

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. 12933
Order No. R-11838

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 September 19, 2002, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 27th day of September, 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 Eddy County, New Mexico for the production of oil from the Seven Rivers formation, bearing the designation of Clayton Basin-Seven Rivers Pool (**Pool Code 97299**). The Clayton Basin-Seven Rivers Pool was discovered by the Shackleford Oil Company Eddy "IK" State Well No. 1 (**API No. 30-015-26125**) located in Unit G of Section 2, Township 20 South, Range 29 East, NMPM, which was completed in the Seven Rivers formation on May 10, 2002. The top of the perforations is at 1,526 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Upper Pennsylvanian formation, bearing the designation of Diamond Mound-Upper Pennsylvanian Gas Pool (**Pool Code 97223**). The Diamond Mound-Upper Pennsylvanian Gas Pool was discovered by the Ocean Energy, Inc. Bogle State Com. Well No. 1 (**API No. 30-015-22307**) located in

Unit H of Section 2, Township 16 South, Range 27 East, NMPM, which was completed in the Upper Pennsylvanian formation on June 26, 2002. The top of the perforations is at 7,926 feet.

(4) 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 Loco Hills-Strawn Pool (**Pool Code 97221**). The Loco Hills-Strawn Pool was discovered by the EOG Resources, Inc. Oatmeal "8" Federal Com. Well No. 1 (**API No. 30-015-32272**) located in Unit O of Section 8, Township 18 South, Range 30 East, NMPM, which was completed in the Strawn formation on June 12, 2002. The top of the perforations is at 10,512 feet.

(5) There is need for extensions to the Black River-Morrow Gas Pool, the North Cedar Lake-Morrow Gas Pool, the Southeast Crow Flats-Morrow Gas Pool, the North Hackberry-Morrow Gas Pool, the Indian Basin-Upper Pennsylvanian Associated Pool, the South Livingston Ridge-Delaware Pool, and the Southwest Willow Lake-Delaware Pool, all in Eddy County, New Mexico; and the Foor Ranch-Pre-Permian Gas Pool, the Foor Ranch-Wolfcamp 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 an oil pool for Seven Rivers production is hereby created and designated as the Clayton Basin-Seven Rivers Pool (**Pool Code 97299**), consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 2: NE/4

(b) A new pool in Eddy County, New Mexico classified as a gas pool for Upper Pennsylvanian production is hereby created and designated as the Diamond Mound-Upper Pennsylvanian Gas Pool (**Pool Code 97223**), consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 2: Lots 1, 2, 7, 8, 9 and 10

(c) A new pool in Eddy County, New Mexico classified as an oil pool for Strawn production is hereby created and designated as the Loco Hills-Strawn Pool (**Pool Code 97221**), consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 8: SE/4

(d) The Black River-Morrow Gas Pool (**Pool Code 72170**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM

Section 2: NE/4

(e) The North Cedar Lake-Morrow Gas Pool (**Pool Code 74600**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 20: NW/4

(f) The Southeast Crow Flats-Morrow Gas Pool (**Pool Code 96840**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM

Section 36: W/2

(g) The Foor Ranch-Pre-Permian Gas Pool (**Pool Code 76730**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM

Section 35: W/2

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM

Section 9: W/2

(h) The Foor Ranch-Wolfcamp Gas Pool (**Pool Code 76750**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM

Section 36: S/2

(i) The North Hackberry-Morrow Gas Pool (**Pool Code 96785**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 7: S/2

(j) The Indian Basin-Upper Pennsylvanian Associated Pool (**Pool Code 33685**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 17: S/2

(k) The South Livingston Ridge-Delaware Pool (**Pool Code 96149**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 11: S/2

(l) The Pecos Slope-Abo Gas Pool (Pool Code 82730) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 27 EAST, NMPM
Section 30: SW/4

(m) The Southwest Willow Lake-Delaware Pool (Pool Code 96855) in Eddy County, New Mexico is hereby extended to include:

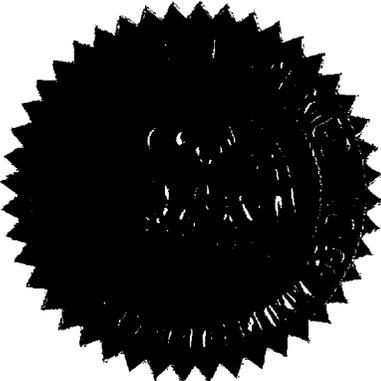
TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM
Section 10: NE/4

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 October 1, 2002.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Division Director