

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. 8899
Order No. R-8229

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN
ORDER CREATING, ASSIGNING A DISCOVERY
ALLOWABLE, 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 14, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 19th day of May, 1986, 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 Chaves County, New Mexico, for the production of gas from the Morrow formation, said pool to bear the designation of Buffalo Valley-Morrow Gas Pool. Said Buffalo Valley-Morrow Gas Pool was discovered by the Read and Stevens, Inc. Langley Federal Com. Well No. 3, located in Unit O of Section 14, Township 15 South, Range 27 East, NMPM. It was completed in the Morrow formation on September 9, 1985. The top of the perforations is at 8,522 feet.

(3) 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 South Corral Canyon-Bone Spring Pool. Said South Corral Canyon-Bone Spring Pool was discovered by the United Petroleum Corporation Exxon Federal Well No. 1, located in Unit M of

Section 31, Township 25 South, Range 30 East, NMPM. It was completed in the Bone Spring formation on September 7, 1985. The top of the perforations is at 7,179 feet.

(4) 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 Culebra Bluff-Delaware Pool. Said South Culebra Bluff-Delaware Pool was discovered by the Amoco Production Company Brantley B Well No. 1, located in Unit J of Section 24, Township 23 South, Range 28 East, NMPM. It was completed in the Delaware formation on March 19, 1986. The top of the perforations is at 6,074 feet.

(5) 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 of North Foor Ranch-Pennsylvanian Gas Pool. Said North Foor Ranch-Pennsylvanian Gas Pool was discovered by the Plains Radio Broadcasting Company Camel State Well No. 2, located in Unit K of Section 6, Township 9 South, Range 27 East, NMPM. It was completed in the Pennsylvanian formation on February 25, 1986. The top of the perforations is at 6,220 feet.

(6) 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 South Leo-Bone Spring Pool. Said South Leo-Bone Spring Pool was discovered by the Yates Petroleum Corporation Benson Deep Unit Well No. 2, located in Unit E of Section 34, Township 18 South, Range 30 East, NMPM. It was completed in the Bone Spring formation on March 13, 1986. The top of the perforations is at 9,380 feet.

(7) 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 Loco Hills-Atoka Gas Pool. Said Loco Hills-Atoka Gas Pool was discovered by the Yates Petroleum Corporation Cedar Lake ADI Federal Com. Well No. 1, located in Unit E of Section 26, Township 17 South, Range 30 East, NMPM. It was completed in the Atoka formation on March 10, 1986. The top of the perforations is at 10,673 feet.

(8) 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 East Loco Hills-Bone Spring Pool. Said East Loco Hills-Bone Spring Pool was discovered by the Harvey E. Yates Company

Loco Sand Hills 9 Federal Well No. 1, located in Unit P of Section 9, Township 18 South, Range 30 East, NMPM. It was completed in the Bone Spring formation on February 10, 1986. The top of the perforations is at 7,142 feet.

(9) 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 North Ross Draw-Delaware Pool. Said North Ross Draw-Delaware Pool was discovered by the J. C. Williamson Wright Federal Well No. 1, located in Unit P of Section 15, Township 26 South, Range 30 East, NMPM. It was completed in the Delaware formation on February 21, 1986. The top of the perforations is at 5,733 feet.

(10) There is need for the assignment of a discovery allowable in the amount of 13,890 barrels to the Exxon Corporation Catclaw Draw Well No. 8, located in Unit G of Section 22, Township 21 South, Range 25 East, NMPM, Catclaw Draw-Delaware Pool. The discovery allowable is to be produced over a two-year period.

(11) There is need for certain extensions to the Atoka Glorieta-Yeso Pool, the Brushy Draw-Delaware Pool, the Four Mile Draw-Morrow Gas Pool, the Golden Lane-Strawn Gas Pool, the North Hackberry Yates-Seven Rivers Pool, the Happy Valley-Morrow Gas Pool, the High Lonesome-Queen Pool, the Kennedy Farms-Morrow Gas Pool, the Malaga-Atoka Gas Pool, the Malaga-Delaware Pool, the West Millman-Grayburg Pool, the Rocky Arroyo-Morrow Gas Pool, the West Ross Draw-Delaware Pool, the Sand Dunes-Cherry Canyon Pool, the Sheep Draw-Strawn Gas Pool, the North Shugart-Bone Spring Pool, and the Tamano-Bone Spring Pool, all in Eddy County, New Mexico.

IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM
Section 14: S/2

(b) A new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production is hereby created

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and designated as the South Corral Canyon-Bone Spring Pool, consisting of the following described area:

TOWNSHIP 25 SOUTH, RANGE 30 EAST, NMPM
Section 31: SW/4

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

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 24: SE/4

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

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM
Section 6: W/2

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

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 34: NW/4

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

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

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

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 9: SE/4

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

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
Section 15: SE/4

(i) A discovery allowable in the amount of 13,890 barrels is hereby assigned to the discovery well for the Catclaw Draw-Delaware Pool in Eddy County, New Mexico, being the Exxon Corporation Catclaw Draw Well No. 8 located in Unit G of Section 22, Township 21 South, Range 25 East, NMPM. This discovery allowable shall be produced over a two-year period.

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

TOWNSHIP 19 SOUTH, RANGE 26 EAST, NMPM
Section 4: NE/4 NE/4, S/2 NE/4, SE/4,
and NW/4

(k) The 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 29 EAST, NMPM
Section 12: N/2 SW/4

(l) The Four Mile Draw-Morrow Gas 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 25: S/2

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

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM
Section 21: E/2

(n) The North Hackberry Yates-Seven Rivers Pool in Eddy County, New Mexico, as heretofore classified, defined,

and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 28: NE/4 NW/4 and S/2 NW/4

(o) The Happy Valley-Morrow Gas 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 28: S/2
Section 29: All

(p) The High Lonesome-Queen 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 17: NW/4
Section 28: NW/4

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

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 33: W/2

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 4: W/2

(r) The Malaga-Atoka 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 7: W/2
Section 18: W/2

(s) The Malaga-Delaware 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 24: NE/4

(t) The West Millman-Grayburg 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 13: N/2

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

TOWNSHIP 21 SOUTH, RANGE 22 EAST, NMPM
Section 28: All
Section 33: N/2

(v) The West Ross 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 28: NE/4

(w) The Sand Dunes-Cherry Canyon 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 35: N/2

(x) The Sheep Draw-Strawn Gas 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: S/2

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
Section 5: N/2
Section 6: NE/4

(y) 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: NW/4
Section 4: N/2 and SW/4
Section 5: SE/4

(z) 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 2: SW/4

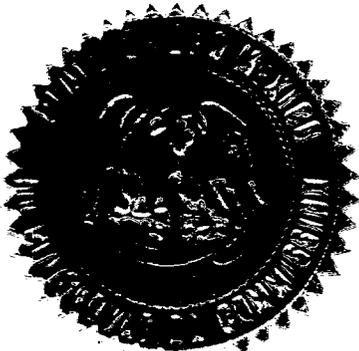
Section 11: NW/4

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 allowables, and extensions included herein shall be June 1, 1986.

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "R. L. Stamets".

R. L. STAMETS
Director