

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. 12316
Order No. R-11300

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 16, 1999, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 4th day of January, 2000, 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 Eddy County, New Mexico, classified as an oil pool for Wolfcamp production, bearing the designation of West Chalk Bluff-Wolfcamp Pool. The West Chalk Bluff-Wolfcamp Pool was discovered by the Mack Energy Corporation Lucky Mack Federal Well No. 1 located in Unit J of Section 6, Township 18 South, Range 27 East, NMPM, which was completed in the Wolfcamp formation on September 22, 1999. The top of the perforations is at 6,601 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production, bearing the designation of Diamond Mound-Strawn Gas Pool. The Diamond Mound-Strawn Gas Pool was discovered by the Ocean Energy Inc. Diamond Mound Federal Well No. 1 located in Unit I of Section 1, Township 16 South, Range 27 East, NMPM, which was completed in the Strawn formation on September 28, 1999. The top of the perforations is at 8,165 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production, bearing the designation of Kennedy Farms-Strawn Gas Pool. The Kennedy Farms-Strawn Gas Pool was discovered by the Mewbourne Oil Company Haldeman Well No. 1 located in Unit E of Section 14, Township 17 South, Range 26 East, NMPM, which was completed in the Strawn formation on August 27, 1999. The top of the perforations is at 7,730 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production, bearing the designation of Southeast Logan Draw-Atoka Gas Pool. The Southeast Logan Draw-Atoka Gas Pool was discovered by the Mewbourne Oil Company Chalk Bluff "36" State Well No. 1 located in Unit M of Section 36, Township 17 South, Range 27 East, NMPM, which was completed in the Atoka formation on September 24, 1999. The top of the perforations is at 9,466 feet.

(6) There is need for the contraction of the Logan Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, in order to correct nomenclature.

(7) There is need for certain extensions to the Avalon-Strawn Gas Pool, the West Burton Flat-Strawn Gas Pool, the Foster Draw-Delaware Gas Pool, the Fren-Paddock Pool, the Hackberry Hills-Canyon Gas Pool, the Hoag Tank-Atoka Gas Pool, the Kennedy Farms-Upper Pennsylvanian Gas Pool, and the Logan Draw-Wolfcamp Pool, all in Lea County, New Mexico.

(8) The effective date of this order and all creations, contractions, and extensions included herein should be January 1, 2000.

IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 6: SE/4

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

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 1: S/2

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

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM

Section 14: N/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 Southeast Logan Draw-Atoka Gas Pool, consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 36: S/2

(e) The Logan Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, is hereby contracted by the deletion of the following described area:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 35: E/2 and NW/4

(f) The Logan Draw-Wolfcamp Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 35: E/2

Section 36: NW/4

(g) The Avalon-Strawn Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 29: N/2

Section 30: E/2

(h) The West Burton Flat-Strawn Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM

Section 36: E/2

(i) The Foster Draw-Delaware Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 1: Lots 25, 26, 31, 32, 33, 34, 39 and 40

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 6: SW/4

(j) The Fren-Paddock Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 16: NE/4

(k) The Hackberry Hills-Canyon Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 30: E/2

(l) The Hoag Tank-Atoka Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 23: W/2
Section 26: NW/4

(m) The Kennedy Farms-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 14: N/2

IT IS FURTHER ORDERED THAT:

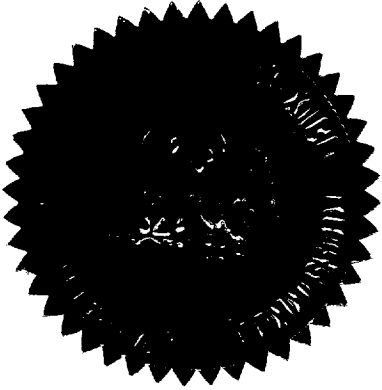
(1) Pursuant to Section 70-2-18, NMSA, 1978, an operator of any well that, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one presently dedicated thereto, shall have 60 days from the effective date of this order to file 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, contractions, and extensions included herein shall be January 1, 2000.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery

LORI WROTENBERY
Director