

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. 12737
Order No. R-11678

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 October 4, 2001, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 23rd day of October, 2001, 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 Strawn formation, to be designated the Cedar Lake Reef-Strawn Gas Pool. The Cedar Lake Reef-Strawn Gas Pool was discovered by the EOG Resources, Inc. Oak Lake "25" Federal Well No. 1 located in Unit D of Section 25, Township 17 South, Range 30 East, NMPM, which was completed in the Strawn formation on February 12, 2001. The top of the perforations is at 10,240 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Strawn formation, to be designated the Crow Flats-Strawn Gas Pool. The Crow Flats-Strawn Gas Pool was discovered by the Devon SFS Operating, Inc. Crow Flat "20" Federal Com. Well No. 1 located in Unit K of Section 20, Township 16 South, Range 28 East, NMPM, which was completed in the Strawn formation on May 18, 2001. The top of the perforations is at 8,800 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, to be designated the Crow Flats-Wolfcamp Pool. The Crow Flats-Wolfcamp Pool was discovered by the Mack Energy Corporation Elk "22" Federal Well No. 1 located in Unit D of Section 22, Township 16 South, Range 28 East, NMPM, which was completed in the Wolfcamp formation on May 23, 2001. The top of the perforations is at 6,528 feet.

(5) There is need for the creation of a new pool in Chaves County, New Mexico for the production of gas from the Ordovician formation, to be designated the Northwest Foor Ranch-Pre-Permian Gas Pool. The Northwest Foor Ranch-Pre-Permian Gas Pool was discovered by the Yates Petroleum Corporation Filaree "AEL" Federal Well No. 4 located in Unit M of Section 33, Township 8 South, Range 26 East, NMPM, which was completed in the Ordovician formation on March 12, 2001. The top of the perforations is at 5,760 feet.

(6) There is need for the creation of a new pool in Chaves County, New Mexico for the production of gas from the Ordovician formation, to be designated the Southwest Foor Ranch-Pre-Permian Gas Pool. The Southwest Foor Ranch-Pre-Permian Gas Pool was discovered by the Yates Petroleum Corporation Keno "AWK" State Well No. 2 located in Unit J of Section 4, Township 10 South, Range 26 East, NMPM, which was completed in the Ordovician formation on January 31, 2001. The top of the perforations is at 5,918 feet.

(7) There is need for the creation of a new pool in Chaves County, New Mexico for the production of oil from the Wolfcamp formation, to be designated the Foor Ranch-Wolfcamp Pool. The Foor Ranch-Wolfcamp Pool was discovered by the Yates Petroleum Corporation Zane "ABS" Federal Com. Well No. 3 located in Unit G of Section 15, Township 9 South, Range 26 East, NMPM, which was completed in the Wolfcamp formation on November 20, 2000. The top of the perforations is at 5,440 feet.

(8) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Morrow formation, to be designated the North Hackberry-Morrow Gas Pool. The North Hackberry-Morrow Gas Pool was discovered by the OXY USA WTP Limited Partnership Hackberry "6" Federal Com. Well No. 2 located in Lot 6 of Section 6, Township 19 South, Range 31 East, NMPM, which was completed in the Morrow formation on April 5, 2001. The top of the perforations is at 11,920 feet.

(9) There is need for the creation of a new pool in Chaves County, New Mexico for the production of gas from the Wolfcamp formation, to be designated the South Leslie Spring-Wolfcamp Gas Pool. The South Leslie Spring-Wolfcamp Gas Pool was discovered by the Pecos River Operating, Inc. Nichols Dale Federal Well No. 9 located in Unit G of Section 33, Township 7 South, Range 26 East, NMPM,

which was completed in the Wolfcamp formation on April 25, 2001. The top of the perforations is at 4,622 feet.

(10) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Wolfcamp formation, to be designated the Southwest McMillan-Wolfcamp Pool. The Southwest McMillan-Wolfcamp Pool was discovered by the Pogo Producing Company McMillan "24" State Well No. 1 located in Unit P of Section 24, Township 20 South, Range 26 East, NMPM, which was completed in the Wolfcamp formation on June 27, 2001. The top of the perforations is at 7,990 feet.

(11) There is need for the creation of a new pool in Chaves County, New Mexico for the production of gas from the Pennsylvanian formation, to be designated the Milner Lake-Pennsylvanian Gas Pool. The Milner Lake-Pennsylvanian Gas Pool was discovered by the Yates Petroleum Corporation Morton "SZ" Federal Well No. 5 located in Unit J of Section 10, Township 8 South, Range 25 East, NMPM, which was completed in the Pennsylvanian formation on July 27, 2001. The top of the perforations is at 4,940 feet.

