

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED Y THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 11530
Order No. R-10591

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN
ORDER CREATING 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 May 2, 1996, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 8th day of May, 1996, 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 oil from the Delaware formation, said pool to bear the designation of Northwest Corral Canyon-Delaware Pool. Said Northwest Corral Canyon-Delaware Pool was discovered by the Santa Fe Energy Resources, Inc. Corral Fly Unit Well No. 1 located in Unit G of Section 2, Township 25 South, Range 29 East, NMPM. It was completed in the Delaware formation on February 23, 1996. The top of the perforations is at 5,341 feet.
- (3) There is need for the creation of a new pool in Chaves County, New Mexico, for the production of gas from the Pennsylvanian formation, said pool to bear the designation

Case No. 11530
Order No. R-10591

-2-

of Elkins-Pennsylvanian Gas Pool. Said Elkins-Pennsylvanian Gas Pool was discovered by the Walter Exploration, Inc. J. G. O'Brien Well No. 4 located In Unit L of Section 31, Township 7 South, Range 29 East, NMPM. It was completed in the Pennsylvanian formation on August 31, 1987. The top of the perforations is at 6,761 feet.

(4) 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 Happy Valley-Bone Spring Pool. Said Happy Valley-Bone Spring Pool was discovered by the Pennwell Energy, Inc. Rookie State Well No. 1 located in Unit B of Section 7, Township 22 South, Range 26 East, NMPM. It was completed in the Bone Spring formation on March 15, 1996. The top of the perforations is at 6,715 feet.

(5) There is need for certain extensions to the East Burton-Delaware Pool, the East Burton Flat-Strawn Gas Pool, the East Burton Flat-Wolfcamp Gas Pool, the South Carlsbad-Strawn Gas Pool, the Cedar Canyon-Delaware Pool, the Cedar Canyon-Morrow Gas Pool, the South Dagger Draw-Upper Pennsylvanian Associated Pool, the Happy Valley-Delaware Pool, the Loco Hills-Atoka Gas Pool, the Nash Draw-Brushy Canyon Pool, the West Parkway-Morrow Gas Pool, the Southeast Quahada Ridge-Delaware Pool, the Sand Tank-Morrow Gas 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 Northwest Corral Canyon-Delaware Pool, consisting of the following described area:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM

Section 2: E/2

Section 11: NE/4

(b) A new pool in Chaves County, New Mexico, classified as a gas pool for Pennsylvanian production is hereby created and designated as the Elkins-Pennsylvanian Gas Pool, consisting of the following described area:

TOWNSHIP 7 SOUTH, RANGE 29 EAST, NMPM

Section 31: W/2

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

Case No. 11530
Order No. R-10591
-3-

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 7: NE/4

(d) 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 4: E/2
Section 9: E/2

(e) 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 22: S/2
Section 27: N/2

(f) The East Burton Flat-Wolfcamp 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 27: N/2
Section 28: N/2

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

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 20: W/2

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

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 21: SE/4

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

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 11: W/2

Case No. 11530
Order No. R-10591
-4-

(j) 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 34: W/2

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

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

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

TOWNSHIP 17 SOUTH, RANGE 20 EAST, NMPM
Section 35: N/2
Section 36: N/2

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

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

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

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 30: S/2

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

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM
Section 36: NE/4

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

Case No. 11530
Order No. R-10591
-5-

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 7: E/2
Section 8: W/2

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

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

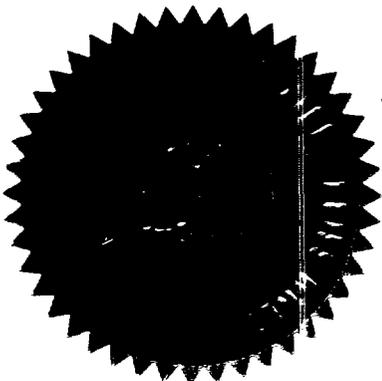
Section 16: N/2

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 and extensions included herein shall be June 1, 1996.

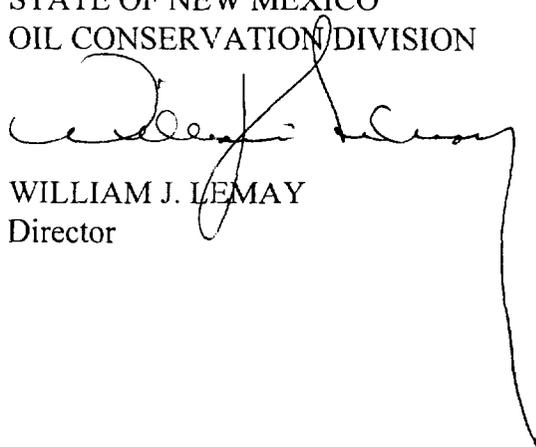
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director