

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. 12908
Order No. R-11818

APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING,
CONTRACTING, REDESIGNATING, AND
EXTENDING VERTICAL AND HORIZONTAL
LIMITS OF CERTAIN POOLS IN LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 1, 2002, at Santa Fe, New Mexico, before Examiner David R. Catanach. *

NOW, on this 26th day of August, 2002, 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 Lea County, New Mexico for the production of gas from the Morrow formation, bearing the designation of Southwest Austin-Morrow Gas Pool (**Pool Code 96664**). The Southwest Austin-Morrow Gas Pool was discovered by the Yates Petroleum Corporation Morton Unit Well No. 1 (**API No. 30-025-33314**) located in Unit B of Section 5, Township 15 South, Range 35 East, NMPM, which was completed in the Morrow formation on December 10, 1996. The top of the perforations is at 13,207 feet.

(3) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the San Andres formation, bearing the designation of North Bagley-San Andres Pool (**Pool Code 97159**). The North Bagley-San Andres Pool was

discovered by the Weststar Exploration Company TP State A Well No. 2 (**API No. 30-025-22013**) located in Unit O of Section 10, Township 11 South, Range 33 East, NMPM, which was completed in the San Andres formation on October 20, 2001. The top of the perforations is at 4,376 feet.

(4) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Austin formation, bearing the designation of East Cerca-Austin Gas Pool (**Pool Code 97198**). The East Cerca-Austin Gas Pool was discovered by the Yates Petroleum Corporation Chad AXA State Well No. 2 (**API No. 30-025-35656**) located in Unit P of Section 36, Township 13 South, Range 34 East, NMPM, which was completed in the Austin formation on February 25, 2002. The top of the perforations is at 13,504 feet.

(5) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the San Andres formation, bearing the designation of East Echol-San Andres Pool (**Pool Code 97182**). The East Echol-San Andres Pool was discovered by the Concho Oil and Gas Corporation Sundown State Well No. 2 (**API No. 30-025-35597**) located in Unit M of Section 14, Township 10 South, Range 37 East, NMPM, which was completed in the San Andres formation on January 11, 2002. The top of the perforations is at 4,996 feet.

(6) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Atoka formation, bearing the designation of Northwest Eight Mile Draw-Atoka Gas Pool (**Pool Code 97028**). The Northwest Eight Mile Draw-Atoka Gas Pool was discovered by the Yates Petroleum Corporation Blitzen AUB State Well No. 1 (**API No. 30-025-01824**) located in Unit M of Section 16, Township 11 South, Range 34 East, NMPM, which was completed in the Atoka formation on May 12, 2000. The top of the perforations is at 11,692 feet.

(7) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Blinebry formation, bearing the designation of Southwest House-Blinebry Gas Pool (**Pool Code 97195**). The Southwest House-Blinebry Gas Pool was discovered by the Capataz Operating, Inc. Red Tag Well No. 2 (**API No. 30-025-35630**) located in Unit K of Section 2, Township 20 South, Range 38 East, NMPM, which was completed in the Blinebry formation on January 15, 2002. The top of the perforations is at 5,952 feet.

(8) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Cisco and Canyon formations, bearing the designation of West Maljamar-Cisco-Canyon Pool (**Pool Code 97160**). The West Maljamar-Cisco-Canyon Pool was discovered by the Devon SFS Operating, Inc. Maljamar 10 Federal Well No. 1 (**API No. 30-025-35317**) located in Unit O of Section 10, Township 17

South, Range 32 East, NMPM, which was completed in the Cisco and Canyon formations on October 18, 2001. The top of the perforations is at 10,432 feet.

(9) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Wolfcamp formation, bearing the designation of West Shoe Bar-Wolfcamp Pool (**Pool Code 97100**). The West Shoe Bar-Wolfcamp Pool was discovered by the David H. Arrington Oil & Gas, Inc. Lord Baltimore 20 State Well No. 1 (**API No. 30-025-35172**) located in Unit K of Section 20, Township 16 South, Range 35 East, NMPM, which was completed in the Wolfcamp formation on June 11, 2001. The top of the perforations is at 10,898 feet.

