

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. 11759
Order No. R-10787

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 April 3, 1997, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 9th day of April, 1997, 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 San Andres formation, said pool to bear the designation of South Chisum-San Andres Pool. Said South Chisum-San Andres Pool was discovered by the Marbob Energy Corporation Katie Elder State Well No. 1 located in Unit J of Section 36, Township 11 South, Range 27 East, NMPM. It was completed in the San Andres formation on November 20, 1996. The top of the perforations is at 2,664 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 South Corral Canyon-Delaware Pool. Said South Corral Canyon-Delaware Pool was

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discovered by the Yates Drilling Company Bennett Federal Well No. 1 located in Unit O of Section 30, Township 25 South, Range 30 East, NMPM. It was completed in the Delaware formation on September 18, 1983. The top of the perforations is at 3,514 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Premier formation, said pool to bear the designation of High Lonesome-Premier Pool. Said High Lonesome-Premier Pool was discovered by the McClellan Oil Corporation Hinkle Federal Well No. 5 located in Unit L of Section 10, Township 16 South, Range 29 East, NMPM. It was completed in the Premier formation on April 12, 1985. The top of the perforations is at 2,350 feet.

(5) There is need for the creation of a new pool in Chaves County, New Mexico, for the production of oil from the San Andres formation, said pool to bear the designation of Lone Wolf-San Andres Pool. Said Lone Wolf-San Andres Pool was discovered by the McClellan Oil Corporation Stevens Federal Well No. 4 located in Unit P of Section 27, Township 13 South, Range 29 East, NMPM. It was completed in the San Andres formation on November 13, 1981. The top of the perforations is at 2,766 feet.

(6) 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 West Lost Tank-Delaware Pool. Said West Lost Tank-Delaware Pool was discovered by the Pogo Producing Company Lost Tank "4" Federal Well No. 1 located in Unit C of Section 4, Township 22 South, Range 31 East, NMPM. It was completed in the Delaware formation on October 12, 1996. The top of the perforations is at 7,772 feet.

(7) 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 Scanlon-Delaware Pool. Said East Scanlon-Delaware Pool was discovered by the Yates Petroleum Corporation Zinnia Federal Unit Well No. 1 located in Unit E of Section 27, Township 20 South, Range 29 East, NMPM. It was completed in the Delaware formation on June 18, 1996. The top of the perforations is at 3,900 feet.

(8) 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 Turkey Track-Strawn Gas Pool. Said Turkey Track-Strawn Gas Pool was discovered by the Threshold Development Company Conoco "9A" State Well No. 1 located in Unit G of Section 9, Township 19 South, Range 29 East, NMPM. It was completed in the Strawn formation on December 20, 1996. The top of the perforations is at 10,314 feet.

(9) There is need for certain extensions to the Alacran Hills-Wolfcamp Gas Pool, the Angell Ranch-Atoka-Morrow Gas Pool, the Antelope Sink-Upper Pennsylvanian Gas

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Pool, the Atoka-Glorieta-Yeso Pool, the East Brushy Draw-Delaware Pool, the North Burton Flat-Wolfcamp Gas Pool, the South Carlsbad-Morrow Gas Pool, the Cass Draw-Delaware Pool, the Cedar Canyon-Bone Spring Pool, the Cedar Canyon-Delaware Pool, the Cemetery-Strawn Gas Pool, the Cottonwood Creek-Wolfcamp Gas Pool, the North Dagger Draw-Upper Pennsylvanian Pool, the South Dagger Draw-Upper Pennsylvanian Associated Pool, the West Dagger Draw-Wolfcamp Gas Pool, the Empire-Strawn Gas Pool, the Fren-Paddock Pool, the Grayburg Jackson-Seven Rivers-Queen-Grayburg-San Andres Pool, the Happy Valley-Delaware Pool, the West Henshaw-Grayburg Pool, the Hoag Tank-Strawn Gas Pool, the Hoag Tank-Wolfcamp Gas Pool, the Indian Loafer Draw-Upper Pennsylvanian Gas Pool, the Ingle Wells-Delaware Pool, the Northeast Livingston Ridge-Atoka Gas Pool, the Logan Draw-Morrow Gas Pool, the East Millman-Queen-Grayburg-San Andres Pool, the East Pierce Crossing-Bone Spring Pool, the South Poker Lake-Delaware Pool, the Saladar-Upper Pennsylvanian Gas Pool, the Sand Tank-Morrow Gas Pool, and the Willow Lake-Delaware Pool, all in Eddy County, New Mexico, and the Lake Arthur-Pennsylvanian Gas Pool in Chaves County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Eddy County, New Mexico, classified as an oil pool for San Andres production is hereby created and designated as the South Chisum-San Andres Pool, consisting of the following described area:

TOWNSHIP 11 SOUTH, RANGE 27 EAST, NMPM
Section 36: SE/4

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

TOWNSHIP 25 SOUTH, RANGE 30 EAST, NMPM
Section 30: SE/4

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

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM
Section 10: SW/4

(d) A new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production is hereby created and designated as the Lone Wolf-San Andres Pool,

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consisting of the following described area:

TOWNSHIP 13 SOUTH, RANGE 29 EAST, NMPM
Section 27: SE/4

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

TOWNSHIP 21 SOUTH, RANGE 31 EAST, NMPM
Section 33: S/2

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM
Section 4: NW/4

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

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 27: NW/4

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

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 9: N/2

(h) The Alacran Hills-Wolfcamp Gas 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 11: N/2

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

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 8: S/2
Section 17: N/2

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(j) The Antelope Sink-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM
Section 24: N/2

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

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 36: NE/4

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

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
Section 17: E/2

(m) The North 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 28 EAST, NMPM
Section 4: W/2

(n) 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 10: W/2

(o) The Cass Draw-Delaware Pool in Eddy County, New Mexico, as heretofore classified, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 23: NW/4

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

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TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 10: NE/4

(q) 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 28: NE/4

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

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 19: N/2

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

TOWNSHIP 16 SOUTH, RANGE 25 EAST, NMPM
Section 17: S/2
Section 20: N/2

(t) 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 27: NE/4

(u) 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 ½ SOUTH, RANGE 23 EAST, NMPM
Section 34: All

(v) The West Dagger Draw-Wolfcamp 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 24 EAST, NMPM

Section 28: W/2

Section 32: N/2

(w) The Empire-Strawn 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 21: All

(x) The Fren-Paddock Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 16: SW/4

(y) The Grayburg Jackson-Seven Rivers-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM

Section 32: W/2

(z) 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 33: SE/4

Section 34: NW/4

(aa) The West Henshaw-Grayburg Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM

Section 12: SE/4

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM

Section 7: SW/4

(bb) The Hoag Tank-Strawn 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 24 EAST, NMPM

Section 26: N/2

(cc) The Hoag Tank-Wolfcamp Gas 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 15: S/2

Section 22: W/2

(dd) The Indian Loafer Draw-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 21 EAST, NNPM

Section 12: NE/4

TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM

Section 7: N/2

(ee) 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 25: NE/4

Section 36: NE/4

(ff) The Lake Arthur-Pennsylvanian Gas Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 15 SOUTH, RANGE 26 EAST, NMPM

Section 36: SE/4

(gg) The Northeast Livingston Ridge-Atoka Gas 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 12: SW/4

(hh) The Logan Draw-Morrow Gas Pool in Eddy County, New Mexico, as

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

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 28: W/2
Section 33: W/2

(ii) The East Millman-Queen-Grayburg-San Andres 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 1: NE/4 and N/2 SE/4

(jj) The East Pierce Crossing-Bone Spring 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: SW/4
Section 15: NE/4

(kk) 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 22: SW/4
Section 27: W/2

(ll) The Saladar-Upper Pennsylvanian 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 25: W/2

(mm) The Sand Tank-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 1: All

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

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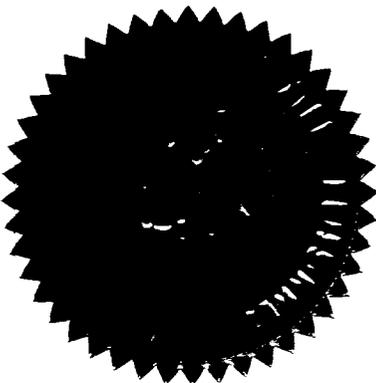
TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM
Section 6: NE/4

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 and extensions included herein shall be May 1, 1997.

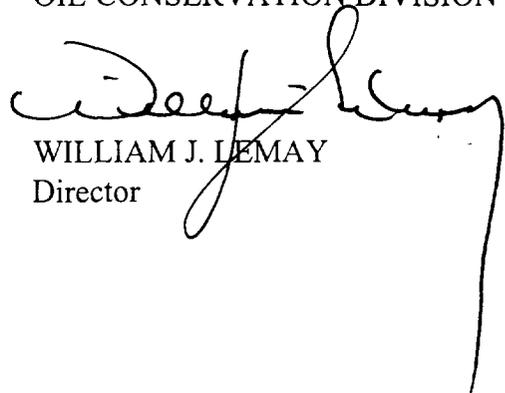
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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fd/

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director