaware

Pool, the Red Lake Atoka-Morrow Gas Pool, the Red Lake Queen-Grayburg-San Andres Pool, the North Shugart-Morrow Gas Pool, and the North Turkey Track-Morrow Gas Pool, all in Eddy County, New Mexico, and the Foor Ranch-PrePermian Gas Pool and the South Wolf Lake-San Andres Pool, both in Chaves County, New Mexico.

(9) The effective date of this order and all creations, discovery allowable assignments, and extensions included herein should be November 1, 1990.

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 as the South Cotton Draw-Atoka Gas Pool, consisting of the following described area:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM  
Section 35: W/2

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

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM  
Section 31: SE/4

Further, the discovery well for said Fadeaway Ridge-Delaware Pool, the Chevron U.S.A. Pacheco Federal Well No. 1 located in Unit J of Section 31, Township 19 South, Range 28 East, NMPM, is hereby assigned a bonus discovery allowable of 16,210 barrels to be produced over a two-year period.

(c) The proposed creation of the Jennings Springs-Wolfcamp Gas Pool in Eddy County, New Mexico, is hereby dismissed.

(d) The proposed creation of the Livingston Ridge-Bone Spring Pool in Eddy County, New Mexico, is hereby dismissed.

(e) A new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production is hereby created and designated as the Rock Spur-Bone Spring Pool, consisting

of the following described area:

TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM  
Section 25: NE/4

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

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 19: NE/4

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

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM  
Section 28: N/2

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

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM  
Section 16: NE/4

(i) The East Burton Flat-Strawn Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM  
Section 14: E/2  
Section 15: All

(j) The South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

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

(k) 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 24 EAST, NMPM  
Section 22: SE/4  
Section 27: NE/4  
Section 35: All

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TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM  
Section 10: NE/4  
Section 12: NW/4

(l) 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 15: All

(m) The Dark Canyon-Pennsylvanian Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM  
Section 32: N/2

(n) The Foor Ranch-PrePermian Gas Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM  
Section 27: S/2  
Section 28: S/2

(o) 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 21: All

(p) The Livingston Ridge-Delaware 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 24: NE/4  
Section 26: NE/4

(q) The East Loving-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described,

is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 10: SE/4  
Section 11: N/2  
Section 14: SE/4  
Section 15: E/2  
Section 23: SE/4  
Section 24: NW/4  
Section 34: NE/4

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

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 17: E/2

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

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 9: E/2

(t) The South Poker Lake-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 33: NE/4

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

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 16: E/2

(v) The Red Lake Queen-Grayburg-San Andres 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 10: N/2 SW/4

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

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM  
Section 16: E/2

(x) The North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM  
Section 22: S/2  
Section 23: S/2

(y) The South Wolf Lake-San Andres Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM  
Section 13: NE/4

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 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.

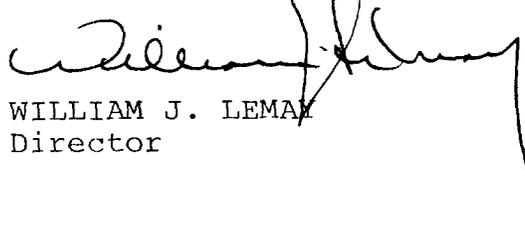
(2) The effective date of this order and all creations, discovery allowable assignments, and extensions included herein shall be November 1, 1990.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lema', is written over the typed name and title. The signature is fluid and cursive, with a long, sweeping tail that extends downwards and to the right.

WILLIAM J. LEMMA  
Director

S E A L

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