

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. 12376
Order No. R-11359

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 April 6, 2000, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 12th day of April, 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 gas from the Atoka formation, bearing the designation of South Diamond Mound-Atoka Gas Pool. The South Diamond Mound-Atoka Gas Pool was discovered by the Yates Petroleum Corporation Lucky Strike "AST" Federal Com Well No. 1 located in Unit N of Section 28, Township 16 South, Range 27 East, NMPM, which was completed in the Atoka formation on December 10, 1999. The top of the perforations is at 8,398 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Grayburg formation, bearing the designation of Dog Canyon-Grayburg Gas Pool. The Dog Canyon-Grayburg Gas Pool was discovered by The Edmar Company, LLC OXY Polar Bear State Well No. 1 located in Unit K of Section 36, Township 16 South, Range 27 East, NMPM, which was completed in the Grayburg formation on September 17, 1999. The top of the perforations is at 1,671 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 Fadeaway Ridge-

Wolfcamp Pool. The Fadeaway Ridge-Wolfcamp Pool was discovered by the Saga Petroleum Limited Liability Company of Colorado Pacheco Federal Well No.1 located in Unit J of Section 31, Township 19 South, Range 28 East, NMPM., which was completed in the Wolfcamp formation on November 24, 1999. The top of the perforations is at 9,047 feet.

(5) 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 Grayburg-Strawn Pool. The Grayburg-Strawn Pool was discovered by the Marbob Energy Corporation M. Dodd "B" Deep Federal Well No. 1 located in Unit I of Section 14, Township 17 South, Range 29 East, NMPM, which was completed in the Strawn formation on December 1, 1998. The top of the perforations is at 10,027 feet.

(6) There is need for certain extensions to the West Atoka-Upper Pennsylvanian Gas Pool, the South Carlsbad-Strawn Gas Pool, the Crow Flats-Morrow Gas Pool, the Southeast Crow Flats-Morrow Gas Pool, the South Empire-Morrow Gas Pool, the Indian Loafer Draw-Upper Pennsylvanian Gas Pool, the South Livingston Ridge-Delaware Pool, the Logan Draw-Atoka Gas Pool, the Nash Draw-Brushy Canyon Pool, the Northeast Red Laake-Glorieta-Yeso Pool, the Tamano-Bone Spring Pool, the North Turkey Track-Morrow Gas Pool, and the Winchester-Atoka 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 a gas pool for Atoka production is hereby created and designated as the South Diamond Mound-Atoka Gas Pool, consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM

Section 28: S/2

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

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM

Section 36: SW/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 Fadeaway Ridge-Wolfcamp Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 31: SE/4

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

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 14: SE/4

(e) The West Atoka-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, is hereby extended to include:

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

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

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 7: W/2
Section 18: W/2

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

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 23: E/2
Section 26: E/2

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

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 4: E/2
Section 9: E/2

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

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

(j) The Foor Ranch-Wolfcamp Gas Pool in Chaves County, New Mexico, is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM
Section 14: W/2

(k) The Indian Loafer Draw-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 21 EAST, NMPM
Section 35: W/2 and SE/4

(l) The South Livingston Ridge-Delaware Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 1: SE/4

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

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 26: W/2
Section 27: N/2

(n) The Nash Draw-Brushy Canyon Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM
Section 31: SE/4

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

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 25: SW/4
Section 36: W/2

(p) The Tamano-Bone Spring Pool in Eddy County, New Mexico, is hereby extended to include:

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

(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 20: W/2

(r) The Winchester-Atoka Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 35: S/2

IT IS FURTHER ORDERED THAT:

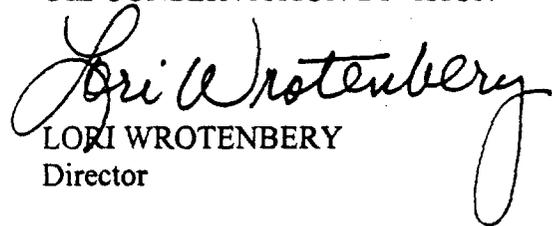
(1) Pursuant to NMSA 1978, Section 70-2-18, any portion of any well that, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one presently dedicated thereto, shall have 60 days from the effective date of

this order to file Form C-102 dedicating a standard unit for the pool to that well or to obtain a non-standard unit approval 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 May 1, 2000.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director

SEAL