

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. 13356
Order No. R-12223

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING, CONTRACTING
VERTICAL AND HORIZONTAL LIMITS, REDESIGNATING,
AND EXTENDING CERTAIN POOLS IN CHAVES, LEA,
AND ROOSEVELT COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on October 7, 2004, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 25th day of October, 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 Lea County, New Mexico for the production of gas from the Atoka formation, bearing the designation of East Bagley-Atoka Gas Pool (Pool Code 97371). The East Bagley-Atoka Gas Pool was discovered by the Yates Petroleum Corporation Lazy J State Unit Well No. 1 (API No. 30-025-36639) located in Unit I of Section 8, Township 12 South, Range 34 East, NMPM, which was completed in the Atoka formation on July 2, 2004. The top of the perforations is at 11,808 feet.

(3) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Upper Pennsylvanian formation, bearing the designation of North Bell Lake-Upper Pennsylvanian Gas Pool (Pool Code 97363). The North Bell Lake-Upper Pennsylvanian Gas Pool was discovered by the BTA Oil

Producers Bell Lake 7909 JV-P Well No. 2 (API No. 30-025-34827) located in Unit O of Section 18, Township 23 South, Range 34 East, NMPM, which was completed in the Upper Pennsylvanian formation on February 27, 2004. The top of the perforations is at 11,815 feet.

(4) 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, bearing the designation of South Bilbrey Basin-Bone Spring Pool (Pool Code 97366). The South Bilbrey Basin-Bone Spring Pool was discovered by the Yates Petroleum Corporation Cleary AKC Federal Well No. 1 (API No. 30-025-24823) located in Unit J of Section 17, Township 22 South, Range 32 East, NMPM, which was completed in the Bone Spring formation on February 26, 2004. The top of the perforations is at 9,048 feet.

(5) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Wolfcamp formation, bearing the designation of South Leamex-Wolfcamp Pool (Pool Code 97348). The South Leamex-Wolfcamp Pool was discovered by the Patterson Petroleum L.P. Mohican 28 State Well No. 1 (API No. 30-025-36419) located in Unit J of Section 28, Township 17 South, Range 33 East, NMPM, which was completed in the Wolfcamp formation on February 24, 2004. The top of the perforations is at 10,964 feet.

(6) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the San Andres formation, bearing the designation of Northeast Nadine-San Andres Pool (Pool Code 97353). The Northeast Nadine-San Andres Pool was discovered by the Trilogy Operating Inc. Diamond Well No. 3 (API No. 30-025-36221) located in Unit D of Section 24, Township 19 South, Range 38 East, NMPM, which was completed in the San Andres formation on April 1, 2004. The top of the perforations is at 4,302 feet.

(7) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Atoka formation, bearing the designation of North Ranger Lake-Atoka Gas Pool (Pool Code 97349). The North Ranger Lake-Atoka Gas Pool was discovered by the Yates Petroleum Corporation Reese BDE State Com. Well No. 1 (API No. 30-025-29791) located in Unit J of Section 13, Township 12 South, Range 34 East, NMPM, which was completed in the Atoka formation on March 1, 2004. The top of the perforations is at 11,881 feet.

(8) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Morrow formation, bearing the designation of North Ranger Lake-Morrow Gas Pool (Pool Code 97362). The North Ranger Lake-Morrow Gas Pool was discovered by the Yates Petroleum Corporation Kookaburra AZB State Well No. 2 (API No. 30-025-29741) located in Unit B of Section 24, Township 12 South, Range 34 East, NMPM, which was completed in the Morrow formation on April 1, 2004. The top of the perforations is at 12,138 feet.

(9) 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, bearing the designation of East Red Hills-Bone Spring Pool (**Pool Code 97369**). The East Red Hills-Bone Spring Pool was discovered by the EOG Resources Inc. Warren 3 Well No. 1 (**API No. 30-025-28765**) located in Unit O of Section 3, Township 25 South, Range 34 East, NMPM, which was completed in the Bone Spring formation on May 11, 2004. The top of the perforations is at 11,495 feet.

