

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. 13186
Order No. R-12066

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING 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 November 20, 2003, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 9th day of December, 2003, 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 gas from the Pennsylvanian formation, bearing the designation of North Bosque-Pennsylvanian Gas Pool (**Pool Code 97298**). The North Bosque-Pennsylvanian Gas Pool was discovered by the Yates Petroleum Corporation Bobwhite "BBH" Deep Federal Com. Well No. 1 (**API No. 30-005-62135**) located in Unit M of Section 3, Township 6 South, Range 26 East, NMPM, which was completed in the Pennsylvanian formation on August 19, 2003. The top of the perforations is at 5,070 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Upper Pennsylvanian formation, bearing

the designation of West Cedar Hills-Upper Pennsylvanian Pool (**Pool Code 96915**). The West Cedar Hills-Upper Pennsylvanian Pool was discovered by the Mewbourne Oil Company Federal "OO" Well No. 2 (**API No. 30-015-21433**) located in Unit C of Section 18, Township 21 South, Range 27 East, NMPM, which was completed in the Cisco-Canyon formation on April 15, 1999. The top of the perforations is at 9,844 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Strawn formation, bearing the designation of Fren-Strawn Pool (**Pool Code 97302**). The Fren-Strawn Pool was discovered by the Marbob Energy Corporation Fair "17" Federal Well No. 1 (**API No. 30-015-28969**) located in Unit E of Section 17, Township 17 South, Range 31 East, NMPM, which was completed in the Strawn formation on September 12, 2003. The top of the perforations is at 10,537 feet.

(5) There is need for the creation of a new pool in Chaves County, New Mexico for the production of oil from the Mississippian formation, bearing the designation of Haystack-Mississippian Pool (**Pool Code 97305**). The Haystack-Mississippian Pool was discovered by the Yates Petroleum Corporation Biplane Unit Well No. 1 (**API No. 30-005-63556**) located in Unit A of Section 16, Township 6 South, Range 27 East, NMPM, which was completed in the Mississippian formation on September 10, 2003. The top of the perforations is at 6,228 feet.

(6) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Morrow formation, bearing the designation of Lakeshore-Morrow Gas Pool (**Pool Code 97304**). The Lakeshore-Morrow Gas Pool was discovered by the Yates Drilling Company Tropicana Federal Com. Well No. 1 (**API No. 30-015-32517**) located in Unit I of Section 12, Township 20 South, Range 26 East, NMPM, which was completed in the Morrow formation on July 10, 2003. The top of the perforations is at 10,200 feet.

(7) There is need for the creation of a new pool in Chaves County, New Mexico for the production of gas from the Wolfcamp formation, bearing the designation of Northwest Leslie Spring-Wolfcamp Gas Pool (**Pool Code 97303**). The Northwest Leslie Spring-Wolfcamp Gas Pool was discovered by the Yates Petroleum Corporation Federal "HJ" Well No. 13 (**API No. 30-005-63495**) located in Unit D of Section 31, Township 6 South, Range 26 East, NMPM, which was completed in the Wolfcamp formation on August 4, 2003. The top of the perforations is at 4,816 feet.

(8) There is need for the creation of a new pool in Chaves County, New Mexico for the production of gas from the Pennsylvanian formation, bearing the designation of Southwest Red Spring-Pennsylvanian Gas Pool (**Pool Code 97306**). The Southwest Red Spring-Pennsylvanian Gas Pool was discovered by the Yates Petroleum Corporation Grynberg "LZ" State Well No. 7 (**API No. 30-005-63335**)

located in Unit B of Section 36, Township 5 South, Range 24 East, NMPM, which was completed in the Pennsylvanian formation on September 22, 2003. The top of the perforations is at 5,168 feet.

(9) There is need for extensions to the South Carlsbad-Canyon Gas Pool, the Cedar Canyon-Bone Spring Pool, the East Cedar Lake-Morrow Gas Pool, the Ingle Wells-Delaware Pool, the Los Medanos-Delaware Pool, the Penasco Draw-Permo Pennsylvanian Gas Pool, the East Pierce Crossing-Bone Spring Pool, the Southeast Quahada Ridge-Delaware Pool, the Richard Knob-Atoka-Morrow Gas Pool, and the Scanlon-Morrow Gas Pool, all in Eddy County, New Mexico; and the Comanche-Wolfcamp Gas Pool, the Foor Ranch-Pre-Permian Gas Pool, the North Foor Ranch-Pre-Permian Gas Pool, and the South Leslie Spring-Wolfcamp Gas Pool, all in Chaves County, New Mexico.

