

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. 13186
Order No. R-12066

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING AND
EXTENDING CERTAIN POOLS IN CHAVES AND
EDDY COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on November 20, 2003, at Santa Fe, New Mexico, before Examiner David R. **Catanach**.

NOW, on this 9th day of December, 2003, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its **subject** matter.

(2) There is need for the creation of a new pool in Chaves County, New Mexico for the production of gas from the **Pennsylvanian** formation, bearing the designation of North **Bosque-Pennsylvanian** Gas Pool (**Pool Code 97298**). The North **Bosque-Pennsylvanian** Gas Pool was discovered by the Yates Petroleum Corporation Bobwhite "BBH" Deep Federal Com. Well No. 1 (**API No. 30-005-62135**) located in Unit M of Section 3, Township 6 South, Range 26 East, **NMPM**, which was completed in the **Pennsylvanian** formation on August 19, 2003. The top of the perforations is at 5,070 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Upper **Pennsylvanian** formation, bearing

the designation of West Cedar Hills-Upper Pennsylvanian Pool (**Pool** Code 96915). The West Cedar Hills-Upper Pennsylvanian Pool was discovered by the **Mewbourne** Oil Company Federal "**OO**" Well No. 2 (API No. **30-015-21433**) located in Unit C of Section 18, Township 21 South, Range 27 East, **NMPM**, which was completed in the Cisco-Canyon formation on April 15, 1999. The top of the perforations is at 9,844 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the **Strawn** formation, bearing the designation of **Fren-Strawn** Pool (Pool Code 97302). The **Fren-Strawn** Pool was discovered by the **Marbob** Energy Corporation Fair "17" Federal Well No. 1 (API No. 30-015-28969) located in Unit E of Section 17, Township 17 South, Range **31** East, **NMPM**, which was completed in the Strawn formation on September 12, 2003. The top of the perforations is at 10,537 feet.

(5) There is need for the creation of a new pool in Chaves County, New Mexico for the production of oil from the **Mississippian** formation, bearing the designation of **Haystack-Mississippian** Pool (Pool Code 97305). The Haystack-Mississippian Pool was discovered by the Yates Petroleum Corporation Biplane Unit Well No. 1 (API No. 30-005-63556) located in Unit A of Section 16, Township 6 South, Range 27 East, **NMPM**, which was completed in the Mississippian formation on September 10, 2003. The top of the perforations is at 6,228 feet.

(6) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Morrow formation, bearing the designation of **Lakeshore-Morrow** Gas Pool (Pool Code 97304). The **Lakeshore-Morrow** Gas Pool was discovered by the Yates Drilling Company **Tropicana** Federal Com. Well No. 1 (API No. **30-015-32517**) located in Unit I of Section 12, Township 20 South, Range 26 East, **NMPM**, which was completed in the Morrow formation on July 10, 2003. The top of the perforations is at 10,200 feet.

(7) There is need for the creation of a new pool in Chaves County, New Mexico for the production of gas from the **Wolfcamp** formation, bearing the designation of Northwest Leslie **Spring-Wolfcamp** Gas Pool (Pool Code 97303). The Northwest Leslie **Spring-Wolfcamp** Gas Pool was discovered by the Yates Petroleum Corporation Federal "**HJ**" Well No. 13 (API No. 30-005-63495) located in Unit D of Section 31, Township 6 South, Range 26 East, **NMPM**, which was completed in the Wolfcamp formation on August 4, 2003. The top of the perforations is at 4,816 feet.

(8) There is need for the creation of a new pool in Chaves County, New Mexico for the production of gas from the Pennsylvanian formation, bearing the designation of Southwest Red **Spring-Pennsylvanian** Gas Pool (Pool Code 97306). The Southwest Red Spring-Pennsylvanian Gas Pool was discovered by the Yates Petroleum Corporation **Grynberg** "**LZ**" State Well No. 7 (API No. 30-005-63335)

located in Unit B of Section 36, Township 5 South, Range 24 East, NMPM, which was completed in the Pennsylvanian formation on September 22, 2003. The top of the perforations is at 5,168 feet.

(9) There is need for extensions to the South Carlsbad-Canyon Gas Pool, the Cedar Canyon-Bone Spring Pool, the East Cedar Lake-Morrow Gas Pool, the Ingle Wells-Delaware Pool, the Los **Medanos-Delaware** Pool, the Penasco Draw-Permo Pennsylvanian Gas Pool, the East Pierce Crossing-Bone Spring Pool, the Southeast **Quahada** Ridge-Delaware Pool, the Richard **Knob-Atoka-Morrow** Gas Pool, and the **Scanlon-Morrow** Gas Pool, all in Eddy County, New Mexico; and the **Comanche-Wolfcamp** Gas Pool, the **Foor Ranch-Pre-Permian** Gas Pool, the North **Foor Ranch-Pre-Permian** Gas Pool, and the South Leslie **Spring-Wolfcamp** Gas Pool, all in Chaves County, New Mexico.

(10) The effective date of this order and all creations and extensions included herein should be December 1, 2003.