(10) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Strawn formation, bearing the designation of West Salt Lake-Strawn Gas Pool (**Pool Code 97359**). The West Salt Lake-Strawn Gas Pool was discovered by the Fasken Oil & Ranch Ltd. Laguna 16 State Well No. 1 (**API No. 30-025-36437**) located in Unit P of Section 16, Township 20 South, Range 32 East, NMPM, which was completed in the Strawn formation on April 9, 2004. The top of the perforations is at 12,008 feet.

(11) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Abo formation, bearing the designation of Saunders-Abo Pool (**Pool Code 97367**). The Saunders-Abo Pool was discovered by the Yates Petroleum Corporation Superior WA State Well No. 5 (**API No. 30-025-31648**) located in Unit C of Section 11, Township 14 South, Range 33 East, NMPM, which was completed in the Abo formation on April 1, 2004. The top of the perforations is at 8,905 feet.

(12) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Delaware formation, bearing the designation of East Tamano-Delaware Pool (**Pool Code 97356**). The East Tamano-Delaware Pool was discovered by the Mack Energy Corporation Pearsall BX Federal Well No. 9 (**API No. 30-025-36521**) located in Unit H of Section 34, Township 17 South, Range 32 East, NMPM, which was completed in the Delaware formation on March 18, 2004. The top of the perforations is at 4,562 feet.

(13) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the McKee formation, bearing the designation of South Vacuum-McKee Gas Pool (**Pool Code 97368**). The South Vacuum-McKee Gas Pool was discovered by the Paladin Energy Corporation South Vacuum Unit Well No. 353 (**API No. 30-025-03152**) located in Unit C of Section 35, Township 18 South, Range 35 East, NMPM, which was completed in the McKee formation on June 4, 2004. The top of the perforations is at 13,506 feet.

(14) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Atoka formation, bearing the designation of East X-4 Ranch-Atoka Gas Pool (**Pool Code 97365**). The East X-4 Ranch-Atoka Gas Pool was discovered by the Yates Petroleum Corporation Merle State Unit Well No. 1 (**API No. 30-025-36581**) located in Unit O of Section 13, Township 10 South, Range 34 East,

NMPM, which was completed in the Atoka formation on May 26, 2004. The top of the perforations is at 12,057 feet.

(15) There is need for the contraction of the Southeast Dean-Wolfcamp Pool (**Pool Code 97005**) in Lea County, New Mexico in order to correct nomenclature.

(16) There is need for the contraction of the North Hardy-Tubb-Drinkard Pool (**Pool Code 96356**) in Lea County, New Mexico in order to correct nomenclature. The deleted acreage will be placed in the Warren-Tubb Gas Pool.

(17) There is need for the contraction of the vertical limits of the East Bagley-Pennsylvanian Pool (**Pool Code 3790**) in Lea County, New Mexico to include only the Cisco, Canyon and Strawn formations and the redesignation of the pool as the East Bagley-Upper Pennsylvanian Pool (**Pool Code 3790**).

(18) There is need for the contraction of the vertical limits of the Crossroads-Pennsylvanian Pool (**Pool Code 13870**) in Lea County, New Mexico to include only the Cisco, Canyon and Strawn formations and the redesignation of the pool as the Crossroads-Upper Pennsylvanian Pool (**Pool Code 13870**).

(19) There is need for the contraction of the vertical limits of the Four Lakes-Pennsylvanian Pool (**Pool Code 25460**) in Lea County, New Mexico to include only the Cisco, Canyon and Strawn formations and the redesignation of the pool as the Four Lakes-Upper Pennsylvanian Pool (**Pool Code 25460**).

