

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. 13468
Order No. R-12322

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING, ABOLISHING,
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 April 7, 2005, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 11th day of April, 2005, 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 oil from the Silurian-Devonian formation, bearing the designation of Crockett Draw-Siluro-Devonian Pool (Pool Code 97429). The Crockett Draw-Siluro-Devonian Pool was discovered by the Yates Petroleum Corporation Seinfeld "BBK" Federal Well No. 1 (API No. 30-005-62117) located in Unit M of Section 12, Township 6 South, Range 26 East, NMPM, which was completed in the Silurian-Devonian formation on January 19, 2005. The top of the perforations is at 5,912 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Glorieta-Yeso formation, bearing the designation of Middle Seven Rivers-Glorieta-Yeso Gas Pool (Pool Code 97426). The Middle Seven Rivers-Glorieta-Yeso Gas Pool was discovered by the Yates Petroleum Corporation Hill

View "AHE" Federal Well No. 1 (API No. 30-015-26335) located in Unit D of Section 12, Township 20 South, Range 24 East, NMPM, which was completed in the Glorieta-Yeso formation on February 1, 2005. The top of the perforations is at 1,612 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Wolfcamp formation, bearing the designation of Middle Seven Rivers-Wolfcamp Pool (Pool Code 97428). The Middle Seven Rivers-Wolfcamp Pool was discovered by the Yates Petroleum Corporation Hill View "AHE" Federal Well No. 1 (API No. 30-015-26335) located in Unit D of Section 12, Township 20 South, Range 24 East, NMPM, which was completed in the Wolfcamp formation on February 1, 2005. The top of the perforations is at 5,044 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Upper Pennsylvanian formation, bearing the designation of Seven Rivers Hills-Upper Pennsylvanian Gas Pool (Pool Code 97434). The Seven Rivers Hills-Upper Pennsylvanian Gas Pool was discovered by the Yates Petroleum Corporation Dazed "BDZ" Federal Well No. 2 (API No. 30-015-33428) located in Unit D of Section 12, Township 21 South, Range 24 East, NMPM, which was completed in the Upper Pennsylvanian formation on January 10, 2005. The top of the perforations is at 7,850 feet.

(6) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Wolfcamp formation, bearing the designation of Stinking Draw-Wolfcamp Gas Pool (Pool Code 97421). The Stinking Draw-Wolfcamp Gas Pool was discovered by the Marathon Oil Company North Indian Basin Unit Well No. 11 (API No. 30-015-28232) located in Unit O of Section 2, Township 21 South, Range 23 East, NMPM, which was completed in the Wolfcamp formation on June 7, 2004. The top of the perforations is at 6,597 feet.

(7) There is need for the abolishment of the Boyd-Cisco Gas Pool (Pool Code 72800) in Eddy County, New Mexico in order to correct nomenclature.

(8) There is need for extensions to the Carlsbad-Strawn Gas Pool, the Cedar Lake-Morrow Gas Pool, the South Loving-Delaware Pool, the West Malaga-Morrow Gas Pool, the South Millman-Morrow Gas Pool, the Northeast Red Lake-Glorieta-Yeso Pool, the Red Lake Shores-Glorieta-Yeso Pool, the Shugart-Morrow Gas Pool, the Strychnine Draw-Atoka Gas Pool, and the Winchester-Morrow Gas Pool, all in Eddy County, New Mexico; and the Foor Ranch-Pre-Permian Gas Pool in Chaves County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Chaves County, New Mexico classified as an oil pool for Silurian-Devonian production is hereby created and designated as the Crockett Draw-Siluro-Devonian Pool (Pool Code 97429), consisting of the following described area:

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM
Section 12: SW/4

(b) A new pool in Eddy County, New Mexico classified as a gas pool for Glorieta-Yeso production is hereby created and designated as the Middle Seven Rivers-Glorieta-Yeso Gas Pool (Pool Code 97426), consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 12: NW/4

(c) A new pool in Eddy County, New Mexico classified as an oil pool for Wolfcamp production is hereby created and designated as the Middle Seven Rivers-Wolfcamp Pool (Pool Code 97428), consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 12: NW/4

(d) A new pool in Eddy County, New Mexico classified as a gas pool for Upper Pennsylvanian production is hereby created and designated as the Seven Rivers Hills-Upper Pennsylvanian Gas Pool (Pool Code 97434), consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM
Section 3: Lots 9 through 16

(e) A new pool in Eddy County, New Mexico classified as a gas pool for Wolfcamp production is hereby created and designated as the Stinking Draw-Wolfcamp Gas Pool (Pool Code 97421), consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM
Section 2: S/2

(f) The Boyd-Cisco Gas Pool (Pool Code 72800) in Eddy County, New Mexico consisting of the following described area, is hereby abolished:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 9: N/2

(g) The Carlsbad-Strawn Gas Pool (Pool Code 74040) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 9: N/2

(h) The Cedar Lake-Morrow Gas Pool (Pool Code 74560) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 23: W/2

Section 26: W/2

(i) The Foor Ranch-Pre-Permian Gas Pool (Pool Code 76730) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM

Section 29: S/2

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM

Section 29: S/2

Section 30: S/2

(j) The South Loving-Delaware Pool (Pool Code 40380) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 17: W/2

(k) The West Malaga-Morrow Gas Pool (Pool Code 80925) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM

Section 17: E/2

Section 19: E/2

Section 20: N/2

(l) The South Millman-Morrow Gas Pool (Pool Code 81365) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 21: All

(m) The Northeast Red Lake-Glorieta-Yeso Pool (Pool Code 96836) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 36: NE/4

(n) The Red Lake Shores-Glorieta-Yeso Pool (Pool Code 97130) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 9: NE/4
Section 10: All
Section 15: NW/4

(o) The Shugart-Morrow Gas Pool (Pool Code 85300) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 36: N/2

(p) The Strychnine Draw-Atoka Gas Pool (Pool Code 97121) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 21 EAST, NMPM

Section 25: N/2

TOWNSHIP 20 SOUTH, RANGE 23 EAST, NMPM

Section 30: NW/4 and E/2

(q) The Winchester-Morrow Gas Pool (Pool Code 87600) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

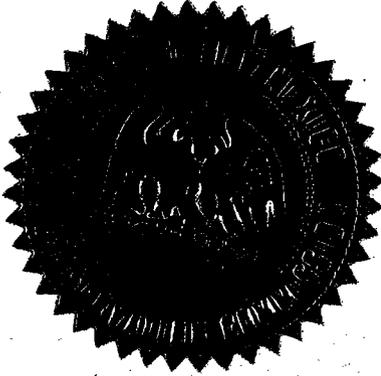
Section 31: S/2

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, abolishments, and extensions included herein shall be May 1, 2005.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'Mark E. Fesmire'.

MARK E. FESMIRE, P.E.
Director