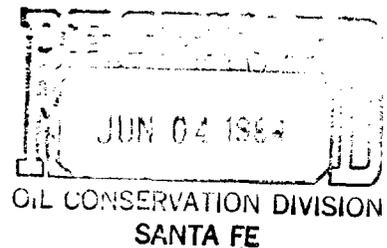


STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



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

CASE NO. 8222
ORDER NO. R-7554

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN ORDER
CREATING, ASSIGNING DISCOVERY ALLOWABLES,
ABOLISHING, CONTRACTING, AND EXTENDING
CERTAIN EXISTING POOLS IN CHAVES, LEA, AND
ROOSEVELT COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:00 a.m. June 6, 1984, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of June, 1984, the Division Director having considered the testimony, the record, the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and subject matter thereof.
- (2) That there is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the Mississippian formation. Said pool to bear the designation of Northwest Austin-Mississippian Gas Pool. Said Northwest Austin-Mississippian Gas Pool was discovered by the Harvey E. Yates Company Duncan Unit Well No. 3 located in Unit N of Section 26, Township 13 South, Range 35 East, NMPM. It was completed March 7, 1984, in the Mississippian formation. The top of the perforations is at 13,435 feet.
- (3) That there is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the San Andres formation. Said pool to bear the designation of East Bishop Canyon-San Andres Pool. Said East Bishop Canyon-San Andres Pool was discovered by the Bishop Canyon Uranium Company Forest A Well No. 1 located in Unit A of Section 11, Township 18 South, Range 38 East, NMPM. It was completed July 17, 1959, in the San Andres formation. The top of the perforations is at 4,884 feet.
- (4) That there is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the San Andres formation. Said pool to bear the designation of West Bishop Canyon-San Andres Pool. Said West Bishop Canyon-San Andres Pool was discovered by the H.L. Brown Houston Well No. 1 located in Unit H of Section 9, Township 18 South, Range 38 East, NMPM. It was completed July 18, 1963, in the San Andres formation. The top of the perforations is at 4757 feet.

(5) That there is need for the creation of a new pool in Chaves County, New Mexico, for the production of gas from the Morrow formation. Said pool to bear the designation of West Caprock-Morrow Gas Pool. Said West Caprock-Morrow Gas Pool was discovered by the Enserch Exploration, Inc. State 13 Well No. 1 located in Unit L of Section 13, Township 12 South, Range 31 East, NMPM. It was completed April 5, 1984, in the Morrow formation. The top of the perforations is at 10,904 feet.

(6) That there is need for the creation of a new pool in Chaves County, New Mexico, for the production of oil from the Permo Upper Pennsylvanian formation. Said pool to bear the designation of Cedar Point-Permo Upper Pennsylvanian Pool. Further, that the discovery well for said pool, the McClellan Oil Corporation McClellan A Federal Well No. 2 located in Unit H of Section 27, Township 15 South, Range 30 East, NMPM, is entitled to and should receive a bonus discovery allowable in the amount of 25,050 barrels to be assigned over a two-year period. Said discovery well was completed March 3, 1984, in the Permo Upper Pennsylvanian formation. The top of the perforations is at 9,088 feet.

(7) That there is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Queen formation. Said pool to bear the designation of North Corbin-Queen Gas Pool. Said North Corbin-Queen Gas Pool was discovered by the Phillips Oil Company Leamex Well No. 20 located in Unit B of Section 23, Township 17 South, Range 33 East, NMPM. It was completed June 29, 1983, in the Queen formation. The top of the perforations is at 3,778 feet.

(8) That there is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Pennsylvanian formation. Said pool to bear the designation of Southeast Denton-Pennsylvanian Pool. Said Southeast Denton-Pennsylvanian Pool was discovered by the Newmont Oil Company State 16 Well No. 1 located in Unit K of Section 16, Township 15 South, Range 37 East, NMPM. It was completed December 21, 1983, in the Pennsylvanian formation. The top of the perforations is at 11,231 feet.

(9) That there is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Bone Spring formation. Said pool to bear the designation of Mescalero Escarpe-Bone Spring Pool. Further, that the discovery well for said pool, the Cities Service Oil and Gas Corporation State DW Well No. 1 located in Unit J of Section 12, Township 18 South, Range 33 East, NMPM, is entitled to and should receive a bonus discovery allowable in the amount of 23,530 barrels to be assigned over a two-year period. Said discovery well was completed April 15, 1984, in the Bone Spring formation. The top of the perforations is at 8,803 feet.

(10) That there is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Delaware formation. Said pool to bear the designation of Northeast Salado Draw-Delaware Pool. Said Northeast Salado Draw-Delaware Pool was discovered by the Superior Oil Company State 36 Well No. 1 located in Unit G of Section 36, Township 25 South, Range 33 East, NMPM. It was completed January 15, 1984, in the Delaware formation. The top of the perforations is at 5,192 feet.

(11) That there is need to dismiss the proposed creation of the Tanneyhill-Fusselman Pool in Roosevelt County, New Mexico, since the Energy Reserves Group, Inc. Miller Well #1 located in Unit G of Section 10, Township 6 South, Range 33 East, NMPM, will be placed in the South Peterson-Fusselman Pool.

(12) That there is need for the abolishment of the Bishop Canyon-San Andres Pool in Lea County, New Mexico, since a geological study indicates the wells in this pool produce from two separate reservoirs. The pool area will be divided and placed in the East Bishop Canyon-San Andres Pool and West Bishop Canyon-San Andres Pool.