(20) There is need for the contraction of the vertical limits of the Inbe-Permo Pennsylvanian Pool (**Pool Code 33660**) in Lea County, New Mexico to include only the Wolfcamp, Cisco, Canyon and Strawn formations and the redesignation of the pool as the Inbe-Permo Upper Pennsylvanian Pool (**Pool Code 33660**).

(21) There is need for the contraction of the vertical limits of the Lazy J-Pennsylvanian Pool (**Pool Code 37430**) in Lea County, New Mexico to include only the Cisco, Canyon and Strawn formations and the redesignation of the pool as the Lazy J-Upper Pennsylvanian Pool (**Pool Code 37430**).

(22) There is need for the contraction of the vertical limits of the Llano-Pennsylvanian Pool (**Pool Code 39400**) in Lea County, New Mexico to include only the Cisco, Canyon and Strawn formations and the redesignation of the pool as the Llano-Upper Pennsylvanian Pool (**Pool Code 39400**).

(23) There is need for the contraction of the vertical limits of the Ranger Lake-Pennsylvanian Pool (**Pool Code 50730**) in Lea County, New Mexico to include only the Cisco, Canyon and Strawn formations and the redesignation of the pool as the Ranger Lake-Upper Pennsylvanian Pool (**Pool Code 50730**).

(24) There is need for the contraction of the vertical limits of the East Saunders-Permo Pennsylvanian Pool (**Pool Code 54960**) in Lea County, New Mexico to include only the Wolfcamp, Cisco, Canyon and Strawn formations and the redesignation of the pool as the East Saunders-Permo Upper Pennsylvanian Pool (**Pool Code 54960**).

(25) There is need for the contraction of the vertical limits of the South Saunders-Permo Pennsylvanian Pool (**Pool Code 55100**) in Lea County, New Mexico to include only the Wolfcamp, Cisco, Canyon and Strawn formations and the redesignation of the pool as the South Saunders-Permo Upper Pennsylvanian Pool (**Pool Code 55100**).

(26) There is need for the contraction of the vertical limits of the Tres Papalotes-Pennsylvanian Pool (**Pool Code 59870**) in Lea County, New Mexico to include only the Cisco, Canyon and Strawn formations and the redesignation of the pool as the Tres Papalotes-Upper Pennsylvanian Pool (**Pool Code 59870**).

(27) There is need for the contraction of the vertical limits of the West Tres Papalotes-Pennsylvanian Pool (**Pool Code 59873**) in Lea County, New Mexico to include only the Cisco, Canyon and Strawn formations and the redesignation of the pool as the West Tres Papalotes-Upper Pennsylvanian Pool (**Pool Code 59873**).

(28) There is need for the contraction of the vertical limits of the Vada-Pennsylvanian Pool (**Pool Code 62459**) in Lea County, New Mexico to include only the Cisco, Canyon and Strawn formations and the redesignation of the pool as the Vada-Upper Pennsylvanian Pool (**Pool Code 62459**).

(29) There is need for the contraction of the vertical limits of the Williams-Pennsylvanian Pool (**Pool Code 64410**) in Lea County, New Mexico to include only the Cisco, Canyon and Strawn formations and the redesignation of the pool as the Williams-Upper Pennsylvanian Pool (**Pool Code 64410**).

(30) There is need for the contraction of the vertical limits of the North Williams-Pennsylvanian Pool (**Pool Code 64440**) in Lea County, New Mexico to include only the Cisco, Canyon and Strawn formations and the redesignation of the pool as the North Williams-Upper Pennsylvanian Pool (**Pool Code 64440**).

