

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. 12445
Order No. R-11411

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING 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 June 29, 2000, at Santa Fe, New Mexico before Examiner Michael E. Stogner.

NOW, on this 10th day of July, 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 for the production of oil from the Bone Spring formation, to be designated the Northwest Hackberry-Bone Spring Pool. The Northwest Hackberry-Bone Spring Pool was discovered by the Santa Fe Snyder Corporation Hackberry "19" Federal Well No. 1 located in Unit F of Section 19, Township 19 South, Range 31 East, NMPM, which was completed in the Bone Spring formation on April 5, 2000. The top of the perforations is at 6,641 feet.
- (3) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Wolfcamp formation, to be designated the Happy Valley-Wolfcamp Pool. The Happy Valley-Wolfcamp Pool was discovered by the Penroc Oil Corporation PFI Amoco "19" Federal Well No. 1 located in Unit K of Section

19, Township 22 South, Range 26 East, NMPM, which was completed in the Wolfcamp formation on July 20, 1996. The top of the perforations is at 9,254 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Wolfcamp formation, to be designated the Southeast Henshaw-Wolfcamp Pool. The Southeast Henshaw-Wolfcamp Pool was discovered by the Texaco Exploration and Production Inc. Skelly Unit Well No. 902 located in Unit E of Section 15, Township 17 South, Range 31 East, NMPM, which was completed in the Wolfcamp formation on January 28, 2000. The top of the perforations is at 8,552 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Strawn formation, to be designated the Loco Hills-Strawn Gas Pool. The Loco Hills-Strawn Gas Pool was discovered by the EOR Resources, Inc. Oak Lake "14" Federal Well No. 1 located in Unit B of Section 14, Township 17 South, Range 30 East, NMPM, which was completed in the Strawn formation on January 29, 2000. The top of the perforations is at 10,212 feet.

(6) There is need for certain extensions to the Fren-Morrow Gas Pool, the Grayburg-Atoka Gas Pool, the North Illinois Camp-Morrow Gas Pool, the Mosley Canyon-Strawn Gas Pool, the South Paduca-Wolfcamp Gas Pool, the Red Lake-Glorieta-Yeso Pool, the North Shugart-Morrow Gas Pool, the North Turkey Track-Morrow Gas Pool, the Winchester-Morrow Gas Pool, and the North Winchester-Wolfcamp Pool, all in Eddy County, New Mexico.

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

IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 19: NW/4

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

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 19: SW/4
Section 29: NW/4
Section 30: N/2

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

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 15: NW/4

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

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 14: E/2

(e) The Fren-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 2: All

(f) The Grayburg-Atoka Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 33: E/2

(g) The North Illinois Camp-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 36: N/2

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

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM
Section 14: S/2 and NE/4

(i) The South Paduca-Wolfcamp Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 31 EAST, NMPM
Section 11: N/2

(j) The Red Lake-Glorieta-Yeso Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 7: N/2

(k) The North Shugart-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 8: W/2

(l) The North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 19: N/2

(m) The Winchester-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 28: N/2

(n) The North Winchester-Wolfcamp Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 23: SW/4
Section 26: NW/4

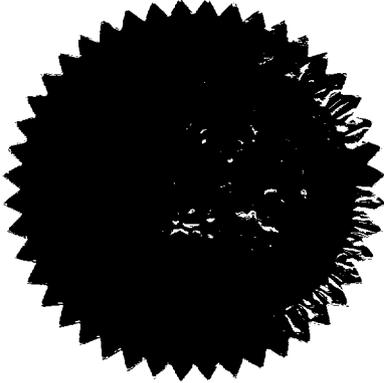
IT IS FURTHER ORDERED THAT:

(1) Pursuant to NMSA 1978, Section 70-2-18, 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 July 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
Director