

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. 12184
Order No. R-11183

APPLICATION OF THE OIL CONSERVATION DIVISION
FOR AN ORDER CREATING, CONTRACTING VERTICAL
LIMITS OF, REDESIGNATING, ASSIGNING A DISCOVERY
ALLOWABLE TO, AND EXTENDING 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 May 13, 1999, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 16th day of May, 1999, 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 oil from the Strawn formation, bearing the designation of South Hardy-Strawn Pool. Further, the discovery well for the South Hardy-Strawn Pool, the Conoco Inc. Hardy 36 State Well No. 26 located in Unit B of Section 36, Township 20 South, Range 37 East, NMPM, is entitled to and should receive a bonus discovery allowable in the amount of 37,825 barrels to be assigned over a two-year period. The discovery well was completed in the Strawn formation on April 11, 1998. The top of the perforations is at 7,574 feet.

(3) There is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the Wolfcamp formation, bearing the designation of West Johnson Ranch-Wolfcamp Gas Pool. The West Johnson Ranch-Wolfcamp Gas Pool was

discovered by the Cobra Oil and Gas Corporation State 19 Well No. 1 located in Unit G of Section 19, Township 24 South, Range 33 East, NMPM, which was completed in the Wolfcamp formation on May 8, 1998. The top of the perforations is at 13,656 feet.

(4) 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 Querecho Plains-Atoka Gas Pool. The Querecho Plains-Atoka Gas Pool was discovered by the Mewbourne Oil Company Querecho 28 Federal Well No. 1 located in Unit I of Section 28, Township 18 South, Range 32 East, NMPM, which was completed in the Atoka formation on August 27, 1998. The top of the perforations is at 12,292 feet.

(5) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Strawn formation, bearing the designation of South San Simon-Strawn Pool. The South San Simon-Strawn Pool was discovered by the Yates Petroleum Corporation Trick ARK State Well No. 1 located in Unit B of Section 18, Township 22 South, Range 35 East, NMPM, which was completed in the Strawn formation on March 22, 1997. The top of the perforations is at 11,325 feet.

(6) There is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the Devonian formation, bearing the designation of Sioux-Devonian Gas Pool. The Sioux-Devonian Gas Pool was discovered by the Vista Resources Inc. South Lea Federal Well No. 1 located in Unit K of Section 17, Township 26 South, Range 36 East, NMPM, which was completed in the Devonian formation on December 2, 1998. The top of the perforations is at 17,755 feet.

(7) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Abo formation, bearing the designation of West Wantz-Abo Pool. The West Wantz-Abo Pool was discovered by the Titan Resources I Inc. State DC Well No. 3 located in Unit F of Section 19, Township 21 South, Range 37 East, NMPM, which was completed in the Abo formation on July 2, 1998. The top of the perforations is at 6,887 feet.

(8) There is need for the contraction of the vertical limits of the Anderson Ranch-Pennsylvanian Pool in Lea County, New Mexico, to include only the Cisco and Canyon formations and the redesignation of the pool as the Anderson Ranch-Cisco Canyon Pool.

(9) There is need for the contraction of the vertical limits of the High Plains-Permo Pennsylvanian Pool in Lea County, New Mexico, to include only the Wolfcamp, Cisco, Canyon and Strawn formations and the redesignation of the pool as the High Plains-Permo Upper Pennsylvanian Pool.

(10) There is need for certain extensions to the Anderson Ranch-Morrow Gas Pool, the Antelope Ridge-Atoka Gas Pool, the Baish-Cisco Pool, the Blinebry Oil and Gas Pool, the South Corbin-Morrow Gas Pool, the DK-Abo Pool, the EK-Yates-Seven Rivers-Queen Pool, the Eumont-Yates-Seven Rivers-Queen Pool, the East Gem-Morrow

Gas Pool, the East Gem-Strawn Pool, the Goodwin-Abo Pool, the East Grama Ridge-Morrow Gas Pool, the Hardy-Tubb-Drinkard Pool, the Johnson Ranch-Wolfcamp Gas Pool, the Kemnitz-Morrow Gas Pool, the West La Rica-Morrow Gas Pool, the Northeast Lea-Delaware Pool, the Littman-Seven Rivers Pool, the Northeast Lovington-Pennsylvanian Pool, the North Lusk-Strawn Pool, the South McCormack-Silurian Pool, the Monument-Abo Pool, the North Monument-Abo Pool, the Southeast Monument-Abo Pool, the Monument-Paddock Pool, the Ojo Chiso-Morrow Gas Pool, the West Ojo Chiso-Morrow Gas Pool, the West Osudo-Morrow Gas Pool, the Pearl-Bone Spring Pool, the Quail Ridge-Morrow Gas Pool, the Querecho Plains-Queen Associated Pool, the West Red Tank-Delaware Pool, the Sanmal-Pennsylvanian Pool, the West Sawyer-San Andres Pool, the Shoe Bar-Atoka Gas Pool, the Northeast Shoe Bar-Strawn Pool, the Tatum-Upper Pennsylvanian Pool, the Teague-Ellenburger Pool, the Tres Papalotes-Atoka Gas Pool, the North Vacuum-Atoka-Morrow Gas Pool, the East Warren-Drinkard Pool, and the East Warren-Tubb Pool, all in Lea County, New Mexico.