(31) There is need for extensions to the Northeast Bell Lake-Devonian Gas Pool, the Corbin-Delaware Pool, the North Eidson-Morrow Gas Pool, the Northwest Eight Mile Draw-Morrow Gas Pool, the EK-Delaware Pool, the Four Lakes-Morrow Gas Pool, the North Fowler-Tubb Pool, the East Grama Ridge-Morrow Gas Pool, the Southeast Greenwood-Morrow Gas Pool, the Hat Mesa-Morrow Gas Pool, the House-Tubb Pool, the Southwest House-Yates-Seven Rivers Gas Pool, the King-Wolfcamp Pool, the Laguna Valley-Delaware Pool, the Southeast Livingston Ridge-Delaware Pool, the Northeast Lovington-Wolfcamp Pool, the East Lusk-Morrow Gas Pool, the Monument-Abo Pool, the Nadine-Drinkard-Abo Pool, the West Nadine-Drinkard Pool, the West Nadine-Paddock-Blinebry Pool, the West Nadine-Tubb Pool, the Osudo-

Morrow Gas Pool, the West Osudo-Morrow Gas Pool, the Sand Springs-Atoka-Morrow Gas Pool, the West Sawyer-Morrow Gas Pool, the Skaggs-Drinkard Pool, the Tonto-Seven Rivers Pool, the Townsend-Morrow Gas Pool, the Trinity-Wolfcamp Pool, the West Triste Draw-Delaware Pool, the Vacuum-Morrow Gas Pool, the North Vacuum-Lower Wolfcamp Pool, the Warren-Tubb Gas Pool, the Watkins-Yates-Seven Rivers-Queen-Grayburg Pool, and the X-4 Ranch-Morrow Gas Pool, all in Lea County, New Mexico; and the West Cato-San Andres Gas Pool in Chaves 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 Atoka production is hereby created and designated as the East Bagley-Atoka Gas Pool (Pool Code 97371), consisting of the following described area:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM
Section 8: E/2

(b) A new pool in Lea County, New Mexico classified as a gas pool for Upper Pennsylvanian production is hereby created and designated as the North Bell Lake-Upper Pennsylvanian Gas Pool (Pool Code 97363), consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 18: S/2

(c) A new pool in Lea County, New Mexico classified as an oil pool for Bone Spring production is hereby created and designated as the South Bilbrey Basin-Bone Spring Pool (Pool Code 97366), consisting of the following described area:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 17: SE/4

(d) A new pool in Lea County, New Mexico classified as an oil pool for Wolfcamp production is hereby created and designated as the South Leamex-Wolfcamp Pool (Pool Code 97348), consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 28: SE/4

(e) A new pool in Lea County, New Mexico classified as an oil pool for San Andres production is hereby created and designated as the Northeast Nadine-San Andres Pool (Pool Code 97353), consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM
Section 24: NW/4

(f) A new pool in Lea County, New Mexico classified as a gas pool for Atoka production is hereby created and designated as the North Ranger Lake-Atoka Gas Pool (Pool Code 97349), consisting of the following described area:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM

Section 13: E/2

Section 24: E/2

(g) A new pool in Lea County, New Mexico classified as a gas pool for Morrow production is hereby created and designated as the North Ranger Lake-Morrow Gas Pool (Pool Code 97362), consisting of the following described area:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM

Section 24: E/2

(h) A new pool in Lea County, New Mexico classified as an oil pool for Bone Spring production is hereby created and designated as the East Red Hills-Bone Spring Pool (Pool Code 97369), consisting of the following described area:

TOWNSHIP 25 SOUTH, RANGE 34 EAST, NMPM

Section 3: SE/4

(i) A new pool in Lea County, New Mexico classified as a gas pool for Strawn production is hereby created and designated as the West Salt Lake-Strawn Gas Pool (Pool Code 97359), consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 32 EAST, NMPM

Section 16: E/2

(j) A new pool in Lea County, New Mexico classified as an oil pool for Abo production is hereby created and designated as the Saunders-Abo Pool (Pool Code 97367), consisting of the following described area:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM

Section 11: NW/4

(k) A new pool in Lea County, New Mexico classified as an oil pool for Delaware production is hereby created and designated as the East Tamano-Delaware Pool (Pool Code 97356), consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM

