

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. 13796
Order No. R-12651

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 12, 2006, at Santa Fe, New Mexico before Examiner Richard I. Ezeanyim.

NOW, on this 23rd 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 Eddy County, New Mexico for the production of gas from the Wolfcamp formation, bearing the designation of Southwest Four Mile Draw-Wolfcamp Gas Pool (**Pool Code 97553**). The Southwest Four Mile Draw-Wolfcamp Gas Pool was discovered by the Parallel Petroleum Corporation Boxtop Federal 1921-1 Well No. 1 (**API No. 30-015-34374**) located in Unit M of Section 1, Township 19 South, Range 21 East, NMPM, which was completed in the Wolfcamp formation on January 8, 2006. The top of the perforations is at 4,650 feet.

(3) There is need for extensions to the Anderson-Pennsylvanian Gas Pool, the Angell Ranch-Atoka-Morrow Gas Pool, the Black River-Wolfcamp Gas Pool, the Brushy Draw-Delaware Pool, the Cedar Lake-Morrow Gas Pool, the Cemetery-Morrow Gas Pool, the Cemetery-Wolfcamp Gas Pool, the Collins Ranch-Wolfcamp Gas Pool, the West Cottonwood Creek-Wolfcamp Gas Pool, the Diamond Mound-Atoka Gas Pool, the Diamount Mound-Morrow Gas Pool, the South Empire-Morrow Gas Pool, the Forehand

Ranch-Wolfcamp Gas Pool, the Happy Valley-Delaware Pool, the Laguna Salado-Bone Spring Pool, the McKittrick Hills-Upper Pennsylvanian Gas Pool, the McMillan-Upper Pennsylvanian Gas Pool, the East Pierce Crossing-Bone Spring Pool, the North Turkey Track-Morrow Gas Pool, and the Southeast Willow Lake-Bone Spring Pool, all in Eddy County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Eddy County, New Mexico classified as a gas pool for Wolfcamp production is hereby created and designated as the Southwest Four Mile Draw-Wolfcamp Gas Pool (**Pool Code 97553**), consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 21 EAST, NMPM

Section 1: All

(b) The Anderson-Pennsylvanian Gas Pool (**Pool Code 70200**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 24: E/2

(c) The Angell Ranch-Atoka-Morrow Gas Pool (**Pool Code 70310**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM

Section 3: All

(d) The Black River-Wolfcamp Gas Pool (**Pool Code 72240**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM

Section 31: W/2

TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM

Section 6: W/2

Section 7: NW/4

(e) The Brushy Draw-Delaware Pool (**Pool Code 8080**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM

Section 4: SE/4

(f) 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, NMPPM

Section 33: N/2

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

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPPM

Section 10: All

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

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPPM

Section 14: All

(i) The Collins Ranch-Wolfcamp Gas Pool (**Pool Code 75010**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 24 EAST, NMPPM

Section 15: W/2

Section 16: All

Section 17: E/2

(j) The West Cottonwood Creek-Wolfcamp Gas Pool (**Pool Code 75260**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 24 EAST, NMPPM

Section 8: N/2

Section 9: N/2

Section 10: N/2

Section 11: NW/4

Section 12: NW/4

Section 23: NW/4

Section 25: NE/4

(k) The Diamond Mound-Atoka Gas Pool (**Pool Code 76060**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPPM

Section 7: W/2

(l) The Diamond Mound-Morrow Gas Pool (**Pool Code 76079**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM
Section 7: All

(m) The South Empire-Morrow Gas Pool (**Pool Code 76400**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 13: W/2
Section 23: E/2
Section 24: N/2

(n) The Forehand Ranch-Wolfcamp Gas Pool (**Pool Code 76780**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 22: E/2
Section 23: W/2

(o) The Happy Valley-Delaware Pool (**Pool Code 29665**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
Section 10: SW/4 and NE/4

(p) The Laguna Salado-Bone Spring Pool (**Pool Code 96721**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM
Section 21: NE/4

(q) The McKittrick Hills-Upper Pennsylvanian Gas Pool (**Pool Code 81080**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM
Section 19: W/2

(r) The McMillan-Upper Pennsylvanian Gas Pool (**Pool Code 81283**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 29: E/2
Section 32: All

(s) The East Pierce Crossing-Bone Spring Pool (**Pool Code 96473**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 9: SE/4

(t) The North Turkey Track-Morrow Gas Pool (**Pool Code 86500**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 30: E/2

Section 31: NE/4

Section 32: N/2

(u) The Southeast Willow Lake-Bone Spring Pool (**Pool Code 96217**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM

Section 16: SW/4

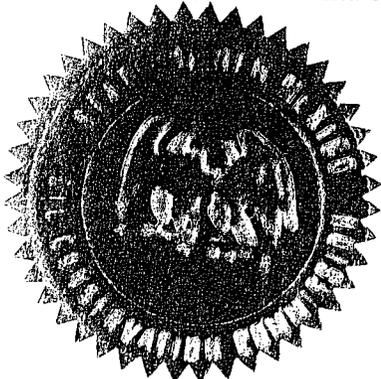
Section 21: NW/4

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 and extensions included herein shall be November 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 black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Director