

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. 13792
Order No. R-12646

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on September 28, 2006, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 10th day of October, 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 Lea County, New Mexico for the production of gas from the Atoka formation, bearing the designation of Bar-U-Atoka Gas Pool (**Pool Code 97539**). The Bar-U-Atoka Gas Pool was discovered by the Bold Energy LP Joshua State Well No. 1 (**API No. 30-025-37515**) located in Unit J of Section 11, Township 9 South, Range 32 East, NMPM, which was completed in the Atoka formation on April 15, 2006. The top of the perforations is at 10,276 feet.

(3) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Paddock formation, bearing the designation of North Leamex-Paddock Pool (**Pool Code 97549**). The North Leamex-Paddock Pool was discovered by the COG Operating LLC. Cholla State Well No. 1 (**API No. 30-025-37788**) located in Unit N of Section 4, Township 17 South, Range 33 East, NMPM,

which was completed in the Paddock formation on June 26, 2006. The top of the perforations is at 6,030 feet.

(4) 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 Mescalero-Strawn Gas Pool (**Pool Code 97550**). The West Mescalero-Strawn Gas Pool was discovered by the Yates Petroleum Corporation Fender State Unit Well No. 2 (**API No. 30-025-37765**) located in Unit L of Section 17, Township 10 South, Range 32 East, NMPM, which was completed in the Strawn formation on July 20, 2006. The top of the perforations is at 10,438 feet.

(5) There is need for the abolishment of the Southwest House-Blinebry Gas Pool (**Pool Code 97195**) in Lea County, New Mexico in order to correct pool nomenclature. The abolished acreage will be placed in the House-Blinebry Pool (**Pool Code 33230**).

(6) There is need for extensions to the Antelope Ridge-Atoka Gas Pool, the South Antelope Ridge-Cherry Canyon Pool, the South Arena Roja-Strawn Gas Pool, the Southwest Austin-Morrow Gas Pool, the East Bagley-Morrow Gas Pool, the Bell Lake-Atoka Gas Pool, the Northwest Bootleg Ridge-Delaware Pool, the Brinninstool-Delaware Pool, the East Brunson-San Andres Pool, the North Burtner-Devonian Pool, the North Chaveroo-Lower Pennsylvanian Gas Pool, the Cinta Roja-Morrow Gas Pool, the D-K-Abo Pool, the South Flying "M"-Atoka Gas Pool, the Four Lakes-Upper Pennsylvanian Pool, the Garrett-Drinkard Pool, the Grassland-Austin Gas Pool, the High Plains-Permo Upper Pennsylvanian Pool, the Northwest Hobbs-Drinkard Pool, the House-Blinebry Pool, the South House-Blinebry Pool, the House-Tubb Pool, the West Hume-Grayburg Pool, the Lovington-Drinkard Pool, the Northeast Lovington-Upper Pennsylvanian Pool, the North Mescalero-Upper Pennsylvanian Pool, the South Nadine-Yates-Seven Rivers Pool, the Osudo-Morrow Gas Pool, the Paddock Pool, the Quail Ridge-Morrow Gas Pool, the North Quail Ridge-Morrow Gas Pool, the South Ranger Lake-Austin Gas Pool, the South Ranger Lake-Morrow Gas Pool, and the Triple X-Bone Spring Pool, all in Lea County, New Mexico; and the TV-Pennsylvanian Gas Pool in Chaves County, New Mexico.

(7) The effective date of this order and all creations, abolishments and extensions included herein should be October 1, 2006.

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 Bar-U-Atoka Gas Pool (**Pool Code 97539**), consisting of the following described area:

TOWNSHIP 9 SOUTH, RANGE 32 EAST, NMPM
Section 11: S/2

(b) A new pool in Lea County, New Mexico classified as an oil pool for Paddock production is hereby created and designated as the North Leamex-Paddock Pool (**Pool Code 97549**), consisting of the following described area:

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

(c) A new pool in Lea County, New Mexico classified as a gas pool for Strawn production is hereby created and designated as the West Mescalero-Strawn Gas Pool (**Pool Code 97550**), consisting of the following described area:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM
Section 17: S/2

(d) The Southwest House-Blinebry Gas Pool (**Pool Code 97195**) in Lea County, New Mexico, consisting of the following described area, is hereby abolished:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 2: SW/4

(e) The House-Blinebry Pool (**Pool Code 33230**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 2: SW/4
Section 3: NE/4
Section 11: All

(f) The Antelope Ridge-Atoka Gas Pool (**Pool Code 70360**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 34: All

(g) The South Antelope Ridge-Cherry Canyon Pool (**Pool Code 2215**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 21: NE/4

(h) The South Arena Roja-Strawn Gas Pool (**Pool Code 70580**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 26 SOUTH, RANGE 35 EAST, NMPM
Section 27: SW/4 and E/2