Section 34: NE/4

(l) A new pool in Lea County, New Mexico classified as a gas pool for McKee production is hereby created and designated as the South Vacuum-McKee Gas Pool (**Pool Code 97368**), consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 35: N/2

(m) A new pool in Lea County, New Mexico classified as a gas pool for Atoka production is hereby created and designated as the East X-4 Ranch-Atoka Gas Pool (**Pool Code 97365**), consisting of the following described area:

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM
Section 13: S/2

(n) The vertical limits of the East Bagley-Pennsylvanian Pool (**Pool Code 3790**) in Lea County, New Mexico are hereby contracted to include only the Cisco, Canyon and Strawn formations and the pool is hereby redesignated as the East Bagley-Upper Pennsylvanian Pool (**Pool Code 3790**).

(o) The Northeast Bell Lake-Devonian Gas Pool (**Pool Code 97328**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 33: S/2

(p) The West Cato-San Andres Gas Pool (**Pool Code 74445**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 30 EAST, NMPM
Section 6: SE/4

(q) The North Chaveroo-Permo Pennsylvanian Pool (**Pool Code 12020**) in Roosevelt County, New Mexico is hereby extended to include:

TOWNSHIP 7 SOUTH, RANGE 33 EAST, NMPM
Section 3: SW/4

(r) The Corbin-Delaware Pool (**Pool Code 13190**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 31: SE/4

(s) The vertical limits of the Crossroads-Pennsylvanian Pool (**Pool Code 13870**) in Lea County, New Mexico are hereby contracted to include only the Cisco,

Canyon and Strawn formations and the pool is hereby redesignated as the Crossroads-Upper Pennsylvanian Pool (Pool Code 13870).

(t) The Southeast Dean-Wolfcamp Pool (Pool Code 97005) in Lea County, New Mexico is hereby contracted by the deletion of the following described area:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 2: SW/4

Section 10: NE/4

Section 11: NW/4

(u) The North Eidson-Morrow Gas Pool (Pool Code 76360) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 34 EAST, NMPM

Section 25: S/2

(v) The Northwest Eight Mile Draw-Morrow Gas Pool (Pool Code 97190) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM

Section 21: W/2

Section 28: W/2

(w) The EK-Delaware Pool (Pool Code 21655) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 26: NE/4

(x) The Four Lakes-Morrow Gas Pool (Pool Code 97082) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 11 SOUTH, RANGE 35 EAST, NMPM

Section 29: W/2

Section 31: S/2

Section 32: W/2

TOWNSHIP 12 SOUTH, RANGE 35 EAST, NMPM

Section 6: E/2

(y) The vertical limits of the Four Lakes-Pennsylvanian Pool (Pool Code 25460) in Lea County, New Mexico are hereby contracted to include only the Cisco, Canyon and Strawn formations and the pool is hereby redesignated as the Four Lakes-Upper Pennsylvanian Pool (Pool Code 25460).

(z) The North Fowler-Tubb Pool (Pool Code 97325) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 9: SE/4

Section 16: NE/4

(aa) The East Grama Ridge-Morrow Gas Pool (Pool Code 77690) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM

Section 29: S/2

(bb) The Southeast Greenwood-Morrow Gas Pool (Pool Code 97224) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 31: S/2

(cc) The North Hardy-Tubb-Drinkard Pool (Pool Code 96356) in Lea County, New Mexico is hereby contracted by the deletion of the following described area:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 24: SE/4

(dd) The Hat Mesa-Morrow Gas Pool (Pool Code 78240) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 33 EAST, NMPM

Section 18: SW/4

Section 19: W/2

(ee) The House-Tubb Pool (Pool Code 78760) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 2: W/2

(ff) The Southwest House-Yates-Seven Rivers Gas Pool (Pool Code 78790) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 14: SW/4

Section 23: W/2

(gg) The vertical limits of the Inbe-Permo Pennsylvanian Pool (**Pool Code 33660**) in Lea County, New Mexico are hereby contracted to include only the Wolfcamp, Cisco, Canyon and Strawn formations and the pool is hereby redesignated as the Inbe-Permo Upper Pennsylvanian Pool (**Pool Code 33660**).

