

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. 11582
Order No. R-10642

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 August 8, 1996, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 20th day of August, 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 gas from the Morrow formation, said pool to bear the designation of East Indian Basin-Morrow Gas Pool. Said East Indian Basin-Morrow Gas Pool was discovered by the Marathon Oil Company Bone Flat "12" Federal Com. Well No. 5 located in Unit F of Section 12, Township 21 South, Range 23 East, NMPM. It was completed in the Morrow formation on May 3, 1996. The top of the perforations is at 9,466 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Morrow formation, said pool to bear the designation of Red Lake-Morrow Gas Pool. Said Red Lake-Morrow Gas Pool was discovered by the Arco

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Permian Dancer "32" State Com. Well No. 1 located in Unit H of Section 32, Township 17 South, Range 28 East, NMPPM. It was completed in the Morrow formation on April 12, 1996. The top of the perforations is at 10,200 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Chester formation, said pool to bear the designation of Sand Tank-Chester Gas Pool. Said Sand Tank-Chester Gas Pool was discovered by the Enron Oil & Gas Company Sand Tank "7" Federal Com. Well No. 1 located in Unit D of Section 7, Township 18 South, Range 30 East, NMPPM. It was completed in the Chester formation on May 13, 1996. The top of the perforations is at 11,673 feet.

(5) There is need for certain extensions to the Antelope Sink-Upper Pennsylvanian Gas Pool, the East Avalon-Bone Spring Pool, the North Dagger Draw-Upper Pennsylvanian Pool, the Happy Valley-Delaware Pool, the Ingle Wells-Delaware Pool, the Nash Draw-Brushy Canyon Pool, the West Parkway-Atoka Gas Pool, the Santo Nino-Bone Spring Pool, and the North Winchester-Morrow Gas 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 Morrow production is hereby created and designated as the East Indian Basin-Morrow Gas Pool, consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPPM
Section 12: W/2

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

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPPM
Section 32: E/2

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

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPPM
Section 7: W/2

(d) The Antelope Sink-Upper Pennsylvanian Gas Pool in Eddy County, New

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Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM

Section 7: W/2

(e) The East Avalon-Bone Spring Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 3: S/2

Section 4: SE/4

(f) 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 25 EAST, NMPM

Section 9: NE/4

(g) 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 29: SE/4

(h) The Ingle Wells-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 11: NE/4

(i) 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: SE/4

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

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TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 28: S/2

Section 29: S/2

Section 30: S/2

(k) The Santo Nino-Bone Spring 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 29: SW/4

(l) The North Winchester-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 14: W/2

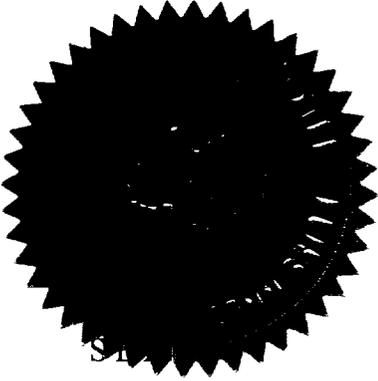
IT IS FURTHER ORDERED THAT:

(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.

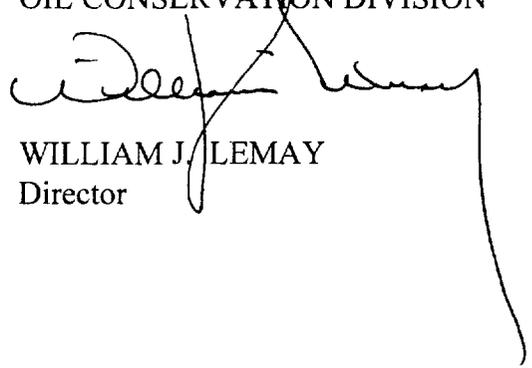
(2) The effective date of this order and all creations and extensions included herein shall be September 1, 1996.

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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. Lemay". The signature is written in a cursive style and extends across the text below it.

WILLIAM J. LEMAY
Director

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