



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

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MEMORANDUM

TO: ALL GAS PRODUCERS AND PURCHASERS
FROM: WILLIAM J. LeMAY, DIRECTOR *WJL*
SUBJECT: MORATORIUM FROM SHUT-IN, OVERPRODUCED WELLS IN
ALL PRORATED GAS POOLS IN NEW MEXICO
DATE: December 15, 1989

In accordance with the showing that a high-demand emergency currently exists, and under the authority granted the Division Director, pursuant to Rule 11 (G) of the General Rules and Regulations for Prorated Gas Pools (Order No. R-8170), a pool-wide moratorium from shut-in for wells for reasons of overproduction is hereby placed in effect.

This moratorium shall apply to all prorated pools in Southeast and Northwest New Mexico. The moratorium shall be effective immediately and continue through March 15, 1990. The moratorium will not be extended beyond the stated period. Please note this measure is being taken for the emergency demand situations that have been documented to exist in the marketplace. During this period every underproduced well should be produced to the maximum of its ability under existing conditions and excessively overproduced wells are to be produced only during and to the extent necessary to meet the emergency demand. Previous moratoriums have been abused by some operators who have produced excessive amounts of gas during the moratorium from overproduced wells, thus violating the spirit of the moratorium and the correlative rights of offset operators.

Excessively overproduced wells will be curtailed or shut-in after March 31, 1990 to help bring prorated pools into balance but gas production should be managed so that no well will be in excess of 24 times overproduced at the end of March 1990.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO. 9848
ORDER NO. R-9095

This cause came on for hearing at 8:15 A. M. December 27, 1989, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this _____ day of December, 1989 the Division Director having considered the testimony, the record, the recommendations of the Examiner, and being fully advised in the premises:

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of the cause and subject matter thereof.

(2) That 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 Hat Mesa-Delaware Pool. Said Hat Mesa-Delaware Pool was discovered by the Strata Production Company New Mexico A Federal Well No. 1 located in Unit F of Section 4, Township 21 South, Range 32 East, NMPM. It was completed September 18, 1989, in the Delaware formation. The top of the perforations is at 6,834 feet.

(3) That there is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the San Andres formation. Said pool to bear the designation of Northwest Jenkins-San Andres Pool. Said Northwest Jenkins-San Andres Pool was discovered by the Kerr-McGee Corporation McMillen Well No. 1 located in Unit O of Section 3, Township 9 South, Range 34 East, NMPM. It was completed October 31, 1989, in the San Andres formation. The top of the perforations is at 4,606 feet.

(4) That 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 South Quail Ridge-Bone Spring Pool. Said South Quail Ridge-Bone Spring Pool was discovered by the Pennzoil Exploration & Production Company Lea Chaparral Federal Com Well No. 1 located in Unit K of Section 33, Township 19 South, Range 34 East, NMPM. It was completed August 22, 1989, in the Bone Spring formation. The top of the perforations is at 10,153 feet.

(5) That there is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Abo formation. Said pool to bear the designation of South Teague-Abo Pool. Said South Teague-Abo Pool was discovered by the Arch Petroleum Inc. E. C. Hill D Federal Well No. 1 located in Unit H of Section 34, Township 23 South, Range 37 East, NMPM. It was completed August 21, 1989, in the Abo formation. The top of the perforations is at 6,638 feet.

(6) That 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 South Tonto-Bone Spring Pool. Said South Tonto-Bone Spring Pool was discovered by the Harvey E. Yates Company Federal "19" Well No. 1 located in Unit N of Section 19, Township 19 South, Range 33 East, NMPM. It was completed November 14, 1989, in the Bone Spring formation. The top of the perforations is at 9,785 feet.

(7) That there is need for extensions to the Tobac-Pennsylvanian Pool in Chaves County, New Mexico; the Bilbrey-Morrow Gas Pool, the East Bishop Canyon-San Andres Pool, the South Corbin-Bone Spring Pool, the South Corbin-Wolfcamp Pool, the Nadine-Drinkard-Abo Pool, the Teas-Bone Spring Pool, the Tonto-Bone Spring Pool and the Williams-Pennsylvanian Pool, all in Lea County, New Mexico.

