

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8551
Order No. R-7858

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on March 27, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 28th day of March, 1985, 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 gas from the Mississippian formation, said pool to bear the designation of Southwest Austin-Mississippian Gas Pool. Said Southwest Austin-Mississippian Gas Pool was discovered by the Harvey E. Yates Company Goodrich Unit Well No. 1 located in Unit J of Section 11, Township 15 South, Range 35 East, NMPM. It was completed in the Mississippian formation on December 3, 1984. The top of the perforations is at 12,893 feet.

(3) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Pennsylvanian formation, said pool to bear the designation of Austin-Pennsylvanian Pool. Said Austin-Pennsylvanian Pool was discovered by the Adobe Oil and Gas Corporation

State 16 Well No. 1 located in Unit M of Section 16, Township 14 South, Range 36 East, NMPM. It was completed in the Cisco formation on January 25, 1985. The top of the perforations is at 11,178 feet.

(4) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Atoka formation, said pool to bear the designation of Bagley-Atoka Pool. Further, the discovery well for said pool, the Petrus Operating Company State A Well No. 1 located in Unit K of Section 34, Township 11 South, Range 33 East, NMPM, is entitled to and should receive a bonus discovery allowable in the amount of 51,855 barrels to be assigned over a two-year period. Said discovery well was completed in the Atoka formation on November 30, 1984. The top of the perforations is at 10,371 feet.

(5) 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 Hobbs Channel-Bone Spring Pool. Said Hobbs Channel-Bone Spring Pool was discovered by the Harvey E. Yates Company Howry 25 Well No. 1 located in Unit E of Section 25, Township 17 South, Range 37 East, NMPM. It was completed in the Bone Spring formation on February 6, 1985. The top of the perforations is at 8,486 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, said pool to bear the designation of West Osudo-Wolfcamp Pool. Said West Osudo-Wolfcamp Pool was discovered by the Amoco Production Company Best Well No. 1 located in Unit G of Section 23, Township 20 South, Range 35 East, NMPM. It was completed in the Wolfcamp formation on May 22, 1984. The top of the perforations is at 11,423 feet.

(7) There is need for the contraction of the Rhodes Yates-Seven Rivers Gas Pool in Lea County, New Mexico, due to the reclassification of two wells, the El Paso Exploration Company Elliott Federal Well No. 2 located in Unit D of Section 21, Township 26 South, Range 37 East, from gas to oil and the Moberly C Well No. 3-E located in Unit E of Section 21, Township 26 South, Range 37 East, from gas to water injection. The deleted area will be placed in the Rhodes Yates-Seven Rivers Oil Pool.

(8) There is need for certain extensions to the Tomahawk-San Andres Pool in Chaves County, New Mexico, and the Air Strip-Bone Spring Pool, the East Brunson-McKee Pool, the East Grama Ridge-Strawn Gas Pool, the Hardy-Tubb Pool, the North King-Devonian Pool, the Lea-Pennsylvanian Gas Pool, the Northeast Lovington-Pennsylvanian Pool, the East Paduca-Delaware Pool, the Quail-Queen Pool, and the Young-Bone Spring Pool, all in Lea County, New Mexico, and the North Chaveroo-Permo Pennsylvanian Pool in Roosevelt County, New Mexico.

IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM
Section 11: E/2

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

TOWNSHIP 14 SOUTH, RANGE 36 EAST, NMPM
Section 16: SW/4

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

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM
Section 34: SW/4

Further, the discovery well for said Bagley-Atoka Pool, being the Petrus Operating Company State A Well No. 1 located in Unit K of Section 34, Township 11 South, Range 33 East, NMPM, is hereby assigned a bonus discovery allowable in the amount of 51,855 barrels to be produced over a two-year period.

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

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 25: NW/4

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

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM
Section 23: NE/4

(f) The Rhodes Yates-Seven Rivers Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby contracted by the deletion of the following described area:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM
Section 21: W/2 NW/4

(g) The Rhodes Yates-Seven Rivers Oil Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM
Section 21: W/2 NW/4

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

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 15: SE/4
Section 22: E/2

(i) The East Brunson-McKee 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 25: NW/4

(j) The North Chaveroo-Permo Pennsylvanian Pool in Roosevelt County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 7 SOUTH, RANGE 33 EAST, NMPM
Section 10: SE/4

(k) The East Grama Ridge-Strawn Gas Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 10: E/2

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

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 3: Lots 9, 10, 15, and 16

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

TOWNSHIP 13 SOUTH, RANGE 37 EAST, NMPM
Section 3: NW/4

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

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

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

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 9: S/2 and NE/4

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

TOWNSHIP 25 SOUTH, RANGE 32 EAST, NMPM
Section 23: NE/4

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

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 18: NW/4

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(r) The Tomahawk-San Andres Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM
Section 6: SE/4

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

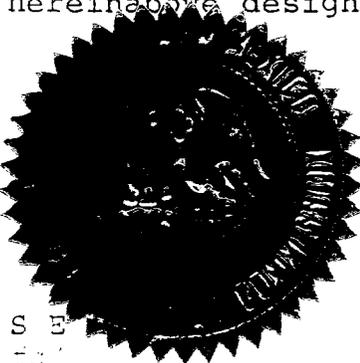
TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 16: SW/4

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 the allowable.

(2) The effective date of this order and all creations, discovery allowable assignments, contractions, and extensions included herein shall be April 1, 1985.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. Stamets
R. L. STAMETS
Director