

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. 11765
Order No. R-10795

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN
ORDER CREATING, ASSIGNING A DISCOVERY
ALLOWABLE, AND EXTENDING CERTAIN POOLS
IN CHAVES AND LEA COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 17, 1997, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 28th day of April, 1997, 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 Lea County, New Mexico, for the production of oil from the Delaware formation, said pool to bear the designation of East Crazy Horse-Delaware Pool. Said East Crazy Horse-Delaware Pool was discovered by the Basin Operating Company Kimo Sabe Well No. 1 located in Unit J of Section 16, Township 19 South, Range 33 East, NMPM. It was completed in the Delaware formation on January 2, 1997. The top of the perforations is at 7,177 feet.

(3) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Fusselman formation, said pool to bear the designation of North Dollarhide-Fusselman Pool. Said North Dollarhide-Fusselman Pool was discovered

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by the Texaco E & P, Inc. United Royalty A Well No. 5 located in Unit F of Section 19, Township 24 South, Range 38 East, NMPM. It was completed in the Fusselman formation on January 3, 1997. The top of the perforations is at 9,014 feet.

(4) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Bone Spring formation, said pool to bear the designation of Hardin Tank-Bone Spring Pool. Said Hardin Tank-Bone Spring Pool was discovered by the Yates Petroleum Corporation Dean APQ Federal Well No. 1 located in Unit J of Section 3, Township 26 South, Range 34 East, NMPM. It was completed in the Bone Spring formation on October 29, 1996. The top of the perforations is at 12,475 feet.

(5) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Strawn formation, said pool to bear the designation of North Lusk-Strawn Pool. Said North Lusk-Strawn Pool was discovered by the Chevron USA, Inc. Spear Federal Well No. 1 located in Unit F of Section 33, Township 18 South, Range 32 East, NMPM. It was completed in the Strawn formation on January 11, 1997. The top of the perforations is at 11,558 feet.

(6) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Devonian formation, said pool to bear the designation of West Maljamar-Devonian Pool. Further, the discovery well for said West Maljamar-Devonian Pool, the Conoco, Inc. Elvis Well No. 1 located in Unit F of Section 20, Township 17 South, Range 32 East, NMPM, is entitled to and should receive a bonus discovery allowable in the amount of 68,725 barrels of oil to be assigned over a two-year period and to be made retroactive to March 1, 1997. Said discovery well was completed in the Devonian formation on December 19, 1996. The top of the perforations is at 13,771 feet.

(7) There is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the Atoka formation, said pool to bear the designation of North Morton-Atoka Gas Pool. Said North Morton-Atoka Gas Pool was discovered by the Yates Petroleum Corporation Morton Unit Well No. 1 located in Unit B of Section 5, Township 15 South, Range 35 East, NMPM. It was completed in the Atoka formation on January 23, 1997. The top of the perforations is at 12,912 feet.

(8) There is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the Morrow formation, said pool to bear the designation of North Triste Draw-Morrow Gas Pool. Said North Triste Draw-Morrow Gas Pool was discovered by the Penwell Energy, Inc. Tomcat Federal 21 Well No. 1 located in Unit F of Section 21, Township 23 South, Range 32 East, NMPM. It was completed in the Morrow formation on January 14, 1997. The top of the perforations is at 15,166 feet.

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(9) There is need for certain extensions to the Blinebry Oil and Gas Pool, the South Corbin-Wolfcamp Pool, the East Cotton Draw-Bone Spring Pool, the Draper Mill-Bone Spring Pool, the Southwest Eunice-San Andres Pool, the Fowler-Ellenburger Pool, the East Fowler-Ellenburger Pool, the Johnson Ranch-Wolfcamp Gas Pool, the Northeast Lea-Delaware Pool, the Lost Tank-Delaware Pool, the Mesa Verde-Delaware Pool, the Monument-Abo Pool, the Monument-Paddock Pool, the West Red Tank-Delaware Pool, the West Reeves-Queen Gas Pool, the Skaggs-Drinkard Pool, the Townsend-Abo Pool, the Vacuum-Atoka Pool, the Vacuum-Drinkard Pool, and the East Warren-Tubb Pool, all in Lea County, New Mexico, and the Many Gates-Morrow Gas Pool in Chaves County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Lea County, New Mexico, classified as an oil pool for Delaware production is hereby created and designated as the East Crazy Horse-Delaware Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 16: SE/4