IT IS THEREFORE ORDERED:

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

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 4: Lots 3, 4, 5 and 6

(b) That a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production is hereby created and designated as the Northwest Jenkins-San Andres Pool, consisting of the following described area:

TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMPM
Section 3: SE/4

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

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 33: SW/4

(d) That a new pool in Lea County, New Mexico, classified as an oil pool for Abo production is hereby created and designated as the South Teague-Abo Pool, consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 34: NE/4

(e) That a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production is hereby created and designated as the South Tonto-Bone Spring Pool, consisting of the following described area:

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

(f) That the Bilbrey-Morrow Gas Pool in Lea County, New Mexico, as heretofore classified, defined and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 28: W/2

(g) That the East Bishop Canyon-San Andres Pool in Lea County, New Mexico, as heretofore classified, defined and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM
Section 11: NW/4

(h) That the South Corbin-Bone Spring 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 17: S/2

(i) That 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 19: SE/4

(j) That the Nadine-Drinkard-Abo Pool in Lea County, New Mexico, as heretofore classified, defined and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM
Section 26: SW/4

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

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM
Section 2: NW/4

(l) That the Tobac-Pennsylvanian Pool in Chaves County, New Mexico, as heretofore classified, defined and described, is hereby extended to include therein:

TOWNSHIP 8 SOUTH, RANGE 33 EAST, NMPM
Section 34: NE/4

(m) That the Tonto-Bone Spring Pool in Lea County, New Mexico, as heretofore classified, defined and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 8: S/2
Section 9: SW/4

(n) That the Williams-Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined and described, is hereby extended to include therein:

TOWNSHIP 13 SOUTH, RANGE 32 EAST, NMPM
Section 20: SE/4

IT IS FURTHER ORDERED:

(1) That pursuant to Section 70-2-18, contained in Chapter 271, Laws of 1969, any well which by virtue of any of the 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 Form 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 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 as standard unit to the well or to obtain a non-standard unit approved by the Division shall subject the well to cancellation of the allowable.

(2) The effective date of this order and all creations and extensions shall be January 1, 1990.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
DIRECTOR

S E A L

NEW POOLS

It is recommended that a new oil pool be created and designated as the Hat Mesa-Delaware Pool.

Vertical limits to be the Delaware formation and the horizontal limits should be as follows: As outlined in Paragraph (a) Exhibit I

Discovery well was Strata Production Co. New Mexico A Federal Well #1 located in Unit F Section 4 Township 21 Range 32 and was completed on September 18, 1989. Top of perforations is at 6,834 feet.

It is recommended that a new oil pool be created and designated as the Northwest Jenkins-San Andres Pool.

Vertical limits to be the San Andres formation and the horizontal limits should be as follows: As outlined in Paragraph (b) Exhibit I

Discovery well was Kerr-McGee Corporation McMillen Well No. 1 located in Unit 0 Section 3 Township 9 Range 34 and was completed on October 31, 1989. Top of perforations is at 4,606 feet.

It is recommended that a new oil pool be created and designated as the South Quail Ridge-Bone Spring Pool.

Vertical limits to be the Bone Spring formation and the horizontal limits should be as follows: As outlined in Paragraph (c) Exhibit I

Discovery well was Pennzoil Expl. & Prod. Co. Lea Chaparral Federal Com No. 1 located in Unit K Section 33 Township 19 Range 34 and was completed on August 22, 1989. Top of perforations is at 10,153 feet.

NEW POOLS

It is recommended that a new oil pool be created and designated as the South Teague-Abo Pool.

Vertical limits to be the Abo formation and the horizontal limits should be as follows: As outlined in Paragraph (d) Exhibit I

Discovery well was Arch Petroleum Inc. E. C. Hill D Federal Well No. 1 located in Unit H Section 34 Township 23 Range 37 and was completed on August 21, 1989. Top of perforations is at 6,638 feet.

It is recommended that a new oil pool be created and designated as the South Tonto-Bone Spring Pool.

Vertical limits to be the Bone Spring formation and the horizontal limits should be as follows: As outlined in Paragraph (e) Exhibit I

Discovery well was Harvey E. Yates Co. Federal "19" Well No. 1 located in Unit N Section 19 Township 19 Range 33 and was completed on November 14, 1989. Top of perforations is at 9,785 feet.

It is recommended that a new _____ pool be created and designated as the _____ Pool.

Vertical limits to be the _____ formation and the horizontal limits should be as follows: _____

Discovery well was _____ located in Unit _____ Section _____ Township _____ Range _____ and was completed on _____ . Top of perforations is at _____ feet.