

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. 12263
Order No. R-11256

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING, ABOLISHING,
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 October 7, 1999, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 14th day of October, 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 oil from the Delaware formation, bearing the designation of Northeast Harroun Ranch-Delaware Pool. The Northeast Harroun Ranch-Delaware Pool was discovered by the Concho Resources, Inc. Cochiti "28" Federal Well No. 1 completed in Unit E of Section 28, Township 23 South, Range 29 East, NMPM, which was completed in the Delaware formation on October 16, 1998. The top of the perforations is at 6,210 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Bone Spring formation, bearing the designation of South Laguna-Bone Spring Pool. The South Laguna-Bone Spring Pool was discovered by the Concho Resources, Inc. Cochiti "28" Federal Well No. 1 located in Unit E of

Section 28, Township 23 South, Range 29 East, NMPM, which was completed in the Bone Spring formation on July 30, 1998. The top of the perforations is at 7,816 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Wolfcamp formation, bearing the designation of Logan Draw-Wolfcamp Pool. The Logan Draw-Wolfcamp Pool was discovered by the Mack Energy Corporation Spruce Federal Well No. 1 located in Unit K of Section 25, Township 17 South, Range 27 East, NMPM, which was completed in the Wolfcamp formation on July 16, 1999. The top of the perforations is at 6,906 feet.

(5) There is need for the abolishment of the Red Lake-Morrow Gas Pool in Eddy County, New Mexico,

(6) There is need for certain extensions to the Artesia-Glorieta-Yeso Pool, the Cedar Canyon-Delaware Pool, the Crow Flats-Morrow Gas Pool, the Empire-Pennsylvanian Gas Pool, the East Empire-Yeso Pool, the Hackberry Hills-Atoka Gas Pool, the Hackberry Hills-Canyon Gas Pool, the La Huerta-Delaware Pool, the Logan Draw-Morrow Gas Pool, the Ross Draw-Wolfcamp Gas Pool, the East Sage Draw-Wolfcamp Gas Pool, and the North Turkey Track-Morrow Gas Pool, all in Eddy County, New Mexico, and the Foor Ranch-Wolfcamp Gas Pool in Chaves County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production is hereby created and designated as the Northeast Harroun Ranch-Delaware Pool, consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM
Section 28: NW/4

(b) A new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production is hereby created and designated as the South Laguna-Bone Spring Pool, consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM
Section 28: NW/4

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

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 25: SW/4

(d) The Red Lake-Morrow Gas Pool in Eddy County, New Mexico, consisting of the following described area, is hereby abolished:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 31: E/2 and SW/4

(l) The Hackberry Hills-Canyon Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 31: E/2 and SW/4

(m) The La Huerta-Delaware Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 4: Lots 1, 2, 7, 8, 9, 10, 15, 16 and SE/4

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

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 16: All
Section 21: N/2

(o) The Ross Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
Section 22: S/2

(p) The East Sage Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 12: SE/4

TOWNSHIP 25 SOUTH, RANGE 27 EAST, NMPM
Section 7: S/2

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

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 19: S/2

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPPM

Section 31: E/2 and SW/4

(l) The Hackberry Hills-Canyon Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPPM

Section 31: E/2 and SW/4

(m) The La Huerta-Delaware Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPPM

Section 4: Lots 1, 2, 7, 8, 9, 10, 15, 16 and SE/4

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

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPPM

Section 16: All

Section 21: N/2

(o) The Ross Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPPM

Section 22: S/2

(p) The East Sage Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPPM

Section 12: SE/4

TOWNSHIP 25 SOUTH, RANGE 27 EAST, NMPPM

Section 7: S/2

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

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPPM

Section 19: S/2

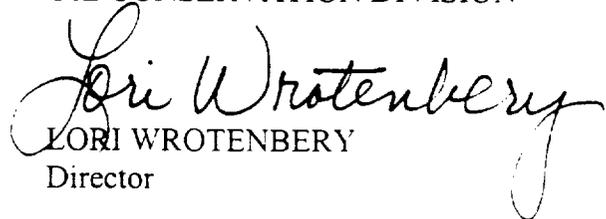
IT IS FURTHER ORDERED THAT:

(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, abolishments, and extensions included herein shall be November 1, 1999.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

S E A L