(10) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Glorieta formation, bearing the designation of Northwest Skaggs-Glorieta Pool (**Pool Code 97203**). The Northwest Skaggs-Glorieta Pool was discovered by the Matador Operating Company Williams 34 Well No. 3 (**API No. 30-025-35711**) located in Unit O of Section 34, Township 19 South, Range 37 East, NMPM, which was completed in the Glorieta formation on December 26, 2001. The top of the perforations is at 5,242 feet.

(11) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Simpson formation, bearing the designation of Northwest Skaggs-Simpson Pool (**Pool Code 97204**). The Northwest Skaggs-Simpson Pool was discovered by the Matador Operating Company Cooper 3 Well No. 6 (**API No. 30-025-35204**) located in Unit B of Section 3, Township 20 South, Range 37 East, NMPM, which was completed in the Simpson formation on March 6, 2001. The top of the perforations is at 9,729 feet.

(12) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Delaware formation, bearing the designation of Vaca Ridge-Delaware Pool (**Pool Code 97161**). The Vaca Ridge-Delaware Pool was discovered by the EOG Resources, Inc. Vaca Ridge 4 Federal Well No. 1 (**API No. 30-025-28491**) located in Unit C of Section 4, Township 25 South, Range 34 East, NMPM, which was completed in the Delaware formation on June 20, 2001. The top of the perforations is at 8,970 feet.

(13) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Cisco and Canyon formations, bearing the designation of Northeast Vacuum-Cisco-Canyon Pool (**Pool Code 97202**). The Northeast Vacuum-Cisco-Canyon Pool was discovered by the Read and Stevens, Inc. Meridith State Well No. 1 (**API No. 30-025-30903**) located in Unit F of Section 24, Township 17 South, Range 35 East, NMPM, which was completed in the Cisco and Canyon formations on March 15, 2002. The top of the perforations is at 11,069 feet.

(14) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Wolfcamp formation, bearing the designation of South Wilson-Wolfcamp Pool (**Pool Code 97162**). The South Wilson-Wolfcamp Pool was discovered by the Nearburg Producing Company Packer 18 State Com. Well No. 1 (**API No. 30-025-35108**) located in Unit A of Section 18, Township 21 South, Range 35 East, NMPM, which was completed in the Wolfcamp formation on October 26, 2001. The top of the perforations is at 10,819 feet.

(15) There is need for the extension of the vertical limits of the Cuerno Largo-Pennsylvanian Pool (**Pool Code 14980**) in Lea County, New Mexico to include the Cisco, Canyon and Strawn formations and the redesignation of the pool as the Cuerno Largo-Upper Pennsylvanian Pool.

(16) There is need for the contraction of the Townsend-Morrow Gas Pool (**Pool Code 86400**) in Lea County, New Mexico to correct pool nomenclature. The deleted acreage will be placed in the Shoe Bar-Atoka Gas Pool (**Pool Code 85210**).

