

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. 12199
Order No. R-11203

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 June 10, 1999, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 14th day of June, 1999, 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 Morrow production, bearing the designation of Southeast Crow Flats-Morrow Gas Pool. The Southeast Crow Flats-Morrow Gas Pool was discovered by the Chi Operating, Inc. Cannonball "9" State Com. Well No. 1 located in Unit K of Section 9, Township 17 South, Range 28 East, NMPM, which was completed in the Morrow formation on March 26, 1999. The top of the perforations is at 9,857 feet.

(3) 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 Hackberry-Atoka Gas Pool. The Hackberry-Atoka Gas Pool was discovered by the Santa Fe Energy Resources, Inc. Hackberry "18" Federal Well No. 1 located in Unit O of Section 18, Township 19 South, Range 31 East, NMPM, which was completed in the Atoka formation on April 2, 1999. The top of the perforations is at 11,354 feet.

(4) 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 Otis-Atoka Gas Pool. The Otis-Atoka Gas Pool was discovered by the Santa Fe Energy Resources, Inc. Weems Well No. 1 located in Unit C of Section 27, Township 22 South, Range 27 East, NMPM, which was completed in the Atoka formation on March 22, 1999. The top of the perforations is at 11,587 feet.

(5) 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 East Sage Draw-Wolfcamp Gas Pool. The East Sage Draw-Wolfcamp Gas Pool was discovered by the Chevron U.S.A., Inc. Marquardt Federal Com. Well No. 2 located in Unit F of Section 12, Township 25 South, Range 26 East, NMPM, which was completed in the Wolfcamp formation on September 1, 1994. The top of the perforations is at 9,688 feet.

(6) There is need for certain extensions to the Cemetery-Morrow Gas Pool, the Empire-Pennsylvanian Gas Pool, the Empire-Yeso Pool, the West Indian Flats-Strawn Gas Pool, the Logan Draw-Morrow Gas Pool, the Southeast Rocky Arroyo-Canyon Gas Pool, the Russell-Lower Yates Gas Pool, the Sand Dunes-Upper Pennsylvanian Pool, the Shugart-Wolfcamp Pool, the Travis-Wolfcamp Pool, and the White City-Pennsylvanian Gas 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 Morrow production is hereby created and designated as the Southeast Crow Flats-Morrow Gas Pool, consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 9: W/2

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

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 18: S/2

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

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 27: N/2

(d) A new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production is hereby created and designated as the East Sage Draw-Wolfcamp Gas Pool, consisting of the following described area:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM

Section 12: N/2

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

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 13: S/2

(f) The Empire-Pennsylvanian Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 21: NE/4

(g) The Empire-Yeso Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 30: SW/4

(h) The West Indian Flats-Strawn Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM

Section 16: N/2

Section 17: N/2

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

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 30: S/2

(j) The Southeast Rocky Arroyo-Canyon Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM

Section 22: N/2

(k) The Russell-Lower Yates Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

Section 14: E/2

Section 23: W/2

(l) The Sand Dunes-Upper Pennsylvanian Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 25: NW/4
Section 26: N/2

(m) The Shugart-Wolfcamp Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 22: SE/4
Section 23: S/2

(n) The Travis-Wolfcamp Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 33: N/2 and SW/4

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 4: NW/4

(o) The White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 14: All

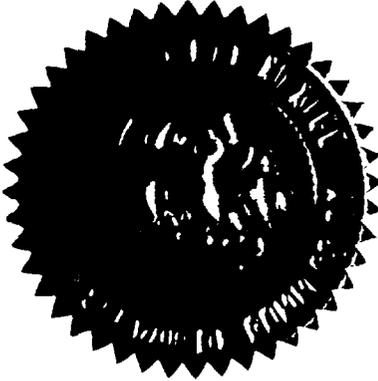
IT IS FURTHER ORDERED THAT:

(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 July 1, 1999.

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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 that reads "Lori Wrotenbery". The signature is fluid and cursive, written over the printed name.

LORI WROTENBERY
Director