

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. 12480
Order No. R-11444

APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING AND
EXTENDING CERTAIN POOLS IN EDDY
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 24, 2000, at Santa Fe, New Mexico before Examiner Michael E. Stogner.

NOW, on this 31st day of August, 2000, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Wolfcamp formation, to be designated the North Cass Draw-Wolfcamp Pool. The North Cass Draw-Wolfcamp Pool was discovered by the Santa Fe Snyder Corporation Weems Well No. 1 located in Unit C of Section 27, Township 22 South, Range 27 East, NMPM, which was completed in the Wolfcamp formation on February 26, 2000. The top of the perforations is at 9,062 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Morrow formation, to be designated the Southeast Cemetery-Morrow Gas Pool. The Southeast Cemetery-Morrow Gas Pool was discovered by the Marbob Energy Corporation Zarafa "FF" Federal Well No. 1 located in Unit I of Section 12, Township 21 South, Range 24 East, NMPM, which was completed in the Morrow formation on June 23, 2000. The top of the perforations is at 10,044 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, to be designated the North Esperanza-Delaware Pool. The North Esperanza-Delaware Pool was discovered by the Snow Oil and Gas Inc. Elizondo "A" Federal Well No. 1 located in Unit C of Section 28,

Township 21 South, Range 27 East, NMPM, which was completed in the Delaware formation on May 25, 2000. The top of the perforations is at 3,458 feet.

(5) There is need for certain extensions to the North Antelope Sink-Morrow Gas Pool, the Artesia-Glorieta-Yeso Pool, the Brushy Draw-Delaware Pool, the West Burton Flat-Strawn Gas Pool, the Empire-Pennsylvanian Gas Pool, the Empire-Yeso Pool, the Frontier Hills-Strawn Gas Pool, the Logan Draw-Morrow Gas Pool, the Owen Mesa-Atoka Gas Pool, the Southwest Palmillo-Bone Spring Pool, the Red Lake-Glorieta-Yeso Pool, the West Sand Dunes-Delaware Pool, the North Shugart-Morrow Gas Pool, and the North Turkey Track-Morrow Gas Pool, all in Eddy County, New Mexico.

IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 27: NW/4

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

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM
Section 12: E/2

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

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 28: NW/4

(d) The North Antelope Sink-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
Section 21: NE/4
Section 22: N/2

(e) The Artesia-Glorieta-Yeso Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 26: S/2
Section 27: S/2
Section 28: SE/4
Section 33: NE/4
Section 34: NW/4
Section 35: W/2

(f) The Brushy Draw-Delaware Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM

Section 14: SW/4 and W/2 SE/4

(g) The West Burton Flat-Strawn Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM

Section 36: NW/4

(h) The Empire-Pennsylvanian Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 15: W/2

(i) The Empire-Yeso Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 30: SE/4

(j) The Frontier Hills-Strawn Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM

Section 9: S/2

(k) The Logan Draw-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 30: N/2

(l) The Owen Mesa-Atoka Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 35: NW/4

(m) The Southwest Palmillo-Bone Spring Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 2: SW/4

Section 11: NW/4

(n) The Red Lake-Glorieta-Yeso Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 9: W/2

Section 16: N/2

(o) The West Sand Dunes-Delaware Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 33: SE/4

(p) The North Shugart-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 5: W/2

(q) The North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 25: W/2

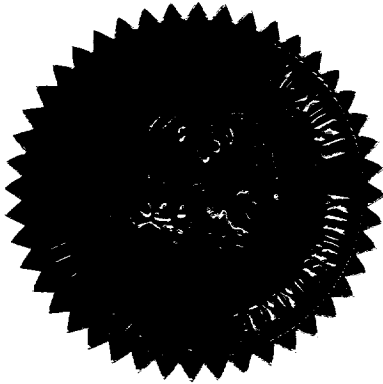
IT IS FURTHER ORDERED THAT:

(1) Pursuant to NMSA 1978, Section 70-2-18, an operator of any well that, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one presently dedicated thereto, shall have 60 days from the effective date of this order to file Form C-102 dedicating a standard unit for the pool to that well or to obtain a non-standard unit approval from 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 that 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 September 1, 2000.

Case No. 12480
Order No. R-11444
-5-

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director