

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. 9849
Order No. R-9096

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN
ORDER CREATING, ABOLISHING, 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 December 27, 1989, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 11th day of January, 1990, 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 Canyon formation, said pool to bear the designation of Bandana Point-Upper Pennsylvanian Gas Pool. Said Bandana Point-Upper Pennsylvanian Gas Pool was discovered by the W. A. Moncrief Robinia Draw Federal Well No. 1 located in Unit I of Section 4, Township 23 South, Range 24 East, NMPM. It was completed in the Canyon formation on June 28, 1989. The top of the perforations is at 8,402 feet.

(3) 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 Delaware River-Bone Spring Pool. Said Delaware River-Bone Spring Pool

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was discovered by the Yates Petroleum Corporation East Apple State Unit Well No. 1 located in Unit G of Section 5, Township 26 South, Range 28 East, NMPM. It was completed in the Bone Spring formation on September 11, 1989. The top of the perforations is at 6,812 feet.

(4) 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 Foor Ranch-San Andres Pool. Said Foor Ranch-San Andres Pool was discovered by the Yates Petroleum Corporation Dragonfly State Unit Well No. 2 located in Unit O of Section 31, Township 9 South, Range 27 East, NMPM. It was completed in the San Andres formation on September 4, 1989. The top of the perforations is at 1,964 feet.

(5) 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 La Huerta-Atoka Gas Pool. Said La Huerta-Atoka Gas Pool was discovered by the Oxy USA, Inc. Simpson B Com Well No. 1 located in Unit G of Section 20, Township 21 South, Range 27 East, NMPM. It was completed in the Atoka formation on July 24, 1989. The top of the perforations is at 10,534 feet.

(6) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Canyon formation, said pool to bear the designation of Middle Seven Rivers-Upper Pennsylvanian Gas Pool. Said Middle Seven Rivers-Upper Pennsylvanian Gas Pool was discovered by the Yates Petroleum Corporation LaRue XX Federal Well No. 1 located in Unit F of Section 3, Township 20 South, Range 24 East, NMPM. It was completed in the Canyon formation on August 9, 1989. The top of the perforations is at 7,679 feet.

(7) 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 Parkway-Bone Spring Pool. Said Parkway-Bone Spring Pool was discovered by the Siete Oil and Gas Corporation Osage Federal Well No. 9 located in Unit B of Section 34, Township 19 South, Range 29 East, NMPM. It was completed in the Bone Spring formation on September 9, 1989. The top of the perforations is at 7,790 feet.

(8) There is need for the creation of a new pool in Chaves County, New Mexico, for the production of gas from the Atoka formation, said pool to bear the designation of Sams

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Ranch-Atoka Gas Pool. Said Sams Ranch-Atoka Gas Pool was discovered by the Meridian Oil Inc. Cannonball Federal Well No. 1 located in Unit N of Section 7, Township 14 South, Range 28 East, NMPM. It was completed in the Atoka formation on January 21, 1989. The top of the perforations is at 7,756 feet.

(9) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Abo formation, said pool to bear the designation of Siegreist Draw-Abo Gas Pool. Said Siegreist Draw-Abo Gas Pool was discovered by the Yates Petroleum Corporation Agave AAJ State Well No. 2 located in Unit K of Section 32, Township 19 South, Range 24 East, NMPM. It was completed in the Abo formation on September 9, 1989. The top of the perforations is at 3,913 feet.

(10) 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 Watkins-Bone Spring Pool. Said Watkins-Bone Spring Pool was discovered by the Harvey E. Yates Company Eddy JP State Well No. 1 located in Unit N of Section 36, Township 18 South, Range 31 East, NMPM. It was completed in the Bone Spring formation on October 19, 1989. The top of the perforations is at 8,845 feet.

(11) There is need for the abolishment of the South Parkway-Bone Spring Pool in Eddy County, New Mexico, in order that the abclished acreage may be placed in the Parkway-Bone Spring Pool created by this order.