(17) There is need for extensions to the Southwest Austin-Mississippian Gas Pool, the Baish-Wolfcamp Pool, Cuerno Largo-Upper Pennsylvanian Pool, the Southwest Diamondtail-Delaware Pool, the North Eidson-Morrow Gas Pool, the Eight Mile Draw-Mississippian Gas Pool, the EK-Delaware Pool, the Eunice-San Andres Pool, the Feather-Wolfcamp Pool, the East Featherstone-Bone Spring Pool, the Four Lakes-Mississippian Gas Pool, the Gem-Morrow Gas Pool, the West Grama Ridge-Bone Spring Pool, the Grama Ridge-Morrow Gas Pool, the East Grama Ridge-Morrow Gas Pool, the North Hardy-Strawn Pool, the North Hardy-Tubb-Drinkard Pool, the House-Blinebry Pool, the Klein Ranch-Wolfcamp Pool, the East Lusk-Morrow Gas Pool, the North Lusk-Strawn Pool, the Maljamar-Wolfcamp Pool, the Monument-tubb Pool, the West Monument-Tubb Gas Pool, the North Morton-Atoka Gas Pool, the Nadine-Drinkard-Abo Pool, the Nonombre-Atoka-Morrow Gas Pool, the West Red Tank-Delaware Pool, the Southeast Scharb-Wolfcamp Pool, the Shoe Bar-Atoka Gas Pool, the Northwest Skaggs-Drinkard Pool, the North Teague-Wolfcamp Pool, the Townsend-Morrow Gas Pool, the West Triste Draw-Delaware Pool, the North Vacuum-Atoka-Morrow Gas Pool, and the South Wilson-Pennsylvanian Gas Pool, all in Lea County, New Mexico.

(18) Subsequent to the hearing, Redrock Operating Ltd. Company ("Redrock") and Raptor Natural Pipeline, L.L.C. ("Raptor") filed a motion to dismiss that portion of Case No. 12908 that seeks to:

- (a) contract the horizontal limits of the East Grama Ridge-Morrow Gas Pool by deleting the E/2 of Section 34, Township 21 South, Range 34 East, NMPM; and

- (b) extend the horizontal limits of the Grama Ridge-Morrow Gas Pool to include the E/2 of Section 34, Township 21 South, Range 34 East, NMPM.

(19) In the alternative, Redrock and Raptor seek to reopen that portion of Case No. 12908 described above and have this matter heard before the Oil Conservation Commission ("Commission") in conjunction with De Novo Case No. 12622, the application of Nearburg Exploration Company, L.L.C. for two non-standard gas spacing and proration units, Lea County, New Mexico, which is currently scheduled to be heard by the Commission on September 10, 2002.

(20) It appears that the proposed contraction of the East Grama Ridge-Morrow Gas Pool and the proposed extension of the Grama Ridge-Morrow Gas Pool have a direct bearing on Case No. 12622, and that approval of these pool changes at this time may be premature.

(21) By letter to the Division dated August 13, 2002, Nearburg Exploration Company, L.L.C., Great Western Drilling Company, and CL & F Resources, L.P., advised the Division that they concur with Redrock and Raptor's request to reopen that portion of Case No. 12908 described above.

(22) Redrock and Raptor's request to reopen that portion of Case No. 12908 described above should be granted.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Lea County, New Mexico classified as a gas pool for Morrow production is hereby created and designated as the Southwest Austin-Morrow Gas Pool (**Pool Code 96664**), consisting of the following described area:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM

Section 4: S/2
Section 5: N/2 and SE/4
Section 9: NE/4
Section 10: N/2

(b) A new pool in Lea County, New Mexico classified as an oil pool for San Andres production is hereby created and designated as the North Bagley-San Andres Pool (**Pool Code 97159**), consisting of the following described area:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM

Section 10: SE/4

(c) A new pool in Lea County, New Mexico classified as a gas pool for Austin production is hereby created and designated as the East Cerca-Austin Gas Pool (**Pool Code 97198**), consisting of the following described area:

TOWNSHIP 13 SOUTH, RANGE 34 EAST, NMPM
Section 36: E/2

(d) A new pool in Lea County, New Mexico classified as an oil pool for San Andres production is hereby created and designated as the East Echol-San Andres Pool (**Pool Code 97182**), consisting of the following described area:

TOWNSHIP 10 SOUTH, RANGE 37 EAST, NMPM
Section 14: SW/4

(e) A new pool in Lea County, New Mexico classified as a gas pool for Atoka production is hereby created and designated as the Northwest Eight Mile Draw-Atoka Gas Pool (**Pool Code 97028**), consisting of the following described area:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM
Section 16: S/2

