

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. 10027  
Order No. R-9241

THE APPLICATION OF THE OIL CONSERVATION  
DIVISION UPON ITS OWN MOTION FOR AN  
ORDER CREATING, ASSIGNING A DISCOVERY  
ALLOWABLE, ABOLISHING, CONTRACTING, 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 July 25, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 31st day of July, 1990, 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) At the time of the hearing, this case was consolidated with Case No. 10026 for the purpose of testimony.

(3) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Atoka formation, said pool to bear the designation of Bear Grass Draw-Atoka Gas Pool. Said Bear Grass Draw-Atoka Gas Pool was discovered by the Amoco Production Company Empire South Deep Unit Well No. 12 located in Unit K of Section 5, Township 18 South, Range 29 East, NMPM. It was completed in the Atoka formation on March 30, 1990. The top of the perforations is at 10,191 feet.

(4) There is need for the dismissal of the proposed creation of the Clarks Springs-Devonian Pool in Chaves County, New Mexico, pending further study.

(5) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Wolfcamp formation, said pool to bear the designation of Espuela-Wolfcamp Gas Pool. Said Espuela-Wolfcamp Gas Pool was discovered by the Yates Petroleum Corporation Friendly Frenchman HB Well No. 1 located in Unit P of Section 32, Township 16 South, Range 26 East, NMPM. It was completed in the Wolfcamp formation on November 1, 1989. The top of the perforations is at 5,327 feet.

(6) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Atoka formation, said pool to bear the designation of West Four Mile Draw-Atoka Gas Pool. Said West Four Mile Draw-Atoka Gas Pool was discovered by the Nearburg Producing Company Ivey Com Well No. 1 located in Unit H of Section 5, Township 19 South, Range 26 East, NMPM. It was completed in the Atoka formation on February 28, 1985. The top of the perforations is at 8,928 feet.

(7) 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 North Shugart-San Andres Pool. Further, the discovery well for said North Shugart-San Andres Pool, the Yates Energy Corporation Thornbush Federal Well No. 1 located in Unit N of Section 1, Township 18 South, Range 31 East, NMPM, is entitled to and should receive a bonus discovery allowable in the amount of 23,180 barrels of oil to be assigned over a two-year period. Said discovery well was completed in the San Andres formation on May 25, 1990. The top of the perforations is at 4,620 feet.

(8) There is need for the abolishment of the Rabbit Flats-PrePermian Gas Pool in Chaves County, New Mexico, in order to correct nomenclature.

(9) There is need for the contraction of the Comanche Spring-PrePermian Gas Pool in Chaves County, New Mexico, in order to correct nomenclature.

(10) There is need for certain extensions to the Bullseye-San Andres Pool, the Comanche Spring-PrePermian Gas Pool, the Diablo-Fusselman Pool, the Foor Ranch-PrePermian Gas Pool, and the South Wolf Lake-San Andres Pool, all in Chaves County, New Mexico, and the East Burton Flat-Morrow Gas Pool, the East Burton Flat-Strawn Gas Pool, the Cabin Lake-Delaware Pool, the South Carlsbad-Atoka Gas Pool, the South Culebra Bluff-Atoka Gas Pool, the North Dagger Draw-Upper Pennsylvanian Pool, the Hoag Tank-Morrow Gas Pool, the Loco Hills-Wolfcamp Pool, the East Loving-Delaware Pool, the Mosley Canyon-Strawn Gas Pool, the Penasco Draw San Andres-Yeso Associated Pool, the Shugart Yates-Seven Rivers-Queen-Grayburg Pool, the North Shugart-Bone Spring Pool, the Tamano-Boee Spring Pool, and the Willow Lake-Bone Spring 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 Atoka production is hereby created and designated as the Bear Grass Draw-Atoka Gas Pool, consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM  
Section 5: S/2

(b) The proposed creation of the Clarks Springs-Devonian Pool in Chaves County, New Mexico, is hereby dismissed.

