

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. 10661
Order No. R-9837

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 January 21, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 27th day of January, 1993, 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 Chaves County, New Mexico, for the production of oil from the San Andres formation, said pool to bear the designation of Southeast Acme-San Andres Pool. Said Southeast Acme-San Andres Pool was discovered by the Elk Oil Company Celtic State Well No. 1 located in Unit E of Section 13, Township 8 South, Range 27 East, NMPM. It was completed in the San Andres formation on July 20, 1992. The top of the perforations is at 2,152 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, said pool to bear the designation of Greenwood-Wolfcamp Pool. Said Greenwood-Wolfcamp Pool was discovered by the BTA Oil Producers Lusk 9209 JV-P Well No. 1 located in Unit F of Section 12, Township 19 South, Range 31 East, NMPM. It was completed in the Wolfcamp formation on October 15, 1992. The top of the perforations is at 10,324 feet.

(4) 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 Happy Valley-Delaware Pool. Said Happy Valley-Delaware Pool was discovered by the Collins and Ware Incorporated Sheep Draw Federal Well No. 2 located in Unit C of Section 33, Township 22 South, Range 26 East, NMPM. It was completed in the Delaware formation on October 23, 1992. The top of the perforations is at 4,580 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Morrow formation, said pool to bear the designation of Southwest Indian Basin-Morrow Gas Pool. Said Southwest Indian Basin-Morrow Gas Pool was discovered by the Yates Petroleum Corporation Sedge Unit Well No. 1 located in Unit H of Section 18, Township 22 South, Range 23 East, NMPM. It was completed in the Morrow formation on November 12, 1992. The top of the perforations is at 9,554 feet.

(6) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Wolfcamp formation, said pool to bear the designation of Scanlon-Wolfcamp Gas Pool. Said Scanlon-Wolfcamp Gas Pool was discovered by the Yates Petroleum Corporation Chamois AKE Federal Com. Well No. 1 located in Unit G of Section 33, Township 20 South, Range 29 East, NMPM. It was completed in the Wolfcamp formation on September 14, 1992. The top of the perforations is at 9,528 feet.

(7) There is need for the extension of the West Atoka-Morrow Gas Pool, the East Burton Flat-Atoka Gas Pool, the Burton Flat-Strawn Gas Pool, the Cedar Canyon-Bone Spring Pool, the Cotton Draw-Brushy Canyon Pool, the North Dagger Draw-Upper Pennsylvanian Pool, the South Dagger Draw-Upper Pennsylvanian Associated Pool, the South Golden Lane-Delaware Pool, the East Herradura Bend-Delaware Pool, the Hoag Tank-Atoka Gas Pool, the Ingle Wells-Delaware Pool, the East Loving-Delaware Pool, the Millman-Grayburg Pool, the Richard Knob Atoka-Morrow Gas Pool, and the West Sand Dunes-Delaware Pool, all in Eddy County, New Mexico, and the Palma Mesa-Ordovician Gas Pool in Chaves County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production is hereby created and designated as the Southeast Acme-San Andres Pool, consisting of the following described area:

TOWNSHIP 8 SOUTH, RANGE 27 EAST, NMPM
Section 13: SW/4 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 Greenwood-Wolfcamp Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 12: NW/4

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

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 33: NE/4 NW/4

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

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM
Section 18: E/2

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

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 33: E/2

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

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 17: W/2

(g) The East Burton Flat-Atoka Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 7: N/2

(h) The Burton Flat-Strawn Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 4: Lots 1, 2, 7, 8, 9, 10,
15, and 16

(i) The Cedar Canyon-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 3: SE/4 SW/4

(j) The Cotton Draw-Brushy Canyon 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 25: N/2

(k) The North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 20: NE/4
Section 29: NW/4

(l) The South Dagger Draw-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 25: S/2

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

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 8: SE/4 NW/4

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

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 36: W/2 and SE/4

(o) The Hoag Tank-Atoka Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 27: S/2
Section 34: N/2

(p) The Ingle Wells-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and

described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 26: SW/4 SW/4

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

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 3: SE/4 SE/4

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

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 24: NE/4 NW/4

(s) The Palma Mesa-Ordovician Gas Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 8 SOUTH, RANGE 27 EAST, NMPM
Section 13: S/2

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

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 10: W/2

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

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 28: W/2

IT IS FURTHER ORDERED THAT:

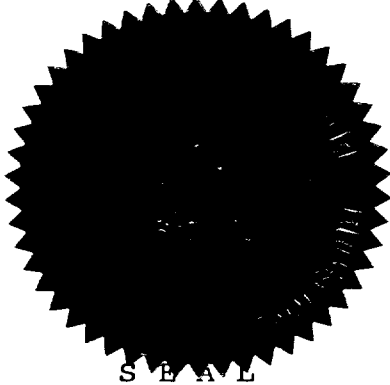
(1) Pursuant to Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective 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

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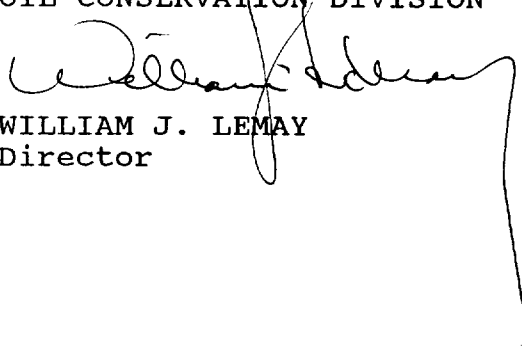
dedicating a standard unit to the well or to obtain a non-standard unit approved by the Division within said 60-day period shall subject the well to cancellation of allowable.

(2) The effective date of this order and all creations and extensions included herein shall be February 1, 1993.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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