(f) A new pool in Lea County, New Mexico classified as a gas pool for Blinebry production is hereby created and designated as the Southwest House-Blinebry Gas Pool (**Pool Code 97195**), consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 2: SW/4

(g) A new pool in Lea County, New Mexico classified as an oil pool for Cisco and Canyon production is hereby created and designated as the West Maljamar-Cisco-Canyon Pool (**Pool Code 97160**), consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM
Section 10: SE/4

(h) A new pool in Lea County, New Mexico classified as an oil pool for Wolfcamp production is hereby created and designated as the West Shoe Bar-Wolfcamp Pool (**Pool Code 97100**), consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 20: SW/4

(i) A new pool in Lea County, New Mexico classified as an oil pool for Glorieta production is hereby created and designated as the Northwest Skaggs-Glorieta Pool (**Pool Code 97203**), consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 37 EAST, NMPM

Section 34: SE/4

(j) A new pool in Lea County, New Mexico classified as an oil pool for Simpson production is hereby created and designated as the Northwest Skaggs-Simpson Pool (**Pool Code 97204**), consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 3: NE/4

(k) A new pool in Lea County, New Mexico classified as an oil pool for Delaware production is hereby created and designated as the Vaca Ridge-Delaware Pool (**Pool Code 97161**), consisting of the following described area:

TOWNSHIP 25 SOUTH, RANGE 34 EAST, NMPM

Section 4: NW/4

(l) A new pool in Lea County, New Mexico classified as an oil pool for Cisco and Canyon production is hereby created and designated as the Northeast Vacuum-Cisco-Canyon Pool (**Pool Code 97202**), consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM

Section 24: NW/4

(m) A new pool in Lea County, New Mexico classified as an oil pool for Wolfcamp production is hereby created and designated as the South Wilson-Wolfcamp Pool (**Pool Code 97162**), consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM

Section 18: NE/4

(n) The Southwest Austin-Mississippian Gas Pool (**Pool Code 96242**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM

Section 12: SW/4

Section 13: W/2 and SE/4

(o) The Baish-Wolfcamp Pool (**Pool Code 4480**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM

Section 20: N/2

(p) The vertical limits of the Cuerno Largo-Pennsylvanian Pool (**Pool Code 14980**) in Lea County, New Mexico are hereby extended to include the Cisco, Canyon

and Strawn formations, the pool is redesignated as the Cuerno Largo-Upper Pennsylvanian Pool, and the horizontal limits of the pool are hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM
Section 36: NE/4

(q) The Southwest Diamondtail-Delaware Pool (**Pool Code 96916**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 21: SW/4

(r) The North Eidson-Morrow Gas Pool (**Pool Code 76360**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 34 EAST, NMPM
Section 13: W/2
Section 24: NW/4

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM
Section 18: E/2
Section 19: NE/4

(s) The Eight Mile Draw-Mississippian Gas Pool (**Pool Code 97015**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM
Section 26: N/2

(t) The EK-Delaware Pool (**Pool Code 21655**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 29: NW/4

(u) The Eunice-San Andres Pool (**Pool Code 24150**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 3: NW/4
Section 4: NE/4

(v) The Feather-Wolfcamp Pool (**Pool Code 24210**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM
Section 20: S/2

(w) The East Featherstone-Bone Spring Pool (Pool Code 24270) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM
Section 14: NE/4

(x) The Four Lakes-Mississippian Gas Pool (Pool Code 97053) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM
Section 1: W/2 and SE/4

TOWNSHIP 12 SOUTH, RANGE 35 EAST, NMPM
Section 6: SW/4
Section 7: NW/4

(y) The Gem-Morrow Gas Pool (Pool Code 77370) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 24: E/2

(z) The West Grama Ridge-Bone Spring Pool (Pool Code 28432) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 8: NE/4
Section 9: W/2

(aa) The East Grama Ridge-Morrow Gas Pool (Pool Code 77690) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 26: W/2