(10) The effective date of this order and all creations and extensions included herein should be December 1, 2003.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Chaves County, New Mexico classified as a gas pool for Pennsylvanian production is hereby created and designated as the North Bosque-Pennsylvanian Gas Pool (Pool Code 97298), consisting of the following described area:

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM

Section 3: All

(b) A new pool in Eddy County, New Mexico classified as an oil pool for Upper Pennsylvanian production is hereby created and designated as the West Cedar Hills-Upper Pennsylvanian Pool (Pool Code 96915), consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 18: NW/4

(c) A new pool in Eddy County, New Mexico classified as an oil pool for Strawn production is hereby created and designated as the Fren-Strawn Pool (Pool Code 97302), consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 17: NW/4

(d) A new pool in Chaves County, New Mexico classified as an oil pool for Mississippian production is hereby created and designated as the Haystack-Mississippian Pool (Pool Code 97305), consisting of the following described area:

TOWNSHIP 6 SOUTH, RANGE 27 EAST, NMPM
Section 16: NE/4

(e) A new pool in Eddy County, New Mexico classified as a gas pool for Morrow production is hereby created and designated as the Lakeshore-Morrow Gas Pool (Pool Code 97304), consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM
Section 12: S/2

(f) A new pool in Chaves County, New Mexico classified as a gas pool for Wolfcamp production is hereby created and designated as the Northwest Leslie Spring-Wolfcamp Gas Pool (Pool Code 97303), consisting of the following described area:

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM
Section 31: W/2

(g) A new pool in Chaves County, New Mexico classified as a gas pool for Pennsylvanian production is hereby created and designated as the Southwest Red Spring-Pennsylvanian Gas Pool (Pool Code 97306), consisting of the following described area:

TOWNSHIP 5 SOUTH, RANGE 24 EAST, NMPM
Section 36: N/2

(h) The South Carlsbad-Canyon Gas Pool (Pool Code 73880) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 36: W/2

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
Section 1: W/2
Section 12: NW/4

(i) The Cedar Canyon-Bone Spring Pool (Pool Code 11520) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 2: SW/4

(j) The East Cedar Lake-Morrow Gas Pool (Pool Code 74605) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 29: S/2

(k) The Comanche-Wolfcamp Gas Pool (Pool Code 97120) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM

Section 19: NE/4

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

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM

Section 8: E/2

Section 17: N/2

(m) The North Foor Ranch-Pre-Permian Gas Pool (Pool Code 97094) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM

Section 4: N/2

(n) The Ingle Wells-Delaware Pool (Pool Code 33745) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 22: NW/4

(o) The South Leslie Spring-Wolfcamp Gas Pool (Pool Code 97110) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM

Section 3: NW/4

Section 4: N/2

(p) The Los Medanos-Delaware Pool (Pool Code 40297) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 16: SE/4

(q) The Penasco Draw-Permo Pennsylvanian Gas Pool (Pool Code 82775) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 17: S/2

(r) 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 11: NW/4

(s) The Southeast Quahada Ridge-Delaware Pool (Pool Code 50443) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM
Section 25: NE/4

(t) The Richard Knob-Atoka-Morrow Gas Pool (Pool Code 83840) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 17: All

(u) The Scanlon-Morrow Gas Pool (Pool Code 84920) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 31: S/2

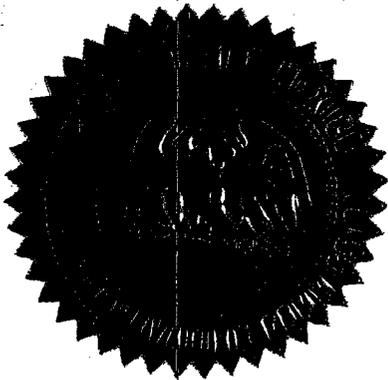
IT IS FURTHER ORDERED THAT:

(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 and extensions included herein shall be December 1, 2003.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrottenbery

LORI WROTENBERY
Director