IT IS THEREFORE ORDERED THAT :

(a) A new pool in Chaves County, New Mexico classified as a gas pool for Pennsylvanian production is hereby created and designated as the North Bosque-Pennsylvanian Gas Pool (**Pool Code 97298**), consisting of the following described area:

TOWNSHIP 6 SOUTH. RANGE 26 EAST. NMPM
Section 3: All

(b) A new pool in Eddy County, New Mexico classified as an oil pool for Upper Pennsylvanian production is hereby created and designated as the West Cedar Hills-Upper Pennsylvanian Pool (**Pool Code 96915**), consisting of the following described area:

TOWNSHIP 21 SOUTH. RANGE 27 EAST. NMPM
Section 18: NW/4

(c) A new pool in Eddy County, New Mexico classified as an oil pool for Strawn production is hereby created and designated as the Fren-Strawn Pool (**Pool Code 97302**), consisting of the following described area:

TOWNSHIP 17 SOUTH. RANGE 31 EAST. NMPM
Section 17: NW/4

(d) A new pool in Chaves County, New Mexico classified as an oil pool for Mississippian production is hereby created and designated as the Haystack-Mississippian Pool (**Pool Code** 97305), consisting of the following described area:

TOWNSHIP 6 SOUTH, RANGE 27 EAST, NMPM
Section 16: NE/4

(e) A new pool in Eddy County, New Mexico classified as a gas pool for Morrow production is hereby created and designated as the Lakeshore-Morrow Gas Pool (**Pool Code** 97304), consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM
Section 12: S/2

(f) A new pool in Chaves County, New Mexico classified as a gas pool for Wolfcamp production is hereby created and designated as the Northwest Leslie Spring-Wolfcamp Gas Pool (**Pool Code** 97303), consisting of the following described area:

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM
Section 31: W/2

(g) A new pool in Chaves County, New Mexico classified as a gas pool for Pennsylvanian production is hereby created and designated as the Southwest Red Spring-Pennsylvanian Gas Pool (**Pool Code** 97306), consisting of the following described area:

TOWNSHIP 5 SOUTH, RANGE 24 EAST, NMPM
Section 36: N/2

(h) The South Carlsbad-Canyon Gas Pool (**Pool Code** 73880) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 36: W/2

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
Section 1: W/2
Section 12: NW/4

(i) The Cedar Canyon-Bone Spring Pool (**Pool Code** 11520) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH. RANGE 29 EAST. NMPM
Section 2: SW/4

0) The East Cedar Lake-Morrow Gas Pool (**Pool Code** 74605) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH. RANGE 31 EAST. NMPM
Section 29: S/2

(k) The Comanche-Wolfcamp Gas Pool (**Pool Code** 97120) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH. RANGE 27 EAST. NMPM
Section 19: NE/4

(l) The Foor Ranch-Pre-Permian Gas Pool (**Pool Code** 76730) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH. RANGE 26 EAST. NMPM
Section 8: E/2
Section 17: N/2

(m) The North Foor Ranch-Pre-Permian Gas Pool (**Pool Code** 97094) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH. RANGE 26 EAST. NMPM
Section 4: N/2

(n) The Ingle Wells-Delaware Pool (**Pool Code** 33745) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH. RANGE 31 EAST. NMPM
Section 22: NW/4

(o) The South Leslie Spring-Wolfcamp Gas Pool (**Pool Code** 97110) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH. RANGE 26 EAST. NMPM
Section 3: NW/4
Section 4: N/2

(p) The Los Medanos-Delaware Pool (**Pool Code** 40297) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 16: SE/4

(q) The Penasco **Draw-Permo** Pennsylvanian Gas Pool (**Pool Code** 82775) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM

Section 17: S/2

(r) The East Pierce Crossing-Bone Spring Pool (**Pool Code** 96473) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 11: NW/4

(s) The Southeast **Quahada** Ridge-Delaware Pool (**Pool Code** 50443) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM

Section 25: NE/4

(t) The Richard **Knob-Atoka-Morrow** Gas Pool (**Pool Code** 83840) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM

Section 17: All

(u) The **Scanlon-Morrow** Gas Pool (**Pool Code** 84920) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 31: S/2

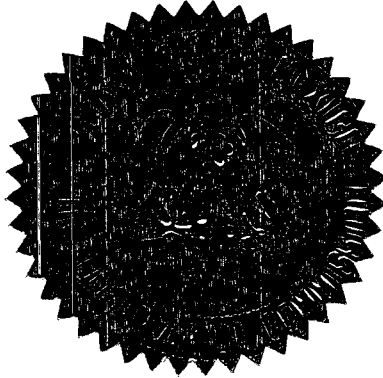
IT IS FURTHER ORDERED THAT:

(1) Pursuant to Section 70-2-18, NMSA, 1978, an operator of any well that, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one presently dedicated thereto, shall have 60 days from the effective date of this order to file Form **C-102** dedicating a standard unit for the pool to that 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 that 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 December 1, 2003.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Handwritten signature of Lori Wrotenbery in cursive script. The signature is written in dark ink and is positioned over the printed name and title.

LORI WROTENBERY
Director