

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. 8850
Order No. R-8179

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 March 5, 1986, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 14th day of March, 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 Eddy County, New Mexico, for the production of oil from the Delaware formation, said pool to bear the designation of Catclaw Draw-Delaware Pool. Said Catclaw Draw-Delaware Pool was discovered by the Exxon Corporation Catclaw Draw Well No. 8 located in Unit G of Section 22, Township 21 South, Range 25 East, NMPM. It was completed in the Delaware formation on November 25, 1985. The top of the perforations is at 2,888 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 East Herradura Bend-Delaware Pool. Said East Herradura Bend-Delaware Pool was discovered by the Amoco Production Company State GO Well No. 1 located in Unit E of Section

2, Township 23 South, Range 28 East, NMPM. It was completed in the Delaware formation on December 29, 1985. The top of the perforations is at 6,062 feet.

(4) 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 North Laguna Salado-Atoka Gas Pool. Said North Laguna Salado-Atoka Gas Pool was discovered by the Eastland Oil Company Carthel Federal Com. Well No. 2 located in Unit G of Section 5, Township 23 South, Range 29 East, NMPM. It was completed in the Atoka formation on December 17, 1985. The top of the perforations is at 11,990 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Permo Pennsylvanian formation, said pool to bear the designation of Red Tank Draw-Permo Pennsylvanian Gas Pool. Said Red Tank Draw-Permo Pennsylvanian Gas Pool was discovered by the Exxon Corporation Altwein B Federal Com. Well No. 1 located in Unit N of Section 12, Township 19 South, Range 23 East, NMPM. It was completed in the Permo Pennsylvanian formation on November 10, 1985. The top of the perforations is at 6,184 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 East Shugart-Delaware Pool. Further, the discovery well for said pool, the Siete Oil and Gas Corporation Geronimo Federal Well No. 3 located in Unit A of Section 24, Township 18 South, Range 31 East, NMPM, is entitled to and should receive a bonus discovery allowable in the amount of 25,060 barrels to be assigned over a two-year period. Said discovery well was completed in the Delaware formation on October 2, 1985. The top of the perforations is at 5,012 feet.

(7) There is need for the dismissal of the proposed creation of a new pool in Eddy County, New Mexico, for the production of oil from the Wolfcamp formation, said pool to bear the designation of Siegreist Draw-Wolfcamp Pool. This is to be dismissed pending further study.

(8) There is need for the creation of a new pool in Chaves County, New Mexico, for the production of gas from the Fusselman formation, said pool to bear the designation of North Twin Lakes-Fusselman Gas Pool. Said North Twin

Lakes-Fusselman Gas Pool was discovered by the Stevens Operating Company Lynx Well No. 1 located in Unit G of Section 19, Township 8 South, Range 29 East, NMPM. It was completed in the Fusselman formation on July 16, 1984. The top of the perforations is at 6,852 feet.

(9) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Bone Spring formation, said pool to bear the designation of South Yarrow-Bone Spring Gas Pool. Said South Yarrow-Bone Spring Gas Pool was discovered by the Exxon Corporation South Carlsbad Gas Com. 3 Well No. 1 located in Unit C of Section 26, Township 23 South, Range 26 East, NMPM. It was completed in the Bone Spring formation on August 30, 1985. The top of the perforations is at 7,677 feet.

(10) There is need for certain extensions to the Herradura Bend-Delaware Pool, the High Lonesome-Queen Pool, the North Illinois Camp-Morrow Gas Pool, the Little Box Canyon-Morrow Gas Pool, the Outpost-Delaware Pool, the Ross Draw-Delaware Pool, the East Ross Draw-Delaware Pool, the Sheep Draw-Morrow Gas Pool, the North Shugart-Bone Spring Pool, the Turkey Track-Morrow Gas Pool, and the Winchester-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 an oil pool for Delaware production is hereby created and designated as the Catclaw Draw-Delaware Pool, consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 22: NE/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 East Herradura Bend-Delaware Pool, consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 2: NW/4

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

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM
Section 5: N/2

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

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM
Section 12: S/2

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

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 24: NE/4

Further, the discovery well for said East Shugart-Delaware Pool, being the Siete Oil and Gas Corporation Geronimo Federal Well No. 3 located in Unit A of Section 24, Township 18 South, Range 31 East, NMPM, is hereby assigned a bonus discovery allowable in the amount of 25,060 barrels to be produced over a two-year period.

(f) The proposed creation of the Siegreest Draw-Wolfcamp Pool in Eddy County, New Mexico, is hereby dismissed.

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

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM
Section 19: N/2

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

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
Section 26: N/2

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

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 32: SE/4 NW/4, S/2 NE/4,
E/2 SW/4, and SE/4

(j) 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 18: NW/4 SE/4, E/2 SE/4, and
E/2 SW/4
Section 19: NW/4

(k) The North Illinois Camp-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 7: S/2
Section 8: S/2

(l) The Little Box Canyon-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 7: N/2

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

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 30: All
Section 31: E/2

(n) The 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 33: NE/4

(o) The East 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 22: SE/4

Section 27: E/2

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

TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM

Section 1: W/2

(q) 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: SW/4

(r) The Turkey Track-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 13: N/2

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

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 31: S/2

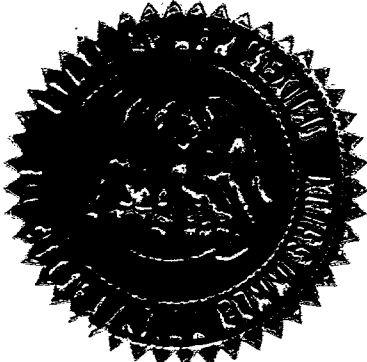
IT IS FURTHER ORDERED THAT:

(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, extensions, and assignments of discovery allowable included herein shall be April 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

R. L. Stamets
R. L. STAMETS
Director

fd/