(hh) The King-Wolfcamp Pool (**Pool Code 36100**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 14 SOUTH, RANGE 37 EAST, NMPM

Section 2: NE/4

(ii) The Laguna Valley-Delaware Pool (**Pool Code 96694**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM

Section 25: NW/4

(jj) The vertical limits of the Lazy J-Pennsylvanian Pool (**Pool Code 37430**) in Lea County, New Mexico are hereby contracted to include only the Cisco, Canyon and Strawn formations and the pool is hereby redesignated as the Lazy J-Upper Pennsylvanian Pool (**Pool Code 37430**).

(kk) The Southeast Livingston Ridge-Delaware Pool (**Pool Code 39380**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 31: E/2

Section 32: SW/4

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM

Section 6: NE/4

(ll) The vertical limits of the Llano-Pennsylvanian Pool (**Pool Code 39400**) in Lea County, New Mexico are hereby contracted to include only the Cisco, Canyon and Strawn formations and the pool is hereby redesignated as the Llano-Upper Pennsylvanian Pool (**Pool Code 39400**).

(mm) The Northeast Lovington-Wolfcamp Pool (**Pool Code 41060**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 7: SW/4

Section 18: NW/4

(nn) The East Lusk-Morrow Gas Pool (Pool Code 80770) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 33: N/2

Section 34: N/2

(oo) The Monument-Abo Pool (Pool Code 46970) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 7: SE/4

(pp) The Nadine-Drinkard-Abo Pool (Pool Code 47510) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM

Section 33: SE/4

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 4: NE/4

(qq) The West Nadine-Drinkard Pool (Pool Code 47505) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 7: SE/4

(rr) The West Nadine-Paddock-Blinebry Pool (Pool Code 47400) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 4: E/2

Section 7: S/2

(ss) The West Nadine-Tubb Pool (Pool Code 47530) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 4: E/2

Section 17: NE/4

(tt) The Osudo-Morrow Gas Pool (Pool Code 82120) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM

Section 8: SE/4

(uu) The West Osudo-Morrow Gas Pool (Pool Code 82240) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM

Section 34: S/2

(vv) The vertical limits of the Ranger Lake-Pennsylvanian Pool (Pool Code 50730) in Lea County, New Mexico are hereby contracted to include only the Cisco, Canyon and Strawn formations and the pool is hereby redesignated as the Ranger Lake-Upper Pennsylvanian Pool (Pool Code 50730).

(ww) The Sand Springs-Atoka-Morrow Gas Pool (Pool Code 84871) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM

Section 31: E/2

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM

Section 3: SE/4 and Lots 1 and 2

(xx) The vertical limits of the East Saunders-Permo Pennsylvanian Pool (Pool Code 54960) in Lea County, New Mexico are hereby contracted to include only the Wolfcamp, Cisco, Canyon and Strawn formations and the pool is hereby redesignated as the East Saunders-Permo Upper Pennsylvanian Pool (Pool Code 54960).

(yy) The vertical limits of the South Saunders-Permo Pennsylvanian Pool (Pool Code 55100) in Lea County, New Mexico are hereby contracted to include only the Wolfcamp, Cisco, Canyon and Strawn formations and the pool is hereby redesignated as the South Saunders-Permo Upper Pennsylvanian Pool (Pool Code 55100).

