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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. 12521
Order No. R-11475

APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING, ASSIGNING
A DISCOVERY ALLOWABLE, CONTRACTING
VERTICAL LIMITS, REDESIGNATING, AND
EXTENDING HORIZONTAL LIMITS OF CERTAIN
POOLS IN LEA AND ROOSEVELT COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on October 19, 2000, at Santa Fe, New Mexico before Examiner Michael E. Stogner.

NOW, on this 24th day of October, 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 Lea County, New Mexico for the production of oil from the Queen formation, bearing the designation of Anderson Ranch-Queen Pool. The Anderson Ranch-Queen Pool was discovered by the Texaco Exploration and Production Inc. Green Star 14 State Well No. 1 located in Unit N of Section 14, Township 16 South, Range 32 East, NMPM, which was completed in the Queen formation on April 12, 2000. The top of the perforations is at 3,730 feet.

(3) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Wolfcamp formation, bearing the designation of Southeast Dean-Wolfcamp Pool. The Southeast Dean-Wolfcamp Pool was discovered by the Chesapeake Operating Inc. B Medlin 10 Well No. 1 located in Unit E of Section 10,

Township 16 South, Range 37 East, NMPM, which was completed in the Wolfcamp formation on January 10, 2000. The top of the perforations is at 10,624 feet.

(4) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Wolfcamp formation, bearing the designation of Northeast Echol-Wolfcamp Pool. The Northeast Echol-Wolfcamp Pool was discovered by the Manzano Oil Corporation SV Sundown State Well No. 1 located in Unit M of Section 14, Township 10 South, Range 37 East, NMPM, which was completed in the Wolfcamp formation on May 4, 2000. The top of the perforations is at 9,466 feet.

(5) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Atoka formation, bearing the designation of Eight Mile Draw-Atoka Gas Pool. The Eight Mile Draw-Atoka Gas Pool was discovered by the Yates Petroleum Corporation Carper McAlester ATE State Well No. 1 located in Unit C of Section 25, Township 11 South, Range 34 East, NMPM, which was completed in the Atoka formation on November 24, 1999. The top of the perforations is at 11,771 feet.

(6) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Wolfcamp formation, bearing the designation of Klein Ranch-Wolfcamp Pool. The Klein Ranch-Wolfcamp Pool was discovered by the Louis Dreyfus Natural Gas Corporation Toro 27 Well No. 2 located in Unit E of Section 27, Township 19 South, Range 35 East, NMPM, which was completed in the Wolfcamp formation on November 18, 1999. The top of the perforations is at 10,980 feet.

(7) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Drinkard formation, bearing the designation of Northeast Monument-Drinkard Pool. The Northeast Monument-Drinkard Pool was discovered by the Chevron USA, Inc. 13 State Well No. 27 located in Unit B of Section 13, Township 19 South, Range 36 East, NMPM, which was completed in the Drinkard formation on November 12, 1999. The top of the perforations is at 6,724 feet.

(8) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Atoka formation, bearing the designation of South Quail Ridge-Atoka Gas Pool. The South Quail Ridge-Atoka Gas Pool was discovered by the Louis Dreyfus Natural Gas Corporation Greenstone Federal Com Well No. 1 located in Unit O of Section 19, Township 20 South, Range 34 East, NMPM, which was completed in the Atoka formation on November 30, 1999. The top of the perforations is at 12,662 feet.

(9) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Delaware formation, bearing the designation of Southeast Teas-Delaware Pool. The Southeast Teas-Delaware Pool was discovered by the Santa Fe Snyder Corporation Sinagua 18 Federal Well No. 2 located in Unit J of Section 18, Township 20 South, Range 34 East, NMPM, which was completed in the Delaware formation on May 23, 2000. The top of the perforations is at 5,670 feet.

(10) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Blinebry formation, bearing the designation of Northeast Vacuum-Blinebry Pool. Further, the discovery well for the Northeast Vacuum-Blinebry Pool, the Southwestern Energy Production Company Bimini 13 State Well No. 1 located in Unit E of Section 13, Township 17 South, Range 35 East, NMPM, is entitled to and should receive a bonus discovery allowable in the amount of 34,835 barrels of oil to be produced over a two-year period. The discovery well was completed in the Blinebry formation on May 1, 2000. The top of the perforations is at 6,985 feet.

