

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. 13818
Order No. R-12675

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 case came on for hearing at 8:15 a.m. on November 9, 2006, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 4th day of December, 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 Atoka formation, bearing the designation of Maroon Cliffs-Atoka Gas Pool (**Pool Code 97557**). The Maroon Cliffs-Atoka Gas Pool was discovered by the BEPCO, L.P. Big Eddy Unit Well No. 44 (**API No. 30-015-21529**) located in Unit H of Section 16, Township 21 South, Range 30 East, NMPM, which was completed in the Atoka formation on September 21, 2006. The top of the perforations is at 11,988 feet.

(3) There is need for extensions to the Angell Ranch-Atoka-Morrow Gas Pool, the Benson-Delaware Pool, the Brushy Draw-Delaware Pool, the Bunting Ranch-Morrow Gas Pool, the Burton Flat-Atoka Gas Pool, the Cass Ranch-Upper Pennsylvanian Gas Pool, the Cedar Canyon-Delaware Pool, the Chosa Draw-Morrow Gas Pool, the Collins Ranch-Wolfcamp Gas Pool, the Northwest Corral Canyon-Delaware Pool, the

Cottonwood Creek-Wolfcamp Gas Pool, the West Cottonwood Creek-Wolfcamp Gas Pool, the Cottonwood Draw-Delaware Pool, the Crow Flats-Morrow Gas Pool, the Southwest Four Mile Draw-Wolfcamp Gas Pool, the Golden Lane-Atoka Gas Pool, the Southeast Greenwood-Morrow Gas Pool, the Laguna Salado-Bone Spring Pool, the Little Box Canyon-Morrow Gas Pool, the Mosley Canyon-Strawn Gas Pool, the East Pierce Crossing-Bone Spring Pool, the Rocky Arroyo-Canyon Gas Pool, and the Sand Tank-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 Atoka production is hereby created and designated as the Maroon Cliffs-Atoka Gas Pool (**Pool Code 97557**), consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 30 EAST, NMPM
Section 16: E/2

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

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 1: W/2

(c) The Benson-Delaware Pool (**Pool Code 97083**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM
Section 11: NE/4
Section 12: NW/4

(d) 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: W/2

(e) The Bunting Ranch-Morrow Gas Pool (**Pool Code 73100**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 21 EAST, NMPM
Section 13: S/2
Section 14: S/2
Section 24: W/2
Section 25: W/2

(f) The Burton Flat-Atoka Gas Pool (**Pool Code 73160**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

Section 27: N/2

Section 28: N/2

(g) The Cass Ranch-Upper Pennsylvanian Gas Pool (**Pool Code 97271**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 23 EAST, NMPM

Section 9: S/2

Section 10: S/2

Section 11: SW/4

Section 16: W/2

(h) The Cedar Canyon-Delaware Pool (**Pool Code 11540**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 12: SW/4

(i) The Chosa Draw-Morrow Gas Pool (**Pool Code 74900**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 25 EAST, NMPM

Section 25: S/2

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM

Section 17: S/2

(j) 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, NMPM

Section 15: SE/4

(k) The Northwest Corral Canyon-Delaware Pool (**Pool Code 96464**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 35: SE/4

(l) The Cottonwood Creek-Wolfcamp Gas Pool (**Pool Code 75250**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 25 EAST, NMPM

Section 8: E/2

Section 17: NE/4 and S/2

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

TOWNSHIP 16 SOUTH, RANGE 25 EAST, NMPM

Section 6: S/2

(n) The Cottonwood Draw-Delaware Pool (**Pool Code 96541**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 26 SOUTH, RANGE 26 EAST, NMPM

Section 1: N/2

Section 2: NE/4

TOWNSHIP 26 SOUTH, RANGE 27 EAST, NMPM

Section 6: NW/4

(o) The Crow Flats-Morrow Gas Pool (**Pool Code 75720**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM

Section 18: All

(p) The Southwest Four Mile Draw-Wolfcamp Gas Pool (**Pool Code 97553**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 21 EAST, NMPM

Section 36: E/2

TOWNSHIP 19 SOUTH, RANGE 21 EAST, NMPM

Section 12: W/2

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM

Section 6: W/2

(q) The Golden Lane-Atoka Gas Pool (**Pool Code 77520**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM

Section 6: S/2

Section 7: N/2

Section 8: N/2

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

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 36: E/2

(s) 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 22: NW/4

(t) The Little Box Canyon-Morrow Gas Pool (**Pool Code 80240**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20½ SOUTH, RANGE 22 EAST, NMPM
Section 32: All

(u) The Mosley Canyon-Strawn Gas Pool (**Pool Code 81470**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 25 EAST, NMPM
Section 4: All

(v) 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 12: SW/4

(w) The Rocky Arroyo-Canyon Gas Pool (**Pool Code 84120**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM
Section 16: N/2
Section 17: N/2

(x) The Sand Tank-Bone Spring Pool (**Pool Code 96832**) in Eddy County, New Mexico is hereby extended to include:

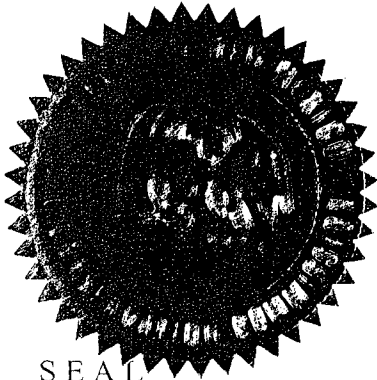
TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 7: SE/4

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 December 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".

MARK E. FESMIRE, P.E.
Director