(b) A new pool in Lea County, New Mexico, classified as an oil pool for Fusselman production is hereby created and designated as the North Dollarhide-Fusselman Pool, consisting of the following described area:

TOWNSHIP 24 SOUTH, RANGE 38 EAST, NMPM
Section 19: NW/4

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

TOWNSHIP 26 SOUTH, RANGE 34 EAST, NMPM
Section 3: SE/4

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 33: NW/4

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(e) A new pool in Lea County, New Mexico, classified as an oil pool for Devonian production is hereby created and designated as the West Maljamar-Devonian Pool, consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM
Section 20: NW/4

Further, the discovery well for said West Maljamar-Devonian Pool, the Conoco, Inc. Elvis Well No. 1 located in Unit F of Section 20, Township 17 South, Range 32 East, NMPM, is hereby assigned a bonus discovery allowable of 68,725 barrels of oil to be produced over a two-year period and is retroactive to March 1, 1997.

(f) A new pool in Lea County, New Mexico, classified as a gas pool for Atoka production is hereby created and designated as the North Morton-Atoka Gas Pool, consisting of the following described area:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM
Section 5: N/2

(g) A new pool in Lea County, New Mexico, classified as a gas pool for Morrow production is hereby created and designated as the North Triste Draw-Morrow Gas Pool, consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 21: N/2

(h) The Blinebry Oil and Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 21: NE/4, N/2 SE/4, and SW/4

(i) The South Corbin-Wolfcamp Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 9: NE/4

(j) The East Cotton Draw-Bone Spring Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

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TOWNSHIP 24 SOUTH, RANGE 32 EAST, NMPM

Section 18: SW/4

(k) The Draper Mill-Bone Spring Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM

Section 10: SW/4

Section 15: NW/4

(l) The Southwest Eunice-San Andres Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 16: NE/4

(m) The Fowler-Ellenburger Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 26: E/2

(n) The East Fowler-Ellenburger Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 38 EAST, NMPM

Section 18: NE/4

(o) The Johnson Ranch-Wolfcamp Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM

Section 10: S/2

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

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 35: W/2

(q) The Lost Tank-Delaware Pool in Lea County, New Mexico, as heretofore

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classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 30: S/2

(r) The Many Gates-Morrow Gas Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 10 SOUTH, RANGE 30 EAST, NMPM
Section 6: N/2

(s) The Mesa Verde-Delaware Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 32 EAST, NMPM
Section 6: NW/4

(t) The Monument-Abo Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM
Section 26: NW/4
Section 35: NW/4

(u) The Monument-Paddock Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 15: NW/4

(v) The West Red Tank-Delaware Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 36: SE/4

(w) The West Reeves-Queen Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

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TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM

Section 16: SW/4

Section 17: SE/4

(x) The Skaggs-Drinkard Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 3: E/2

(y) The Townsend-Abo Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM

Section 26: SW/4

(z) The Vacuum-Atoka Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM

Section 36: NE/4

(aa) The Vacuum-Drinkard Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM

Section 32: N/2

(bb) The East Warren-Tubb Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 23: NE/4

IT IS FURTHER ORDERED THAT:

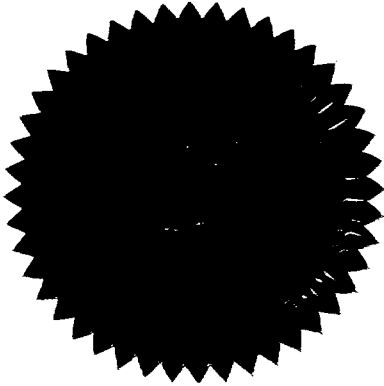
(1) Pursuant to Section 70-2-18, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date 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

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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.

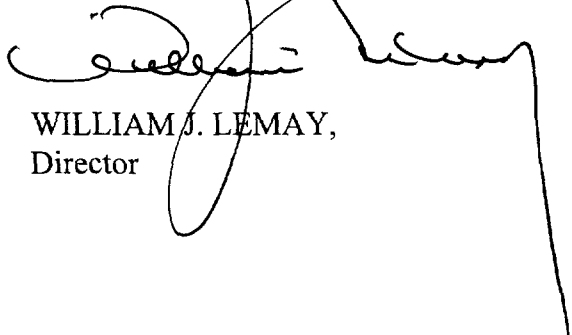
(2) The effective date of this order and all creations and extensions included herein shall be May 1, 1997.

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

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