(11) There is need for the contraction of the vertical limits of the Eight Mile Draw-Permo Pennsylvanian Pool in Lea County, New Mexico to include only the Wolfcamp, Cisco, Canyon and Strawn formations and the redesignation of the pool as the Eight Mile Draw-Permo Upper Pennsylvanian Pool.

(12) There is need for the contraction of the vertical limits of the Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico to include only the Cisco, Canyon and Strawn formations and the redesignation of the pool as the Northeast Lovington-Upper Pennsylvanian Pool.

(13) There is need for the contraction of the vertical limits of the Northwest Vacuum-Pennsylvanian Pool in Lea County, New Mexico to include only the Cisco, Canyon and Strawn formations and the redesignation of the pool as the Northwest Vacuum-Upper Pennsylvanian Pool.

(14) There is need for certain extensions to the Southwest Anderson Ranch-Wolfcamp Pool, the Austin-Permo Upper Pennsylvanian Pool, the Baish-Wolfcamp Pool, the DK-Abo Pool, the Diamond-Strawn Pool, the Southwest Diamondtail-Delaware Pool, the Eumont-Yates-Seven Rivers-Queen Pool, the Feather-Morrow Pool, the North Gem-Wolfcamp Pool, the Goodwin-Drinkard Pool, the North Hardy-Strawn Pool, the House-Abo Pool, the House-Blinebry Pool, the Humble City-Strawn Pool, the South Kemnitz-Atoka-Morrow Gas Pool, the Southeast Lane-Abo Pool, the Lea-San Andres Pool, the Lovington-Drinkard Pool, the Northeast Lovington-Upper Pennsylvanian Pool, the West Lovington-Strawn Pool, the Lusk-Bone Spring Pool, the North Monument-Abo Pool, the North Monument-Drinkard Gas Pool, the Nadine-Drinkard-Abo Pool, the West Nadine-Paddock-Blinebry Pool, the West Ojo Chiso-Morrow Gas Pool, the Southeast Scharb-Wolfcamp Pool, the North Shoe Bar-Atoka Gas Pool, the North Shoe Bar-Morrow Gas Pool, the Northeast Shoe Bar-Strawn Pool, the Northwest Shoe Bar-Strawn Pool, the Townsend-Morrow Gas Pool, the Trinity-Devonian Pool, the Triste Draw-Delaware Pool, the North Vacuum-Atoka-Morrow Gas Pool, the Vacuum-Blinebry Pool, the Vacuum-Morrow Gas Pool, the Northwest Vacuum-Upper Pennsylvanian Pool, the Weir-Blinebry Pool, the Wilson-Morrow Gas Pool, and the North Young-Delaware Pool, all in Lea County, New Mexico, and the Bluitt-San Andres Associated Pool in Roosevelt County, New Mexico.

IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
Section 14: SW/4

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

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 10: NW/4

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

TOWNSHIP 10 SOUTH, RANGE 37 EAST, NMPM
Section 14: SW/4

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

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM
Section 25: N/2

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

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 27: W/2

(f) A new pool in Lea County, New Mexico classified as an oil pool for Drinkard production is hereby created and designated as the Northeast Monument-Drinkard Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM
Section 13: NE/4

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

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 19: E/2

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

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 18: SE/4

(i) A new pool in Lea County, New Mexico classified as an oil pool for Blinebry production is hereby created and designated as the Northeast Vacuum-Blinebry Pool, consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 13: NW/4

Further, the discovery well for the Northeast Vacuum-Blinebry Pool, the Southwestern Energy Production Company Bimini 13 State Well No. 1 located in Unit E of Section 13, Township 17 South, Range 35 East, NMPM, is hereby assigned a bonus discovery allowable in the amount of 34,835 barrels of oil to be produced over a two-year period.

