

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. 11215
Order No. R-10324

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 2, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 7th day of March, 1995, 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 Strawn formation, said pool to bear the designation of Duffield-Strawn Gas Pool. Said Duffield-Strawn Gas Pool was discovered by the Meridian Oil, Inc. Tecumseh Federal Well No. 1 located in Unit H of Section 20, Township 16 South, Range 27 East, NMPM. It was completed in the Strawn formation on August 7, 1994. The top of the perforations is at 8,170 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 East Malaga-Delaware Pool. Said East Malaga-Delaware Pool was discovered by the Enron Oil and Gas Company Willow Lake 15 Well No. 2 located in Unit J of Section 15, Township 24 South, Range 28 East, NMPM. It was completed in the Delaware

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formation on October 25, 1994. The top of the perforations is at 4,769 feet.

(4) There is need for certain extensions to the Burton Flat-Bone Spring Associated Pool, the South Carlsbad-Morrow Gas Pool, the East Catclaw Draw-Delaware Pool, the Cedar Lake-Morrow Gas Pool, the North Dagger Draw-Upper Pennsylvanian Pool, the Dublin Ranch-Atoka Gas Pool, the South Empire-Wolfcamp Pool, the East Herradura Bend-Delaware Pool, the Indian Basin-Strawn Gas Pool, the Ingle Wells-Delaware Pool, the South Livingston Ridge-Delaware Pool, the Mesa Verde-Delaware Pool, the Penasco Draw-Wolfcamp Pool, the Northwest Poker Lake-Delaware Pool, the Southwest Poker Lake-Delaware Pool, the West Sand Dunes-Delaware Pool, the Shugart Yates-Seven Rivers-Queen-Grayburg Pool, the North Turkey Track-Atoka Gas Pool, the Turkey Track-Morrow Gas Pool, the U.S.-Delaware Pool, and the Willow Lake-Delaware 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 Strawn production is hereby created and designated as the Duffield-Strawn Gas Pool, consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 20: E/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 East Malaga-Delaware Pool, consisting of the following described area:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 15: SE/4

(c) The Burton Flat-Bone Spring Associated Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 32: SE/4

(d) The South Carlsbad-Morrow Gas 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 4: E/2

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(e) The East 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 26 EAST, NMPM
Section 16: SW/4

(f) The Cedar Lake-Morrow Gas 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 35: S/2

(g) 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 34: NE/4

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 28: All
Section 29: NE/4

(h) The Dublin Ranch-Atoka Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 15: SW/4
Section 16: SE/4

(i) The South Empire-Wolfcamp 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 6: W/2

(j) The East Herradura Bend-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 1: SW/4

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

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM
Section 8: E/2

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

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 34: NW/4

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

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 1: SW/4
Section 12: NW/4

(n) The Mesa Verde-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 1: E/2

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

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 34: NE/4

(p) The Northwest 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 30 EAST, NMPM
Section 13: E/2

(q) The Southwest 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 30 EAST, NMPM
Section 25: NW/4

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(r) The West Sand Dunes-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 9: E/2

(s) The Shugart Yates-Seven Rivers-Queen-Grayburg 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 23: SE/4

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

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 35: E/2
Section 36: S/2

(u) 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 28 EAST, NMPM
Section 11: E/2

(v) The U.S.-Delaware 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 27: NW/4

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

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 36: SW/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

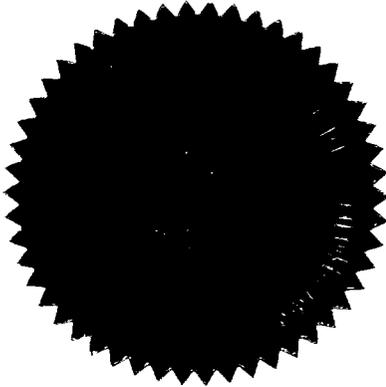
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rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said well 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.

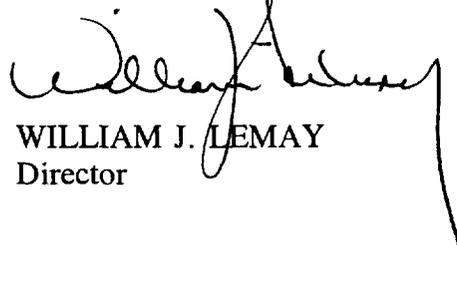
(2) The effective date of this order and all creations and extensions included herein shall be April 1, 1995.

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "William J. Lemay", written over the typed name and title.

WILLIAM J. LEMAY
Director

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