(12) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Glorieta-Yeso formation, to be designated the Northwest Red Lake-Glorieta-Yeso Pool. The Northwest Red Lake-Glorieta-Yeso Pool was discovered by the SDX Resources, Inc. Boggy State Well No. 1 located in Unit P of Section 36, Township 17 South, Range 26 East, NMPM, which was completed in the Glorieta-Yeso formation on March 19, 2001. The top of the perforations is at 2,751 feet.

(13) There is need for the creation of a new pool in Chaves County, New Mexico for the production of gas from the Wolfcamp formation, to be designated the Rock Schoolhouse-Wolfcamp Gas Pool. The Rock Schoolhouse-Wolfcamp Gas Pool was discovered by the Yates Petroleum Corporation Kershaw "UE" Well No. 2 located in Unit O of Section 19, Township 8 South, Range 26 East, NMPM, which was completed in the Wolfcamp formation on September 13, 2000. The top of the perforations is at 4,952 feet.

(14) There is need to dismiss the proposed extension to the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico.

(15) There is need for certain extensions to the Angell Ranch-Atoka Morrow Gas Pool, the North Antelope Sink-Morrow Gas Pool, the Artesia-Glorieta-Yeso Pool, the Avalon-Morrow Gas Pool, the Baldrige Canyon-Morrow Gas Pool, the Brushy Draw-Delaware Pool, the Burton Flat-Morrow Gas Pool, the East Carlsbad-Morrow Gas Pool, the South Carlsbad-Morrow Gas Pool, the East Catclaw Draw-Delaware Pool, the East Cedar Lake-Morrow Gas Pool, the Corral Canyon-Delaware Pool, the Crow Flats-Morrow Gas Pool, the South Dagger Draw-Upper Pennsylvanian Associated Pool, the Dog Town Draw-Morrow Gas Pool, the Empire-

Yeso Pool, the Fren-Paddock Pool, the Happy Valley-Morrow Gas Pool, the Hart Draw-Atoka Gas Pool, the North Illinois Camp-Morrow Gas Pool, the East Indian Basin-Morrow Gas Pool, the Indian Basin-Upper Pennsylvanian Associated Pool, the Loco Hills-Paddock Pool, the West Lusk-Morrow Gas Pool, the East Millmar-Yates-Seven Rivers-Queen-Grayburg-San Andres Pool, the Mosley Canyon-Strawn Gas Pool, the Nash Draw-Delaware Pool, the East Palmillo-Bone Spring Pool, the Red Lake-Glorieta-Yeso Pool, the Northeast Red Lake-Glorieta-Yeso Pool, the Revelation-Morrow Gas Pool, the Saladar-Strawn Gas Pool, the Scanlon-Delaware Pool, the Shugart-Morrow Gas Pool, the North Shugart-Morrow Gas Pool, the Tamano-Bone Spring Pool, the Turkey Track-Morrow Gas Pool, and the Willow Lake-Delaware Pool, all in Eddy County, New Mexico, and the Diamond Mound-Morrow Gas Pool, the Foor Ranch-Pre-Permian Gas Pool, the North Foor Ranch-Wolfcamp Gas Pool, the Leslie Spring-Pennsylvanian Gas Pool, and the Pecos Slope-Abo Gas Pool, all 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 Strawn production is hereby created and designated as the Cedar Lake Reef-Strawn Gas Pool, consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 25: NW/4

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

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM
Section 20: W/2

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

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM
Section 22: NW/4

(d) A new pool in Chaves County, New Mexico classified as a gas pool for Ordovician production is hereby created and designated as the Northwest Foor Ranch-Pre-Permian Gas Pool, consisting of the following described area:

TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM
Section 33: S/2

(e) A new pool in Chaves County, New Mexico classified as a gas pool for Ordovician production is hereby created and designated as the Southwest Foor Ranch-Pre-Permian Gas Pool, consisting of the following described area:

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM
Section 4: E/2

(f) A new pool in Chaves County, New Mexico classified as an oil pool for Wolfcamp production is hereby created and designated as the Foor Ranch-Wolfcamp Pool, consisting of the following described area:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM
Section 15: NE/4

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

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 6: W/2

(h) A new pool in Chaves County, New Mexico classified as a gas pool for Wolfcamp production is hereby created and designated as the South Leslie Spring-Wolfcamp Gas Pool, consisting of the following described area:

TOWNSHIP 7 SOUTH, RANGE 26 EAST, NMPM
Section 33: N/2

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

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM
Section 24: SE/4

(j) A new pool in Chaves County, New Mexico classified as a gas pool for Pennsylvanian production is hereby created and designated as the Milner Lake-Pennsylvanian Gas Pool, consisting of the following described area:

TOWNSHIP 8 SOUTH, RANGE 25 EAST, NMPM
Section 10: E/2

(k) A new pool in Eddy County, New Mexico classified as an oil pool for Glorieta-Yeso production is hereby created and designated as the Northwest Red Lake-Glorieta-Yeso Pool, consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPPM

Section 36: SE/4

(l) A new pool in Chaves County, New Mexico classified as a gas pool for Wolfcamp production is hereby created and designated as the Rock Schoolhouse-Wolfcamp Gas Pool, consisting of the following described area:

TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPPM

Section 19: S/2

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

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPPM

Section 5: E/2

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

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPPM

Section 22: S/2

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

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPPM

Section 28: SW/4

Section 32: N/2

Section 34: E/2

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

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPPM

Section 21: All

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

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPPM

Section 36: N/2

(r) The Brushy Draw-Delaware Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM

Section 8: NE/4

(s) The Burton Flat-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 36: E/2

(t) The East Carlsbad-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 24: E/2

Section 25: E/2

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

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 16: E/2

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM

Section 17: W/2

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM

Section 5: S/2

(v) The East Catclaw Draw-Delaware Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 10: SW/4

(w) The East Cedar Lake-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 4: W/2

(x) The Corral Canyon-Delaware Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 30 EAST, NMPM

Section 20: S/2 NW/4 and NE/4 NW/4

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

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM

Section 17: N/2 and SW/4

Section 20: W/2

(z) The South Dagger Draw-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 27: W/2

Section 28: All

(aa) The Diamond Mound-Morrow Gas Pool in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM

Section 30: N/2

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

TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMPM

Section 5: W/2

Section 6: N/2

Section 8: NW/4

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

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 19: NW/4

(dd) The Foor Ranch-Pre-Permian Gas Pool in Chaves County New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 27 EAST, NMPM

Section 31: N/2

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM

Section 22: W/2

Section 32: N/2

Section 33: NW/4

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM

Section 31: S/2

Section 32: E/2 and SW/4

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

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM

Section 20: SE/4

Section 21: All

(ff) The Fren-Paddock Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 21: W/2

(gg) The Happy Valley-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM

Section 24: E/2

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM

Section 5: S/2

Section 19: N/2

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

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 20: All

(ii) The North Illinois Camp-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 18: E/2

(jj) The East Indian Basin-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM

Section 1: W/2

(kk) The Indian Basin-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM
Section 16: W/2

(ll) The Leslie Spring-Pennsylvanian Gas Pool in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 7 SOUTH, RANGE 26 EAST, NMPM
Section 21: S/2

(mm) The Loco Hills-Paddock Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 16: NW/4
Section 17: NW/4

(nn) The West Lusk-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 17: E/2

(oo) The East Millman-Yates-Seven Rivers-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 29: SE/4

(pp) The Mosley Canyon-Strawn Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 25 EAST, NMPM
Section 6: E/2

(qq) The Nash Draw-Delaware Pool in Eddy County, New Mexico is hereby extended to include:

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

TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMPM
Section 5: NW/4
Section 6: E/2

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

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 32: S/2

(ss) The Pecos Slope-Abo Gas Pool in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 4 SOUTH, RANGE 25 EAST, NMPM
Section 15: W/2
Section 16: SW/4
Section 28: SE/4

TOWNSHIP 6 SOUTH, RANGE 27 EAST, NMPM
Section 31: SE/4

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

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 3: SW/4

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

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 30: S/2

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

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM
Section 12: NE/4

(ww) The Saladar-Strawn Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 28: S/2

(xx) The Scanlon-Delaware Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 25: NW/4

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

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 25: S/2

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

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 31: S/2

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 8: E/2
Section 9: N/2

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

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 1: S/2

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

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 1: S/2

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM
Section 6: W/2

(ccc) The proposed extension to the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico is hereby dismissed.

(ddd) The Willow Lake-Delaware Pool in Eddy County, New Mexico is hereby extended to include:

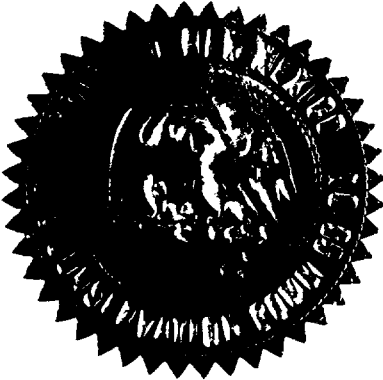
TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 25: SE/4

IT IS FURTHER ORDERED THAT:

(1) Pursuant to NMSA 1978, Section 70-2-18, 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 November 1, 2001.

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director