(12) There is need for certain extensions to the Buffalo Valley-Pennsylvanian Gas Pool, the Double L-Queen Associated Pool, the Foor Ranch-PrePermian Gas Pool, and the North King Camp-Devonian Pool, all in Chaves County, New Mexico, and the Brushy Draw-Delaware Pool, the Burton-Delaware Pool, the North Burton Flat-Wolfcamp Gas Pool, the South Carlsbad-Morrow Gas Pool, the Cass Draw-Delaware Pool, the Cemetery-Morrow Gas Pool, the Collins Ranch-Wolfcamp Gas Pool, the North Dagger Draw-Upper Pennsylvanian Pool, the Happy Valley-Morrow Gas Pool, the East Hess-Morrow Gas Pool, the Hoag Tank-Morrow Gas Pool, the Livingston Ridge-Delaware Pool, the East Loving-Atoka Gas Pool, the Parkway-Delaware Pool, the Penasco Draw-Permo Pennsylvanian Gas Pool, and the Turkey Track Seven Rivers-Queen-Grayburg-San Andres Pool, all in Eddy County, New Mexico.

(13) The effective date of this order and all creations, abolishments, and extensions included herein should be January 1, 1990.

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IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM
Section 4: W/2

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

TOWNSHIP 26 SOUTH, RANGE 28 EAST, NMPM
Section 5: NE/4

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

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM
Section 31: SE/4

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

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 20: N/2

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

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 3: W/2

(f) A new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production is hereby created and designated as the Parkway-Bone Spring Pool, consisting of the

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following described area:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 34: E/2

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 2: N/2
Section 3: N/2

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

TOWNSHIP 14 SOUTH, RANGE 28 EAST, NMPM
Section 7: S/2

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

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 32: SW/4

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

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 36: SW/4

(j) The South Parkway-Bone Spring Pool in Eddy County, New Mexico, consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 3: NW/4

is hereby abolished.

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

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM
Section 15: SE/4

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(l) The Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM
Section 21: W/2

(m) The Burton-Delaware 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 17: NW/4
Section 18: NE/4

(n) The North Burton Flat-Wolfcamp Gas 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 4: E/2

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

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
Section 17: E/2

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

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 13: NW/4

(q) The Cemetery-Morrow Gas 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 11: N/2

(r) The Collins Ranch-Wolfcamp Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described,

is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 24 EAST, NMPM
Section 33: N/2

(s) 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: SW/4

(t) The Double L-Queen Associated Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 14 SOUTH, RANGE 29 EAST, NMPM
Section 14: SE/4

(u) The Foor Ranch-PrePermian Gas Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM
Section 5: E/2

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

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 21: All

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

TOWNSHIP 23 SOUTH, RANGE 23 EAST, NMPM
Section 26: S/2

(x) The Hoag Tank-Morrow 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 24: W/2

(y) The North King Camp-Devonian Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 14 SOUTH, RANGE 29 EAST, NMPM
Section 9: W/2

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

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM
Section 13: NE/4

(aa) 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 14: SW/4
Section 23: NW/4
Section 26: NW/4

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

TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM
Section 1: E/2
Section 12: N/2

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

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 26: SE/4
Section 36: E/2

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM
Section 31: SW/4

(dd) The Penasco Draw-Permo Pennsylvanian Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
Section 11: All

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(ee) The Turkey Track Seven Rivers-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

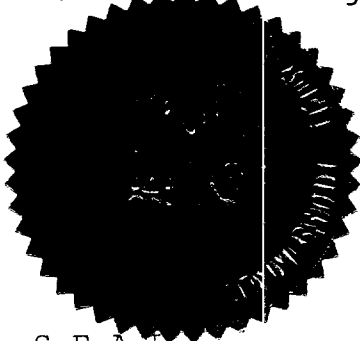
Section 2: E/2
Section 11: SE/4
Section 12: SW/4

IT IS FURTHER ORDERED THAT:

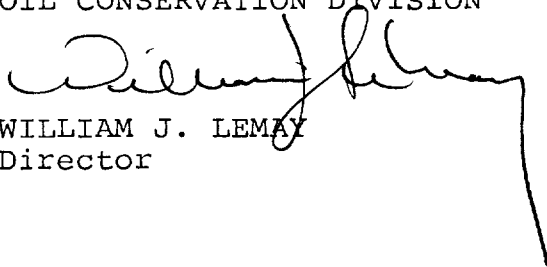
(1) Pursuant to Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective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

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