(bb) The North Hardy-Strawn Pool (Pool Code 96893) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 36: NW/4

(cc) The North Hardy-Tubb-Drinkard Pool (Pool Code 96356) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 24: SW/4

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 30: NE/4

(dd) The House-Blinebry Pool (**Pool Code 33230**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 2: E/2

(ee) The Klein Ranch-Wolfcamp Pool (**Pool Code 96989**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM

Section 27: NE/4

(ff) The East Lusk-Morrow Gas Pool (**Pool Code 80770**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 26: NE/4

(gg) The North Lusk-Strawn Pool (**Pool Code 96678**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 29: SW/4

Section 32: NW/4

(hh) The Maljamar-Wolfcamp Pool (**Pool Code 44540**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM

Section 4: SW/4

Section 5: E/2

Section 9: NW/4

(ii) The Monument-Tubb Pool (**Pool Code 47090**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 37 EAST, NMPM

Section 32: SE/4

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 4: N/2
Section 5: NE/4

(jj) The West Monument-Tubb Gas Pool (**Pool Code 96968**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 6: E/2

(kk) The North Morton-Atoka Gas Pool (**Pool Code 96676**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 14 SOUTH, RANGE 35 EAST, NMPM

Section 32: S/2

(ll) The Nadine-Drinkard-Abo Pool (**Pool Code 47510**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM

Section 15: SE/4

(mm) The West Red Tank-Delaware Pool (**Pool Code 51689**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM

Section 1: NW/4

(nn) The Southeast Scharb-Wolfcamp Pool (**Pool Code 55650**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM

Section 21: SE/4

(oo) The Northwest Skaggs-Drinkard Pool (**Pool Code 96768**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 37 EAST, NMPM

Section 34: NE/4
Section 35: NW/4

(pp) The North Teague-Wolfcamp Pool (**Pool Code 96961**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 9: NW/4

(qq) The Townsend-Morrow Gas Pool (**Pool Code 86400**) in Lea County, New Mexico is hereby contracted by the deletion of the following described area:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 22: W/2

(rr) The Shoe Bar-Atoka Gas Pool (**Pool Code 85210**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 22: W/2

(ss) The Townsend-Morrow Gas Pool (**Pool Code 86400**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 11: All

(tt) The West Triste Draw-Delaware Pool (**Pool Code 59945**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 32: W/2

(uu) The North Vacuum-Atoka-Morrow Gas Pool (**Pool Code 86800**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 21: N/2

(vv) The South Wilson-Pennsylvanian Gas Pool (**Pool Code 87520**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 22: E/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, contractions, redesignations, and extensions of vertical and horizontal limits included herein shall be September 1, 2002.

(3) That portion of Case No. 12908 that seeks to:

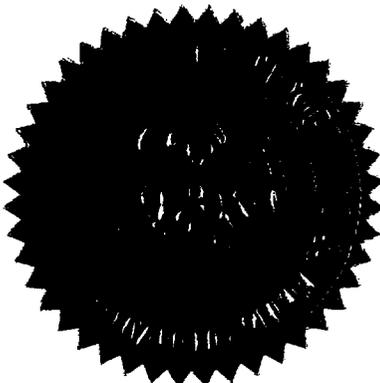
- (a) contract the horizontal limits of the East Grama Ridge-Morrow Gas Pool (Pool Code 77690) by deleting the E/2 of Section 34, Township 21 South, Range 34 East, NMPM; and
- (b) extend the horizontal limits of the Grama Ridge-Morrow Gas Pool (Pool Code 77680) to include the E/2 of Section 34, Township 21 South, Range 34 East, NMPM;

is hereby severed from this case and assigned Case No. 12908-A. Case No. 12908-A shall be docketed for hearing before the Oil Conservation Commission on September 10, 2002, and heard in conjunction with De Novo Case No. 12622, the application of Nearburg Exploration Company, L.L.C. for two non-standard gas spacing and proration units, Lea County, New Mexico.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director



SEAL