(j) The Southwest Anderson Ranch-Wolfcamp Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
Section 10: S/2 NW/4

(k) The Austin-Permo Upper Pennsylvanian Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 14 SOUTH, RANGE 36 EAST, NMPM
Section 17: W/2
Section 18: SE/4
Section 19: NE/4

(l) The Baish-Wolfcamp Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM
Section 16: S/2
Section 17: SE/4

(m) The Bluitt-San Andres Associated Pool in Roosevelt County, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 37 EAST, NMPM

Section 16: NE/4

(n) The DK-Abo Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 36: SE/4

(o) The Diamond-Strawn Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM

Section 16: SE/4

(p) The Southwest Diamondtail-Delaware Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM

Section 16: N/2

Section 17: NE/4

(q) The vertical limits of the Eight Mile Draw-Permo Pennsylvanian Pool in Lea County, New Mexico are hereby contracted to include only the Wolfcamp, Cisco, Canyon and Strawn formations and the pool is redesignated as the Eight Mile Draw-Permo Upper Pennsylvanian Pool.

(r) The Eumont-Yates-Seven Rivers-Queen Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 14: SW/4

Section 15: E/2

(s) The Feather-Morrow Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM

Section 21: SW/4

Section 28: NW/4

Section 29: NE/4

(t) The North Gem-Wolfcamp Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM

Section 16: SW/4

Section 17: SE/4

Section 21: NW/4

(u) The Goodwin-Drinkard Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 37 EAST, NMPM

Section 31: W/2

TOWNSHIP 19 SOUTH, RANGE 37 EAST, NMPM

Section 6: NW/4

(v) The North Hardy-Strawn Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 31: SW/4

(w) The House-Abo Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 11: S/2

Section 14: NW/4

(x) The House-Blinebry Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 1: SE/4

(y) The Humble City-Strawn Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM

Section 15: SW/4

(z) The South Kemnitz-Atoka-Morrow Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM

Section 21: S/2

Section 28: N/2

(aa) The Southeast Lane-Abo Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM
Section 9: SE/4

(bb) The Lea-San Andres Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 24: SW/4

(cc) The Lovington-Drinkard Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM
Section 2: SE/4

(dd) The vertical limits of the Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico are hereby contracted to include only the Cisco, Canyon and Strawn formations and the pool is redesignated as the Northeast Lovington-Upper Pennsylvanian Pool.

(ee) The Northeast Lovington-Upper Pennsylvanian Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 1: Lots 11, 12, 13 and 14

(ff) The West Lovington-Strawn Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM
Section 33: NW/4

(gg) The Lusk-Bone Spring Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 18: S/2

(hh) The North Monument-Abo Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM
Section 11: SE/4

(ii) The North Monument-Drinkard Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM

Section 12: SW/4

Section 13: SW/4

(jj) The Nadine-Drinkard-Abo Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM

Section 24: S/2

(kk) The West Nadine-Paddock-Blinebry Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 17: NW/4

(ll) The West Ojo Chiso-Morrow Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM

Section 30: E/2

(mm) The Southeast Scharb-Wolfcamp Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM

Section 22: NW/4

(nn) The North Shoe Bar-Atoka Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM

Section 15: E/2

(oo) The North Shoe Bar-Morrow Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM

Section 2: Lots 9, 10, 15, 16 and SE/4

Section 3: Lots 9, 10, 11, 12, 13, 14, 15, 16 and S/2

(pp) The Northeast Shoe Bar-Strawn Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM

Section 8: S/2 SE/4

Section 16: NW/4

Section 17: N/2 NE/4

(qq) The Northwest Shoe Bar-Strawn Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM

Section 10: SE/4

Section 11: SW/4

Section 14: NW/4

(rr) The Townsend-Morrow Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM

Section 8: N/2

(ss) The Trinity-Devonian Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 12 SOUTH, RANGE 38 EAST, NMPM

Section 22: SE/4

Section 27: N/2

(tt) The Triste Draw-Delaware Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM

Section 27: SE/4

(uu) The North Vacuum-Atoka-Morrow Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM

Section 5: N/2 and SE/4

(vv) The Vacuum-Blinebry Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 1: NW/4

(ww) The Vacuum-Morrow Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 30: SW/4

(xx) The vertical limits of the Northwest Vacuum-Pennsylvanian Pool in Lea County, New Mexico are hereby contracted to include only the Cisco, Canyon and Strawn formations and the pool is redesignated as the Northwest Vacuum-Upper Pennsylvanian Pool.

(yy) The Northwest Vacuum-Upper Pennsylvanian Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 5: W/2

(zz) The Weir-Blinebry Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 16: SE/4

(aaa) The Wilson-Morrow Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 12: W/2

(bbb) The North Young-Delaware Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 17: W/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, assignments of discovery allowable, redesignations, contractions of vertical limits, and extensions of horizontal limits included herein shall be November 1, 2000.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

S E A L