

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. 9149  
Order No. R-8455

THE APPLICATION OF THE OIL CONSERVATION  
DIVISION UPON ITS OWN MOTION FOR AN  
ORDER CREATING, ASSIGNING A DISCOVERY  
ALLOWABLE, 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 June 3, 1987, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 15th day of June, 1987, 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 oil from the Cisco formation, said pool to bear the designation of Bear Grass Draw-Cisco Pool. Said Bear Grass Draw-Cisco Pool was discovered by the Phillips Petroleum Company Green B Well No. 12 located in Unit O of Section 18, Township 17 South, Range 29 East, NMPM. It was completed in the Cisco formation on January 8, 1987. The top of the perforations is at 8,632 feet.

(3) 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 Cabin-Lake Delaware Pool. Further, the discovery well for said Cabin Lake-Delaware Pool, the Phillips Petroleum Company James A Well No. 2 located in Unit J of Section 2, Township 22 South, Range 30 East, NMPM, is entitled to and should

receive a bonus discovery allowable in the amount of 28,125 barrels to be assigned over a two-year period. Said discovery well was completed in the Delaware formation on January 15, 1987. The top of the perforations is at 5,625 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Strawn formation, said pool to bear the designation of Kaiser Ranch-Strawn Gas Pool. Said Kaiser Ranch-Strawn Gas Pool was discovered by the Yates Petroleum Corporation Compromise AEJ Federal Com. Well No. 1 located in Unit H of Section 30, Township 18 South, Range 27 East, NMPM. It was completed in the Strawn formation on March 5, 1987. The top of the perforations is at 8,720 feet.

(5) 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 Parkway-Delaware Pool. Said Parkway-Delaware Pool was discovered by the Santa Fe Energy Operating Partners, L.P. Parkway 36 State Well No. 1 located in Unit F of Section 36, Township 19 South, Range 29 East, NMPM. It was completed in the Delaware formation on February 25, 1987. The top of the perforations is at 3,645 feet.

(6) There is need for certain extensions to the Atoka-San Andres Pool, the East Carlsbad-Wolfcamp Gas Pool, the Grayburg Jackson-Queen-Grayburg-San Andres-Seven Rivers Pool, the Otis-Morrow Gas Pool, and the Shugart Yates-Seven Rivers-Queen-Grayburg Pool, all in Eddy County, New Mexico, and the West Pecos Slope-Abo Gas Pool in Chaves County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Eddy County, New Mexico, classified as an oil pool for Cisco production is hereby created and designated as the Bear Grass Draw-Cisco Pool, consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM  
Section 18: SE/4

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

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM  
Section 2: SE/4

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Further, the discovery well for said Cabin Lake-Delaware Pool, the Phillips Petroleum Company James A Well No. 2 located in Unit J of Section 2, Township 22 South, Range 30 East, NMPM, is hereby assigned a bonus discovery allowable of 28,125 barrels to be produced over a two-year period.

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

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM  
Section 30: E/2

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

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 36: NW/4

(e) The Atoka-San Andres 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 27: S/2 NE/4

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

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM  
Section 2: W/2

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

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM  
Section 1: SE/4

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

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM  
Section 24: E/2

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(i) The West Pecos Slope-Abo Gas Pool in Chaves County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 6 SOUTH, RANGE 23 EAST, NMPM  
Section 6: S/2

(j) The Shugart Yates-Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

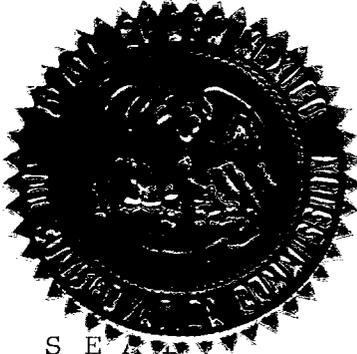
TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM  
Section 35: SW/4

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 shall subject the well to cancellation of allowable.

(2) The effective date of this order and all creations, assignments of discovery allowable, and extensions included herein shall be July 1, 1987.

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



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "William J. Lemay", is written over the typed name and title.

WILLIAM J. LEMAY  
Director