

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. 13294
Order No. R-12162

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 June 24, 2004, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 2nd day of July, 2004, 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 gas from the Morrow formation, bearing the designation of South Black River-Morrow Gas Pool (**Pool Code 97352**). The South Black River-Morrow Gas Pool was discovered by the Yates Petroleum Corporation Humidor State Well No. 1 (**API No. 30-015-32889**) located in Unit A of Section 23, Township 24 South, Range 27 East, NMPM, which was completed in the Morrow formation on March 30, 2004. The top of the perforations is at 12,366 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Atoka formation, bearing the designation of South Burton Flat-Atoka Gas Pool (**Pool Code 97358**). The South Burton Flat-Atoka Gas Pool was discovered by the Unit Petroleum Company Yates State Well No. 1 (**API No. 30-015-32801**) located in Unit M of Section 10, Township 21 South, Range 27 East, NMPM,

which was completed in the Atoka formation on March 24, 2004. The top of the perforations is at 10,430 feet.

(4) 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 C P Hill-Morrow Gas Pool (**Pool Code 97355**). The C P Hill-Morrow Gas Pool was discovered by the Fasken Oil and Ranch, Ltd. Chosa Draw Unit Well No. 1 (**API No. 30-015-23598**) located in Unit J of Section 32, Township 25 South, Range 25 East, NMPM, which was completed in the Morrow formation on April 9, 2004. The top of the perforations is at 10,918 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Upper Pennsylvanian formation, bearing the designation of Cottonwood Draw-Upper Pennsylvanian Gas Pool (**Pool Code 97354**). The Cottonwood Draw-Upper Pennsylvanian Gas Pool was discovered by the Gruy Petroleum Management Company Chosa Draw "27" Federal Com. Well No. 1 (**API No. 30-015-32918**) located in Unit B of Section 27, Township 25 South, Range 26 East, NMPM, which was completed in the Upper Pennsylvanian formation on January 30, 2004. The top of the perforations is at 10,259 feet.

(6) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Upper Pennsylvanian formation, bearing the designation of Riverside-Upper Pennsylvanian Gas Pool (**Pool Code 97357**). The Riverside-Upper Pennsylvanian Gas Pool was discovered by the Yates Petroleum Corporation Refuge "BCR" State Well No. 1 (**API No. 30-015-32675**) located in Unit O of Section 36, Township 16 South, Range 26 East, NMPM, which was completed in the Upper Pennsylvanian formation on March 11, 2004. The top of the perforations is at 6,784 feet.

(7) There is need for extensions to the Acme-Pre-Permian Gas Pool, the Foor Ranch-Pre-Permian Gas Pool, and the Haystack-Cisco Gas Pool, all in Chaves County, New Mexico; and the Atoka-Pennsylvanian Gas Pool, the Black River-Morrow Gas Pool, the East Burton Flat-Morrow Gas Pool, the Kennedy Farms-Morrow Gas Pool, the Logan Draw-Wolfcamp Pool, the South Millman-Morrow Gas Pool, the Northeast Red Lake-Glorieta-Yeso Pool, and the Red Lake Shores-Grayburg Pool, all in Eddy County, New Mexico.

(8) The effective date of this order and all creations and extensions included herein should be July 1, 2004.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Eddy County, New Mexico classified as a gas pool for Morrow production is hereby created and designated as the South Black River-Morrow Gas Pool (**Pool Code 97352**), consisting of the following described area:

TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM

Section 23: E/2

(b) A new pool in Eddy County, New Mexico classified as a gas pool for Atoka production is hereby created and designated as the South Burton Flat-Atoka Gas Pool (**Pool Code 97358**), consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 10: S/2

(c) A new pool in Eddy County, New Mexico classified as a gas pool for Morrow production is hereby created and designated as the C P Hill-Morrow Gas Pool (**Pool Code 97355**), consisting of the following described area:

TOWNSHIP 25 SOUTH, RANGE 25 EAST, NMPM

Section 32: E/2

(d) A new pool in Eddy County, New Mexico classified as a gas pool for Upper Pennsylvanian production is hereby created and designated as the Cottonwood Draw-Upper Pennsylvanian Gas Pool (**Pool Code 97354**), consisting of the following described area:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM

Section 27: E/2

(e) A new pool in Eddy County, New Mexico classified as a gas pool for Upper Pennsylvanian production is hereby created and designated as the Riverside-Upper Pennsylvanian Gas Pool (**Pool Code 97357**), consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 26 EAST, NMPM

Section 36: S/2

(f) The Acme-Pre-Permian Gas Pool (**Pool Code 97311**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 27 EAST, NMPM

Section 11: N/2

(g) The Atoka-Pennsylvanian Gas Pool (**Pool Code 70800**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM

Section 33: N/2

(h) The Black River-Morrow Gas Pool (**Pool Code 72170**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM

Section 36: E/2 and SW/4

(i) The East Burton Flat-Morrow Gas Pool (**Pool Code 73320**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 13: E/2

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

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM

Section 31: N/2

(k) The Haystack-Cisco Gas Pool (**Pool Code 78320**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM

Section 25: E/2

Section 36: S/2 and NE/4

(l) The Kennedy Farms-Morrow Gas Pool (**Pool Code 79520**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM

Section 4: E/2

(m) The Logan Draw-Wolfcamp Pool (**Pool Code 96960**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 30: W/2

(n) The South Millman-Morrow Gas Pool (**Pool Code 81365**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 15: N/2

(o) The Northeast Red Lake-Glorieta-Yeso Pool (**Pool Code 96836**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 34: NE/4

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 2: SW/4

(p) The Red Lake Shores-Grayburg Pool (Pool Code 97335) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

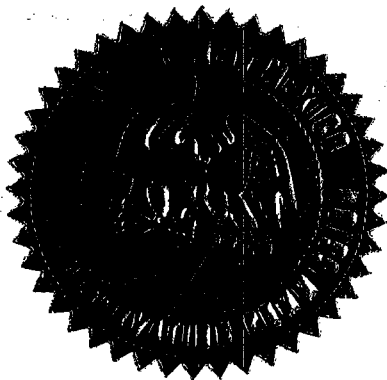
Section 20: S/2

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 July 1, 2004.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Director

TOWNSHIP 16 SOUTH, RANGE 26 EAST, NMPM

Section 36: S/2

- (f) EXTEND the Acme-Pre-Permian Gas Pool (**Pool Code 97311**) in Chaves County, New Mexico to include:

TOWNSHIP 8 SOUTH, RANGE 27 EAST, NMPM

Section 11: N/2

- (g) EXTEND the Atoka-Pennsylvanian Gas Pool (**Pool Code 70800**) in Eddy County, New Mexico to include:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM

Section 33: N/2

- (h) EXTEND the Black River-Morrow Gas Pool (**Pool Code 72170**) in Eddy County, New Mexico to include:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM

Section 36: E/2 and SW/4

- (i) EXTEND the East Burton Flat-Morrow Gas Pool (**Pool Code 73320**) in Eddy County, New Mexico to include:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 13: E/2

- (j) EXTEND the Foor Ranch-Pre-Permian Gas Pool (**Pool Code 76730**) in Chaves County, New Mexico to include:

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM

Section 31: N/2

- (k) EXTEND the Haystack-Cisco Gas Pool (**Pool Code 78320**) in Chaves County, New Mexico to include:

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM

Section 25: E/2

Section 36: S/2 and NE/4

- (l) EXTEND the Kennedy Farms-Morrow Gas Pool (**Pool Code 79520**) in Eddy County, New Mexico to include:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM

Section 4: E/2

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CASE 13294: In the matter of the hearing called by the Oil Conservation Division for an order creating and extending certain pools in Chaves and Eddy Counties, New Mexico.

(a) CREATE a new pool in Eddy County, New Mexico classified as a gas pool for Morrow production and designated as the South Black River-Morrow Gas Pool (**Pool Code 97352**). The discovery well is the Yates Petroleum Corporation Humidor State Well No. 1 (**API No. 30-015-32889**) located in Unit A of Section 23, Township 24 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM
Section 23: E/2

(b) CREATE a new pool in Eddy County, New Mexico classified as a gas pool for Atoka production and designated as the South Burton Flat-Atoka Gas Pool (**Pool Code 97358**). The discovery well is the Unit Petroleum Company Yates State Well No. 1 (**API No. 30-015-32801**) located in Unit M of Section 10, Township 21 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 10: S/2

(c) CREATE a new pool in Eddy County, New Mexico classified as a gas pool for Morrow production and designated as the C P Hill-Morrow Gas Pool (**Pool Code 97355**). The discovery well is the Fasken Oil and Ranch, Ltd. Chosa Draw Unit Well No. 1 (**API No. 30-015-23598**) located in Unit J of Section 32, Township 25 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 25 EAST, NMPM
Section 32: E/2

(d) CREATE a new pool in Eddy County, New Mexico classified as a gas pool for Cisco and Canyon production and designated as the Cottonwood Draw-Upper Pennsylvanian Gas Pool (**Pool Code 97354**). The discovery well is the Gruy Petroleum Management Company Chosa Draw "27" Federal Com. Well No. 1 (**API No. 30-015-32918**) located in Unit B of Section 27, Township 25 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 27: E/2

(e) CREATE a new pool in Eddy County, New Mexico classified as a gas pool for Upper Pennsylvanian production and designated as the Riverside-Upper Pennsylvanian Gas Pool (**Pool Code 97357**). The discovery well is the Yates Petroleum Corporation Refuge "BCR" State Well No. 1 (**API No. 30-015-32675**) located in Unit O of Section 36, Township 16 South, Range 26 East, NMPM. Said pool would comprise:

(m) EXTEND the Logan Draw-Wolfcamp Pool (**Pool Code 96960**) in Eddy County, New Mexico to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 30: W/2

(n) EXTEND the South Millman-Morrow Gas Pool (**Pool Code 81365**) in Eddy County, New Mexico to include:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 15: N/2

(o) EXTEND the Northeast Red Lake-Glorieta-Yeso Pool (**Pool Code 96836**) in Eddy County, New Mexico to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 34: NE/4

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 2: SW/4

(p) EXTEND the Red Lake Shores-Grayburg Pool (**Pool Code 97335**) in Eddy County, New Mexico to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 20: S/2

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.