(zz) The West Sawyer-Morrow Gas Pool (Pool Code 97103) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM

Section 16: E/2

Section 21: NE/4

(aaa) The Skaggs-Drinkard Pool (Pool Code 57000) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 1: SW/4

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 17: NE/4

(bbb) The Tonto-Seven Rivers Pool (Pool Code 59470) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 16: NE/4

(ccc) The Townsend-Morrow Gas Pool (Pool Code 86400) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 22: SE/4
Section 23: SW/4
Section 27: N/2

(ddd) The vertical limits of the Tres Papalotes-Pennsylvanian Pool (Pool Code 59870) in Lea County, New Mexico are hereby contracted to include only the Cisco, Canyon and Strawn formations and the pool is hereby redesignated as the Tres Papalotes-Upper Pennsylvanian Pool (Pool Code 59870).

(eee) The vertical limits of the West Tres Papalotes-Pennsylvanian Pool (Pool Code 59873) in Lea County, New Mexico are hereby contracted to include only the Cisco, Canyon and Strawn formations and the pool is hereby redesignated as the West Tres Papalotes-Upper Pennsylvanian Pool (Pool Code 59873).

(fff) The Trinity-Wolfcamp Pool (Pool Code 59890) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 12 SOUTH, RANGE 38 EAST, NMPM
Section 23: SE/4 and NW/4

(ggg) The West Triste Draw-Delaware Pool (Pool Code 59945) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 29: NE/4

(hhh) The Vacuum-Morrow Gas Pool (Pool Code 86840) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 1: E/2

(iii) The North Vacuum-Lower Wolfcamp Pool (Pool Code 62380) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM

Section 1: NW/4

Section 2: NE/4

(jjj) The vertical limits of the Vada-Pennsylvanian Pool (Pool Code 62459) in Lea and Roosevelt Counties, New Mexico are hereby contracted to include only the Cisco, Canyon and Strawn formations and the pool is hereby redesignated as the Vada-Upper Pennsylvanian Pool (Pool Code 62459).

(kkk) The Warren-Tubb Gas Pool (Pool Code 87080) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 24: SE/4

(lll) The Watkins-Yates-Seven Rivers-Queen-Grayburg Pool (Pool Code 63680) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 30: SW/4

(mmm) The vertical limits of the Williams-Pennsylvanian Pool (Pool Code 64410) in Lea County, New Mexico are hereby contracted to include only the Cisco, Canyon and Strawn formations and the pool is hereby redesignated as the Williams-Upper Pennsylvanian Pool (Pool Code 64410).

(nnn) The vertical limits of the North Williams-Pennsylvanian Pool (Pool Code 64440) in Lea County, New Mexico are hereby contracted to include only the Cisco, Canyon and Strawn formations and the pool is hereby redesignated as the North Williams-Upper Pennsylvanian Pool (Pool Code 64440).

(ooo) The X-4 Ranch-Morrow Gas Pool (Pool Code 97049) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM

Section 9: SE/4

Section 10: W/2

Section 16: E/2

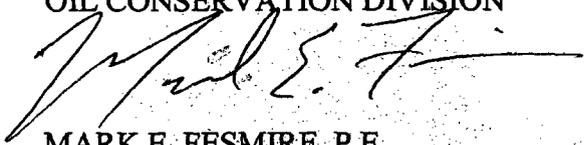
IT IS FURTHER ORDERED THAT:

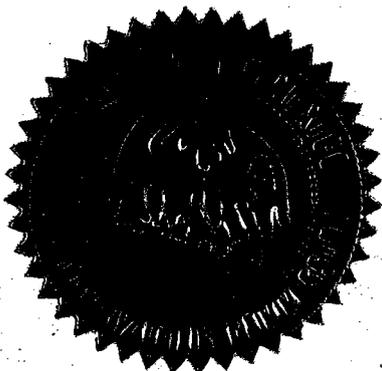
(1) Pursuant to Section 70-2-18, NMSA, 1978, an operator of any well that, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one presently dedicated thereto, shall have 60 days from the effective date of this order to file 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 of vertical and horizontal limits, redesignations and extensions included herein shall be November 1, 2004.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


MARK E. FESMIRE, P.E.
Director



SEAL