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

TOWNSHIP 16 SOUTH, RANGE 26 EAST, NMPM  
Section 32: S/2

(d) A new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production is hereby created and designated as the West Four Mile Draw-Atoka Gas Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 26 EAST, NMPM  
Section 5: N/2

Case No. 10027  
Order No. R-9241

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

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM  
Section 1: SW/4

Further, the discovery well for said North Shugart-San Andres Pool, the Yates Energy Corporation Thornbush Federal Well No. 1 located in Unit N of Section 1, Township 18 South, Range 31 East, NMPM, is hereby assigned a bonus discovery allowable of 23,180 barrels to be produced over a two-year period.

(f) The Rabbit Flats-PrePermian Gas Pool in Chaves County, New Mexico, consisting of the following described area:

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM  
Section 36: W/2

is hereby abolished.

(g) The Comanche Spring-PrePermian Gas Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby contracted by the deletion of the following described area:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM  
Section 36: W/2

(h) The Bullseye-San Andres Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 7 SOUTH, RANGE 28 EAST, NMPM  
Section 26: NE/4

(i) The East Burton Flat-Morrow 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 13: N/2

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM  
Section 15: All

(j) 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 2: S/2

(k) The Cabin Lake-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 11: NE/4

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

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM  
Section 16: N/2

(m) The Comanche Spring-PrePermian Gas Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM  
Section 25: S/2  
Section 36: W/2

TOWNSHIP 11 SOUTH, RANGE 27 EAST, NMPM  
Section 8: N/2

(n) The South Culebra Bluff-Atoka Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM  
Section 30: S/2

(o) 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 13: NE/4  
Section 26: N/2

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 1: SE/4

Section 3: N/2 and SE/4

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

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM

Section 21: N/2

(q) The Foor Ranch-PrePermian Gas Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM

Section 36: All

(r) The Hoag Tank-Morrow 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 26: S/2

(s) The Loco Hills-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 21: S/2

Section 28: NE/4

(t) The East Loving-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 11: SW/4

Section 14: NE/4

Section 23: NE/4

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

TOWNSHIP 24 SOUTH, RANGE 25 EAST, NMPM

Section 5: S/2

Case No. 10027  
Order No. R-9241

(v) The Penasco Draw San Andres-Yeso Associated 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 10: E/2  
Section 11: All

(w) 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 19 SOUTH, RANGE 30 EAST, NMPM  
Section 3: NE/4

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

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM  
Section 3: SE/4

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

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM  
Section 23: N/2  
Section 24: NW/4

(z) The Willow Lake-Bone Spring 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 35: E/2  
Section 36: All

(aa) The South Wolf Lake-San Andres Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

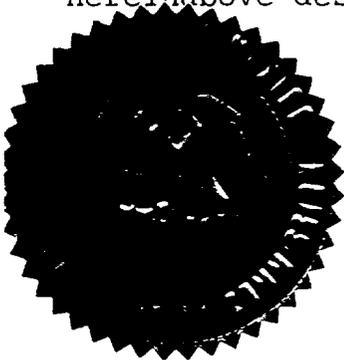
TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM  
Section 18: NW/4

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.

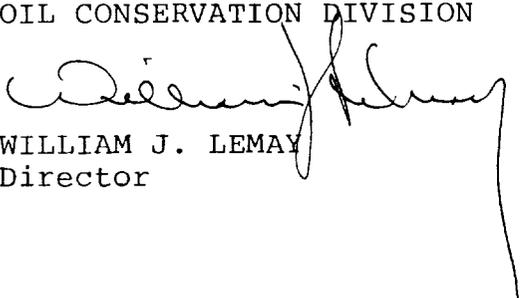
(2) The effective date of this order and all creations, assignments of discovery allowable, abolishments, contractions, and extensions included herein shall be August 1, 1990.

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



S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LEMAY  
Director

fd/