

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. 13769
Order No. R-12627

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING AND
ASSIGNING A DISCOVERY ALLOWABLE TO A
POOL IN ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 31, 2006 at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 11th day of September, 2006, 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 Roosevelt County, New Mexico for the production of oil from the San Andres formation, bearing the designation of Kizer-San Andres Pool (**Pool Code 97542**). Further, the discovery well for the Kizer-San Andres Pool, the Mulloy Operating Inc. UEL RC Well No. 1 (**API No. 30-041-20921**) located in Unit A of Section 24, Township 6 South, Range 34 East, NMPM, is entitled to and should receive a bonus discovery allowable in the amount of 20,820 barrels of oil to be produced over a two-year period. The discovery well was completed in the San Andres formation on June 5, 2006. The top of the perforations is at 4,176 feet.

(3) The effective date of this order and the creation and assignment of a discovery allowable included herein should be September 1, 2006.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Roosevelt County, New Mexico classified as an oil pool for San Andres production is hereby created and designated as the Kizer-San Andres Pool (**Pool Code 97542**), consisting of the following described area:

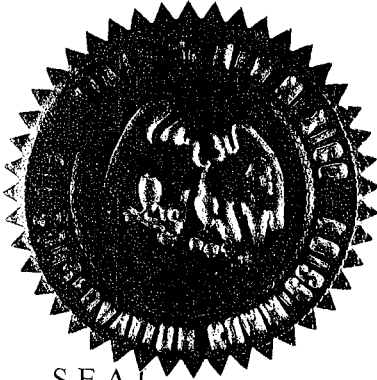
TOWNSHIP 6 SOUTH, RANGE 34 EAST, NMPM
Section 24: NE/4

Further, the discovery well for the Kizer-San Andres Pool, the Mulloy Operating Inc. UEL RC Well No. 1 (**API No. 30-041-20921**) located in Unit A of Section 24, Township 6 South, Range 34 East, NMPM, is hereby assigned a bonus discovery allowable in the amount of 20,820 barrels of oil to be produced over a two-year period.

IT IS FURTHER ORDERED THAT:

(1) The effective date of this order and the creation and assignment of a discovery allowable included herein shall be September 1, 2006.

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 dark ink, appearing to read "Mark E. Fesmire", written over a horizontal line.

MARK E. FESMIRE, P.E.
Director