

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. 11501
Order No. R-10568

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN
ORDER CREATING 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 21, 1996, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 1st day of April, 1996, 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 gas from the Strawn formation, said pool to bear the designation of Boyd-Strawn Gas Pool. Said Boyd-Strawn Gas Pool was discovered by the Nearburg Producing Company Parino Well No. 1 located in Unit I of Section 23, Township 19 South, Range 25 East, NMPM. It was completed in the Strawn formation on December 30, 1988. The top of the perforations is at 8,724 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Grayburg formation, said pool to bear the designation of Southeast Diamond Mound-Grayburg Gas Pool. Said Southeast Diamond Mound-Grayburg

Case No. 11501
Order No. R-10568

-2-

Gas Pool was discovered by the Collins & Ware, Inc. "CV" 14 Federal Well No. 1 located in Unit L of Section 14, Township 16 South, Range 27 East, NMPM. It was completed in the Grayburg formation on March 1, 1994. The top of the perforations is at 1,482 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 HG-Atoka Gas Pool. Said HG-Atoka Gas Pool was discovered by the Yates Petroleum Corporation Hannagan "APL" Federal Com. Well No. 1 located in Unit G of Section 31, Township 19 South, Range 30 East, NMPM. It was completed in the Atoka formation on February 5, 1996. The top of the perforations is at 11,158 feet.

(5) 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, said pool to bear the designation of North Pierce Crossing-Bone Spring Pool. Said North Pierce Crossing-Bone Spring Pool was discovered by the Texaco Exploration & Production Malaga Harroun "6" Well No. 1 located in Unit F of Section 6, Township 24 South, Range 29 East, NMPM. It was completed in the Bone Spring formation on December 2, 1995. The top of the perforations is at 6,598 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 Red Bluff-Delaware Pool. Said Red Bluff-Delaware Pool was discovered by the Pogo Producing Company South Malaga "35" State Well No. 1 located in Unit D of Section 35, Township 25 South, Range 28 East, NMPM. It was completed in the Delaware formation on November 2, 1995. The top of the perforations is at 4,588 feet.

(7) 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 South Sulphate Draw-Delaware Pool. Said South Sulphate Draw-Delaware Pool was discovered by the TMBR/Sharp Drilling, Inc. State "3" Well No. 1 located in Unit H of Section 3, Township 25 South, Range 27 East, NMPM. It was completed in the Delaware formation on November 23, 1995. The top of the perforations is at 5,498 feet.

(8) There is need for certain extensions to the Cedar Canyon-Delaware Pool, the Corral Draw-Bone Spring Pool, the South Culebra Bluff-Bone Spring Pool, the HG-Morrow Gas Pool, the Malaga-Delaware Pool, the East Pierce Crossing-Bone Spring Pool, the West Ross Draw-Delaware Pool, the Russell-Bone Spring Pool, the South Sand Dunes-Lower Pennsylvanian Gas Pool, the North Turkey Track-Morrow Gas Pool, and the Winchester-Strawn Gas Pool, all in Eddy County, New Mexico, and the Southwest Lone Wolf-Devonian Pool in Chaves County, New Mexico.

Case No. 11501
Order No. R-10568

-3-

(9) The effective date of this order and all creations and extensions included herein should be April 1, 1996.

IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 23: S/2

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

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 14: SW/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 HG-Atoka Gas Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM
Section 31: N/2

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

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 6: NW/4

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

TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM
Section 35: NW/4

(f) A new pool in Eddy County, New Mexico, classified as an oil pool for

Case No. 11501
Order No. R-10568

-4-

Delaware production is hereby created and designated as the South Sulphate Draw-Delaware Pool, consisting of the following described area:

TOWNSHIP 25 SOUTH, RANGE 27 EAST, NMPM

Section 3: NE/4

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

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 21: W/2

Section 28: NW/4

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

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 21: SE/4

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

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM

Section 7: SW/4

Section 18: NW/4

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

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 31: N/2

(k) The Southwest Lone Wolf-Devonian Pool in Chaves County, New Mexico, as heretofore classified, defined, and described is hereby extended to include therein:

TOWNSHIP 13 SOUTH, RANGE 29 EAST, NMPM

Section 29: SW/4

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

Case No. 11501
Order No. R-10568
-5-

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 13: W/2 SW/4
Section 14: SE/4

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 8: NW/4

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

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 23: E/2
Section 26: NE/4

(n) The West 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 28: NW/4
Section 29: N/2

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

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 14: S/2

(p) The South Sand Dunes-Lower Pennsylvanian Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM
Section 10: E/2

(q) The North 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 2: E/2

Case No. 11501
Order No. R-10568

-6-

(r) The Winchester-Strawn 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 26: S/2

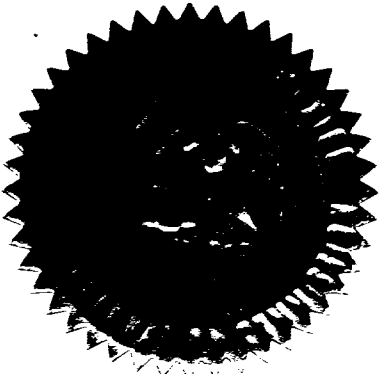
Section 35: N/2

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.

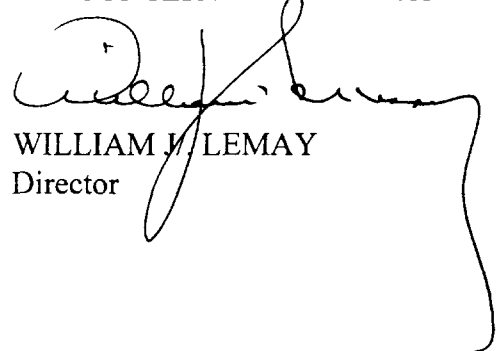
(2) The effective date of this order and all creations and extensions included herein shall be April 1, 1996.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director