

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. 10664
Order No. R-9843

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 4, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 8th day of February, 1993, 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 Lea County, New Mexico, for the production of oil from the Bone Spring formation, said pool to bear the designation of Cruz-Bone Spring Pool. Said Cruz-Bone Spring Pool was discovered by the C. W. Trainer RL Well No. 1 located in Unit L of Section 16, Township 23 South, Range 33 East, NMPM. It was completed in the Bone Spring formation on October 1, 1992. The top of the perforations is at 9,343 feet.

(3) 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, said pool to bear the designation of Northeast Grama Ridge-Bone Spring Pool. Said Northeast Grama Ridge-Bone Spring Pool was discovered by the BTA Oil Producers N. M. BZ State 8817 JV-P Well No. 1 located in Unit N of Section 26, Township 21 South, Range 34 East, NMPM. It was completed in the Bone Spring formation on October 7, 1992. The top of the perforations is at 10,100 feet.

(4) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Delaware formation, said pool to bear the designation

of East Sand Dunes-Delaware Pool. Said East Sand Dunes-Delaware Pool was discovered by the Texaco Exploration and Production Inc. SDE 18 Federal Well No. 1 located in Unit C of Section 18, Township 23 South, Range 32 East, NMPM. It was completed in the Delaware formation on November 24, 1992. The top of the perforations is at 8,363 feet.

(5) There is need for the assignment of a bonus discovery allowable in the amount of 24,680 barrels of oil to the Meridian Oil Inc. Dagger Lake 5 State Well No. 1 located in Unit O of Section 5, Township 22 South, Range 33 East, NMPM. Said Dagger Lake 5 State Well No. 1 is the discovery well for the Dagger Lake-Delaware Pool in Lea County, New Mexico, which was created by Division Order No. R-9792 effective on December 1, 1992. Said discovery allowable should be made retroactive to December 1, 1992.

(6) There is need for the dismissal of the proposed extension to the Jenkins-Devonian Pool in Lea County, New Mexico, pending further study.

(7) There is need for certain extensions to the South Baum-Wolfcamp Pool, the North Bell Lake-Delaware Pool, the Blinebry Oil and Gas Pool, the Buffalo-Queen Pool, the Buffalo-Yates Pool, the Cass-Pennsylvanian Pool, the South Corbin-Bone Spring Pool, the South Corbin-Wolfcamp Pool, the Cuerno Largo-Pennsylvanian Pool, the Hat Mesa-Morrow Gas Pool, the House-Blinebry Pool, the Northeast Lea-Delaware Pool, the Lost Tank-Delaware Pool, the Northeast Lovington-Wolfcamp Pool, the Pitchfork Ranch-Morrow Gas Pool, the Quail Ridge-Delaware Pool, the Querecho Plains-Delaware Pool, the Red Tank-Bone Spring Pool, the Tubb Oil and Gas Pool, the North Vacuum Atoka-Morrow Gas Pool, the Vacuum-Drinkard Pool, and the Vacuum Grayburg-San Andres Pool, all in Lea County, New Mexico, and the East Allison-San Andres Pool in Roosevelt County, New Mexico.

IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM
Section 16: SW/4

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

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 26: SW/4

(c) A new pool in Lea County, New Mexico, classified as an oil pool for Delaware production is hereby created and designated as the East Sand Dunes-Delaware Pool, consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 18: NW/4

(d) A bonus discovery allowable of 24,680 barrels of oil is hereby assigned to the Meridian Oil Inc. Dagger Lake 5 State Well No. 1 located in Unit O of Section 5, Township 22 South, Range 33 East, NMPM, Lea County, New Mexico, which is the discovery well for the Dagger Lake-Delaware Pool created by Division Order No. R-9792. Said discovery allowable shall be retroactive to December 1, 1992.

(e) The East Allison-San Andres Pool in Roosevelt County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 8 SOUTH, RANGE 37 EAST, NMPM
Section 28: N/2

(f) The South Baum-Wolfcamp Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM
Section 3: All
Section 4: N/2
Section 5: N/2

(g) The North Bell Lake-Delaware Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 19: E/2

(h) The Blinebry Oil and Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 17: NE/4

(i) The Buffalo-Queen Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 31: NE/4

(j) The Buffalo-Yates Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 2: NW/4

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 5: NW/4

(k) The Cass-Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 9: S/2
Section 16: NE/4

(l) The South Corbin-Bone Spring Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 28: W/2

(m) The South Corbin-Wolfcamp Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 5: NE/4
Section 15: SW/4

(n) The Cuerno Largo-Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM
Section 25: SE/4

(o) The Hat Mesa-Morrow Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 33 EAST, NMPM
Section 7: SE/4
Section 8: S/2
section 9: W/2

(p) The House-Blinebry Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM
Section 35: SE/4
Section 36: S/2

(q) The proposed extension to the Jenkins-Devonian Pool in Lea County, New Mexico, is hereby dismissed.

(r) The Northeast Lea-Delaware Pool in Lea County, New Mexico, as heretofore classified, defined, and

described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 2: SW/4

(s) The Lost Tank-Delaware Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 18: S/2
Section 19: NW/4

(t) The Northeast Lovington-Wolfcamp Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 7: NW/4

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

TOWNSHIP 25 SOUTH, RANGE 34 EAST, NMPM
Section 7: N/2

(v) The Quail Ridge-Delaware Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 9: NE/4
Section 10: NE/4

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 34: S/2 and NE/4
Section 35: NW/4

(x) The Red Tank-Bone Spring Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 23: SE/4
Section 26: NE/4

(y) The Tubb Oil and Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 38 EAST, NMPM
Section 5: S/2 NW/4

(z) The North Vacuum Atoka-Morrow Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
Section 36: SE/4

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 31: W/2

(aa) The Vacuum-Drinkard Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 1: SE/4
Section 12: NE/4

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 6: SW/4

(bb) The Vacuum Grayburg-San Andres Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
Section 31: SE/4

IT IS FURTHER ORDERED THAT:

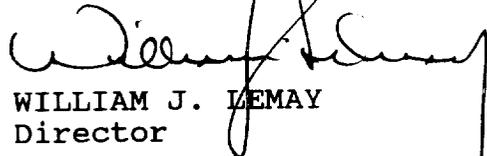
(1) Pursuant to Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective 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, assignments of discovery allowables, and extensions included herein shall be March 1, 1993.

Case No. 10664
Order No. R-9843
-7-

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

fd/