

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. 11286
Order No. R-10376

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION 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 May 18, 1995, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 24th day of May, 1995, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Bone Spring formation, said pool to bear the designation of West Magruder-Bone Spring Gas Pool. Said West Magruder-Bone Spring Gas Pool was discovered by the Yates Petroleum Corporation South Avalon "MA" Federal Com. Well No. 1 located in Unit I of Section 14, Township 21 South, Range 26 East, NMPM. It was completed in the Bone Spring formation on December 16, 1994. The top of the perforations is at 5944 feet.

(3) There is need for certain extensions to the South Burton-Yates Gas Pool, the South Carlsbad-Morrow Gas Pool, the North Dagger Draw-Upper Pennsylvanian Pool, the Dagger Draw-Wolfcamp Gas Pool, the Indian Basin-Morrow Gas Pool, the Ingle Wells-Delaware Pool, the Laguna Salado-Atoka Gas Pool, the Mesa Verde-Delaware Pool, the P.J.-Delaware Pool, the Palmillo-Cisco Gas Pool, the Power-Grayburg-San Andres Pool,

Case No. 11286
Order No. R-10376
-2-

and the Siegreest Draw-Abo 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 Bone Spring production is hereby created and designated as the West Magruder-Bone Spring Gas Pool, consisting of the following described area:

TOWNSHIP 21 SOUTH RANGE 26 EAST, NMPM
Section 14: SE/4

(b) The South Burton-Yates Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 29: NE/4

(c) The South Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 27: N/2

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 4: W/2

(d) The North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 22: NW/4
Section 23: N/2
Section 24: NW/4
Section 27: SW/4

(e) The Dagger Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 2: N/2

(f) The Indian Basin-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

Case No. 11286
Order No. R-10376
-3-

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM
Section 2: W/2
Section 11: W/2

(g) The Ingle Wells-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

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

(h) The Laguna Salado-Atoka Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM
Section 19: All
Section 21: All
Section 22: W/2

(i) The Mesa Verde-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM
Section 1: NW/4

(j) The P.J.-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 35: E/2

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 2: NE/4

(k) The Palmillo-Cisco Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 28: S/2
Section 33: N/2

(l) The Power-Grayburg-San Andres Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

Case No. 11286
Order No. R-10376

-4-

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 1: NW/4

(m) The Siegreest Draw-Abo Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 31: SW/4

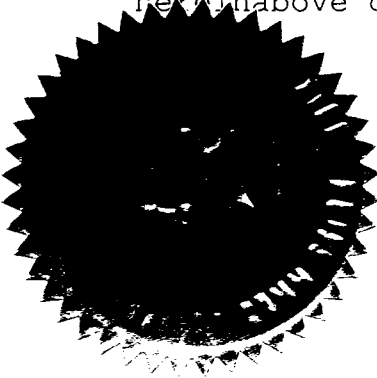
TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 6: NW/4

IT IS FURTHER ORDERED THAT:

(1) Pursuant to Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said 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 said 60-day period shall subject the well to cancellation of allowable.

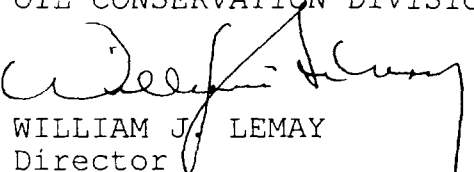
(2) The effective date of this order and all creations and extensions included herein shall be June 1, 1995.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director