

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. 12341
Order No. R-11323

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 February 3, 2000, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 10th day of February, 2000, 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 Upper Pennsylvanian formation, bearing the designation of East Red Lake-Upper Pennsylvanian Pool. The East Red Lake-Upper Pennsylvanian Pool was discovered by the Enron Oil and Gas Company Conoco "8" State Com Well No. 1 located in Unit J of Section 8, Township 17 South, Range 29 East, NMPM, which was completed in the Upper Pennsylvanian formation on October 3, 1999. The top of the perforations is at 9,569 feet.

(3) 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 Sand Dunes-Wolfcamp Pool. The Sand Dunes-Wolfcamp Pool was discovered by the Devon Energy Corporation (Nevada) Todd "14K" Federal Well No. 1 located in Unit K of

Section 14, Township 23 South, Range 31 East, NMPM, which was completed in the Wolfcamp formation on October 6, 1999. The top of the perforations is at 11,734 feet.

(4) There is need for certain extensions to the East Avalon-Bone Spring Pool, the South Burton-Yates Gas Pool, the Crow Flats-Morrow Gas Pool, the South Empire-Morrow Gas Pool, the Empire-Pennsylvanian Gas Pool, the South Empire-Wolfcamp Pool, the Empire-Yeso Pool, the Logan Draw-Morrow Gas Pool, the West Lusk-Bone Spring Pool, the Palmillo Draw-Atoka Gas Pool, the Northeast Red Lake-Glorieta-Yeso Pool, the North Shugart-Bone Spring Pool, and the West Shugart-Wolfcamp Pool, all in Eddy County, New Mexico, and the Many Gates-San Andres 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 Upper Pennsylvanian production is hereby created and designated as the East Red Lake-Upper Pennsylvanian Pool, consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 8: SE/4

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

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 14: SW/4

(c) The East Avalon-Bone Spring Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 4: Lots 1, 2, 7 and 8

(d) The South Burton-Yates Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 27: NW/4

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

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 3: NW/4

Case No. 12341
Order No. R-11323
-3-

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

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 3: SW/4
Section 10: W/2

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

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 16: N/2

(h) The South Empire-Wolfcamp Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 7: N/2
Section 8: NW/4

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

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 19: SE/4

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

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 11: S/2

(k) The West Lusk-Bone Spring Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 23: N/2
Section 24: NW/4

(l) The Many Gates-San Andres Pool in Chaves County, New Mexico, is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM
Section 12: W/2 NE/4 and NE/4 NE/4

(m) The Palmillo Draw-Atoka Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPPM
Section 24: W/2

(n) The Northeast Red Lake-Glorieta-Yeso Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPPM
Section 2: NW/4

(o) The North Shugart-Bone Spring Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPPM
Section 19: NE/4
Section 30: NW/4

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

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPPM
Section 30: NE/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 March 1, 2000.

Case No. 12341
Order No. R-11323
-5-

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

SEAL