

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. 13321
Order No. R-12196

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 5, 2004, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 18th day of August, 2004, 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 Chaves County, New Mexico for the production of gas from the Wolfcamp formation, bearing the designation of Coyote-Wolfcamp Gas Pool (**Pool Code 97361**). The Coyote-Wolfcamp Gas Pool was discovered by the Elk Oil Company Cobra Federal Com. Well No. 1 (**API No. 30-005-63642**) located in Unit B of Section 19, Township 11 South, Range 27 East, NMPM, which was completed in the Wolfcamp formation on April 2, 2004. The top of the perforations is at 5,394 feet.

(3) There is need for the contraction of the Southwest Avalon-Wolfcamp Pool (**Pool Code 97068**) in Eddy County, New Mexico in order to correct nomenclature.

(4) There is need for extensions to the Southwest Avalon-Wolfcamp Pool, the Cemetery-Morrow Gas Pool, the Cemetery-Wolfcamp Gas Pool, the North Hackberry-Morrow Gas Pool, the North Illinois Camp-Morrow Gas Pool, the Indian Basin-Upper Pennsylvanian Associated Pool, the Kennedy Farms-Morrow Gas Pool, the Logan Draw-Atoka Gas Pool, the Los Medanos-Bone Spring Pool, the East Millman-Yates-Seven Rivers-Queen-Grayburg-San Andres Pool, the Southeast Revelation-Strawn Gas Pool, the West Sand Dunes-Delaware Pool, and the Southwest Willow Lake-Delaware Pool, all in Eddy County, New Mexico; and the Foor Ranch-Wolfcamp Gas Pool in Chaves County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Chaves County, New Mexico classified as a gas pool for Wolfcamp production is hereby created and designated as the Coyote-Wolfcamp Gas Pool (Pool Code 97361), consisting of the following described area:

TOWNSHIP 11 SOUTH, RANGE 27 EAST, NMPM
Section 19: E/2

(b) The Southwest Avalon-Wolfcamp Pool (Pool Code 97068) in Eddy County, New Mexico is hereby contracted by the deletion of the following described area:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 34: S/2

(c) The Southwest Avalon-Wolfcamp Pool (Pool Code 97068) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 32: S/2

(d) The Cemetery-Morrow Gas Pool (Pool Code 74640) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 22: E/2

(e) The Cemetery-Wolfcamp Gas Pool (Pool Code 74680) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 33: S/2

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM
Section 3: Lots 1 through 8

(f) The Foor Ranch-Wolfcamp Gas Pool (Pool Code 76750) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM

Section 10: NE/4

Section 11: N/2

(g) The North Hackberry-Morrow Gas Pool (Pool Code 96785) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 25: N/2

(h) The North Illinois Camp-Morrow Gas Pool (Pool Code 78890) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 20: S/2

(i) The Indian Basin-Upper Pennsylvanian Associated Pool (Pool Code 33685) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 35: E/2

(j) The Kennedy Farms-Morrow Gas Pool (Pool Code 79520) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM

Section 34: S/2

(k) The Logan Draw-Atoka Gas Pool (Pool Code 80370) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 15: E/2 and SW/4

(l) The Los Medanos-Bone Spring Pool (Pool Code 40295) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM

Section 36: NW/4

(m) The East Millman-Yates-Seven Rivers-Queen-Grayburg-San Andres Pool (Pool Code 46555) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 8: NW/4

(n) The Southeast Revelation-Strawn Gas Pool (Pool Code 96924) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM
Section 25: N/2

(o) The West Sand Dunes-Delaware Pool (Pool Code 53815) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM
Section 4: NE/4

(p) The Southwest Willow Lake-Delaware Pool (Pool Code 96855) in Eddy County, New Mexico is hereby extended to include:

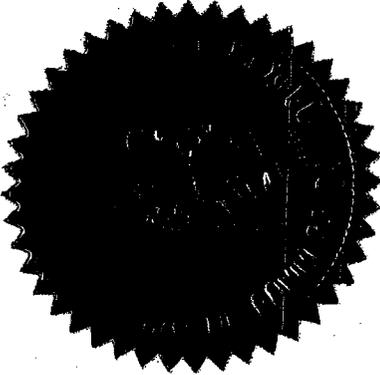
TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM
Section 3: NE/4

IT IS FURTHER ORDERED THAT:

(1) Pursuant to Section 70-2-18, NMSA, 1978, 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 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 that 60-day period shall subject the well to cancellation of allowable.

(2) The effective date of this order and all creations, contractions and extensions included herein shall be September 1, 2004.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

MARK E. FESMIRE, P.E.
Director