(13) That there is need for the contraction of the Rhodes-Yates-Seven Rivers Gas Pool in Lea County, New Mexico, and the concomitant extension of the Rhodes Yates-Seven Rivers Oil Pool due to the completion of El Paso Exploration Co. Elliott Federal Well No. 5 located in Unit C of Section 21, Township 26 South, Range 37 East, NMPM, as an oil well.

(14) That there is need for certain extensions to the Many Gates-Wolfcamp Pool in Chaves County, New Mexico, and the Airstrip-Upper Bone Spring Pool, the Baum-Upper Pennsylvanian Pool, the Cruz-Delaware Pool, the Drinkard Pool, the Feather-Morrow Pool, the West Jal-Wolfcamp Pool, the West Osudo-Morrow Gas Pool, the Querecho Plains-Queen Associated Pool, and the Wantz-Granite Wash Pool all in Lea County, New Mexico, and the South Peterson-Pennsylvanian Associated Pool in Roosevelt County, New Mexico.

IT IS THEREFORE ORDERED:

(a) That a new pool in Lea County, New Mexico, classified as a gas pool for Mississippian production is hereby created and designated as the Northwest Austin-Mississippian Gas Pool, consisting of the following described area:

TOWNSHIP 13 SOUTH, RANGE 35 EAST, NMPM
Section 26: S/2

(b) That a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production is hereby created and designated as the East Bishop Canyon-San Andres Pool, consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM
Section 11: NE/4

(c) That a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production is hereby created and designated as the West Bishop Canyon-San Andres Pool, consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM
Section 9: E/2
Section 10: W/2

(d) That a new pool in Chaves County, New Mexico, classified as a gas pool for Morrow production is hereby created and designated as the West Caprock-Morrow Gas Pool, consisting of the following described area:

TOWNSHIP 12 SOUTH, RANGE 31 EAST, NMPM
Section 13: W/2

(e) That a new pool in Chaves County, New Mexico, classified as an oil pool for Permo Upper Pennsylvanian production is hereby created and designated as the Cedar Point-Permo Upper Pennsylvanian Pool, consisting of the following described area:

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM
Section 27: NE/4

Further, that the discovery well for said Cedar Point-Permo Upper Pennsylvanian Pool, being the McClellan Oil Corporation McClellan A Federal well No. 2 located in Unit H of Section 27, Township 15 South, Range 30 East, NMPM, is hereby assigned a bonus discovery allowable in the amount of 25,050 barrels to be produced over a two-year period.

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(f) That a new pool in Lea County, New Mexico, classified as a gas pool for Queen production is hereby created and designated as the North Corbin-Queen Gas Pool, consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 23: NE/4

(g) That a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production is hereby created and designated as the Southeast Denton-Pennsylvanian Pool, consisting of the following described area:

TOWNSHIP 15 SOUTH, RANGE 37 EAST, NMPM
Section 16: SW/4

(h) That a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production is hereby created and designated as the Mescalero Escarpe-Bone Spring Pool, consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 12: SE/4

Further, that the discovery well for said Mescalero Escarpe-Bone Spring Pool, being the Cities Service Oil and Gas Corporation State DW Well No. 1 located in Unit J of Section 12, Township 18 South, Range 33 East, NMPM, is hereby assigned a bonus discovery allowable in the amount of 23,530 barrels to be produced over a two-year period.

(i) That a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production is hereby created and designated as the Northeast Salado Draw-Delaware Pool, consisting of the following described area:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM
Section 36: NE/4

(j) That the proposed creation of the Tanneyhill-Fusselman Pool in Roosevelt County, New Mexico, is hereby dismissed.

(k) That the Bishop Canyon-San Andres Pool in Lea County, New Mexico, consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM
Section 9: E/2
Section 10: W/2 and NE/4
Section 11: N/2

is hereby abolished.

(l) That the Rhodes-Yates-Seven Rivers Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is contracted by the deletion of the following described area:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM
Section 21: NE/4 NW/4

(m) That the Rhodes Yates-Seven Rivers Oil Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM
Section 21: NE/4 NW/4

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(n) That the Airstrip-Upper Bone Spring Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 26: SW/4

(o) That the Baum Upper-Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 13 SOUTH, RANGE 32 EAST, NMPM

Section 14: SE/4

Section 26: SW/4

(p) That the Cruz-Delaware Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM

Section 17: NW/4

Section 18: NE/4

(q) That the Drinkard Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Section 1: Lots 3, 4, 5, and 6

Section 2: Lots 1, 2, 7, and 8

(r) That the Feather-Morrow Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM

Section 21: NE/4

(s) That the West Jal-Wolfcamp Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 25 SOUTH, RANGE 36 EAST, NMPM

Section 17: NE/4

(t) That the Many Gates-Wolfcamp Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 9 SOUTH, RANGE 30 EAST, NMPM

Section 29: SW/4

(u) That the West Osudo-Morrow Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM

Section 24: W/2

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(v) That the South Peterson-Pennsylvanian Associated Pool in Roosevelt County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM

Section 11: NW/4

TOWNSHIP 6 SOUTH, RANGE 34 EAST, NMPM

Section 18: Lots 1, 2, and NE/4

(w) That the Querecho Plains-Queen Associated Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 28: NE/4

(x) That the Wantz-Granite Wash Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM

Section 19: NW/4

IT IS FURTHER ORDERED:

(1) That 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 the allowable.

(2) That the effective date of this order and all creations, abolishments, contractions, discovery allowable assignments, and extensions, included therein shall be July 1, 1984.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY
DIRECTOR

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