(i) The Southwest Austin-Morrow Gas Pool (**Pool Code 96664**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 36 EAST, NMPM

Section 6: SW/4

Section 7: N/2 and SE/4

Section 8: S/2

(j) The East Bagley-Morrow Gas Pool (**Pool Code 97424**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM

Section 5: NE/4

(k) The Bell Lake-Atoka Gas Pool (**Pool Code 71720**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM

Section 25: NE/4

(l) The Northwest Bootleg Ridge-Delaware Pool (**Pool Code 6925**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 12: NE/4

(m) The Brinninstool-Delaware Pool (**Pool Code 96193**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM

Section 31: NE/4

Section 32: N/2

(n) The East Brunson-San Andres Pool (**Pool Code 8050**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 24: SE/4

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM

Section 19: SW/4 and N/2

(o) The North Burtner-Devonian Pool (**Pool Code 97455**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 33 EAST, NMPM
Section 3: NW/4

(p) The North Chaveroo-Lower Pennsylvanian Gas Pool (**Pool Code 97445**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM
Section 34: N/2

(q) The Cinta Roja-Morrow Gas Pool (**Pool Code 75000**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 35 EAST, NMPM
Section 5: All

(r) The D-K-Abo Pool (**Pool Code 15200**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 39 EAST, NMPM
Section 7: S/2

(s) The South Flying "M"-Atoka Gas Pool (**Pool Code 76720**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 32 EAST, NMPM
Section 36: S/2

(t) The Four Lakes-Upper Pennsylvanian Pool (**Pool Code 25460**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM
Section 1: SW/4

(u) The Garrett-Drinkard Pool (**Pool Code 27130**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 38 EAST, NMPM
Section 30: SE/4

(v) The Grassland-Austin Gas Pool (**Pool Code 97235**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 34 EAST, NMPM
Section 15: S/2

(w) The High Plains-Permo Upper Pennsylvanian Pool (**Pool Code 31055**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
Section 22: SW/4

(x) The Northwest Hobbs-Drinkard Pool (**Pool Code 97184**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM
Section 19: NW/4

(y) The South House-Blinebry Pool (**Pool Code 33225**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 12: SE/4

(z) 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 12: SE/4
Section 13: W/2
Section 14: E/2

(aa) The West Hume-Grayburg Pool (**Pool Code 97444**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 15: NW/4
Section 16: N/2

(bb) The Lovington-Drinkard Pool (**Pool Code 40490**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM
Section 2: SW/4
Section 3: S/2
Section 9: NE/4
Section 10: NW/4

(cc) The Northeast Lovington-Upper Pennsylvanian Pool (**Pool Code 40760**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM

Section 13: NW/4

(dd) The North Mescalero-Upper Pennsylvanian Pool (**Pool Code 45750**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM

Section 12: SW/4

(ee) The South Nadine-Yates-Seven Rivers Pool (**Pool Code 96406**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM

Section 25: N/2

Section 26: NE/4

(ff) 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 20: N/2

(gg) The Paddock Pool (**Pool Code 49210**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM

Section 19: SE/4

Section 30: NE/4

(hh) The Quail Ridge-Morrow Gas Pool (**Pool Code 83280**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 32: SE/4

(ii) The North Quail Ridge-Morrow Gas Pool (**Pool Code 83320**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 8: W/2

(jj) The South Ranger Lake-Austin Gas Pool (**Pool Code 97231**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 13 SOUTH, RANGE 35 EAST, NMPM

Section 6: S/2

(kk) The South Ranger Lake-Morrow Gas Pool (**Pool Code 97230**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 13 SOUTH, RANGE 34 EAST, NMPM

Section 1: N/2

TOWNSHIP 13 SOUTH, RANGE 35 EAST, NMPM

Section 6: NW/4 and S/2

(ll) The Triple X-Bone Spring Pool (**Pool Code 59900**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM

Section 29: SW/4

Section 32: NW/4 and E/2

Section 33: SW/4

(mm) The TV-Pennsylvanian Gas Pool (**Pool Code 86560**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 11 SOUTH, RANGE 31 EAST, NMPM

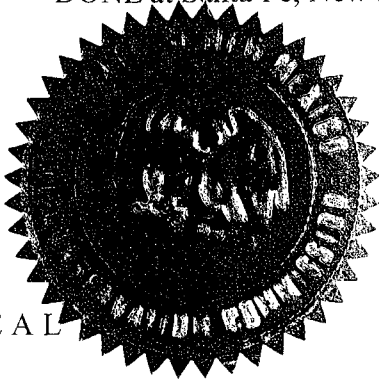
Section 23: W/2

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 October 1, 2006.

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



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

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MARK E. FESMIRE, P.E.
Director