IT IS THEREFORE ORDERED THAT:

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

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

Further, the discovery well for the South Hardy-Strawn Pool, the Conoco Inc. Hardy 36 State Well No. 26 located in Unit B of Section 36, Township 20 South, Range 37 East, NMPM, is hereby assigned a bonus discovery allowable in the amount of 37,825 barrels of oil to be produced over a two-year period.

(b) A new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production is hereby created and designated as the West Johnson Ranch-Wolfcamp Gas Pool, consisting of the following described area:

TOWNSHIP 24 SOUTH, RANGE 33 EAST
Section 19: N/2

(c) A new pool in Lea County, New Mexico, classified as a gas pool for Atoka production is hereby created and designated as the Querecho Plains-Atoka Gas Pool, consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 28: E/2

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

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM

Section 18: NE/4

(e) A new pool in Lea County, New Mexico, classified as a gas pool for Devonian production is hereby created and designated as the Sioux-Devonian Gas Pool, consisting of the following described area:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM

Section 17: W/2

(f) A new pool in Lea County, New Mexico, classified as an oil pool for Abo production is hereby created and designated as the West Wantz-Abo Pool, consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Section 19: N/2 and SE/4

(g) The vertical limits of the Anderson Ranch-Pennsylvanian Pool in Lea County, New Mexico, are hereby contracted to include only the Cisco and Canyon formations and the pool is redesignated as the Anderson Ranch-Cisco Canyon Pool.

(h) The vertical limits of the High Plains-Permo Pennsylvanian Pool are hereby contracted to include only the Wolfcamp, Cisco, Canyon and Strawn formations and the pool is redesignated as the High Plains-Permo Upper Pennsylvanian Pool.

(i) The Anderson Ranch-Morrow Gas Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM

Section 14: N/2

(j) The Antelope Ridge-Atoka Gas Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM

Section 9: N/2

Section 10: NW/4

(k) The Baish-Cisco Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM

Section 20: N/2

Section 21: W/2

(l) The Blinebry Oil and Gas Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 14: NE/4
Section 24: E/2

TOWNSHIP 20 SOUTH, RANGE 39 EAST, NMPM
Section 19: SW/4

(m) The South Corbin-Morrow Gas Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 31; N/2

(n) The DK-Abo Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 13: SE/4

(o) The EK-Yates-Seven Rivers-Queen Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 13: NE/4

(p) The Eumont-Yates-Seven Rivers-Queen Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 13: SW/4

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

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 34: S/2

(r) The East Gem-Strawn Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 30: E/2

(s) The Goodwin-Abo Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM
Section 36: SE/4

TOWNSHIP 18 SOUTH, RANGE 37 EAST, NMPM
Section 31: SW/4

TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM
Section 1: NE/4

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

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Section 33: SW/4

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM
Section 4: N/2

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

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 4: SE/4

(v) The Johnson Ranch-Wolfcamp Gas Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 3: S/2
Section 4: S/2
Section 9: N/2
Section 10: N/2
Section 26: S/2
Section 27: S/2
Section 34: E/2

(w) The Kemnitz-Morrow Gas Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
Section 12: S/2

(x) The West La Rica-Morrow Gas Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 32: E/2

(y) The Northeast Lea-Delaware Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 33: SW/4

(z) The Littman-Seven Rivers Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 38 EAST, NMPM
Section 17: NW/4

(aa) The Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 10: NE/4
Section 11: NW/4

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 28: SW/4

(cc) The South McCormack-Silurian Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 22: S/2

(dd) The Monument-Abo Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 7: NE/4

(ee) The North Monument-Abo Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM
Section 14: SW/4

(ff) The Southeast Monument-Abo Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 9: NW/4

(gg) The Monument-Paddock Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 10: SW/4

(hh) The Ojo Chiso-Morrow Gas Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 26: S/2

(ii) The West Ojo Chiso-Morrow Gas Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 21: W/2

(jj) The West Osudo-Morrow Gas Pool in Lea County, New Mexico, is hereby extended to include:

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

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 1: Lots 1, 2, 3, 4, 5, 6, 7, and 8

(kk) The Pearl-Bone Spring Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 26: NW/4

(ll) The Quail Ridge-Morrow Gas Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 19: W/2

(mm) The Querecho Plains-Queen Associated Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 15: SE/4
Section 22: NE/4

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

TOWNSHIP 22 SOUTH, RANGE 33 EAST, NMPM
Section 31: W/2

(oo) The Sanmal-Pennsylvanian Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 33: NE/4

(pp) The West Sawyer-San Andres Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 37 EAST, NMPM
Section 2: NW/4
Section 3: NE/4

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

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 23: W/2

(rr) The Northeast Shoe Bar-Strawn Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 7: S/2

(ss) The Tatum-Upper Pennsylvanian Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 13 SOUTH, RANGE 36 EAST, NMPM
Section 8: NW/4

(tt) The Teague-Ellenburger Pool in Lea County, New Mexico, is hereby extended to include:

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

(uu) The Tres Papalotes-Atoka Gas Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
Section 27: S/2

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

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 15: N/2
Section 19: S/2

(ww) The East Warren-Drinkard Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 26: SE/4

(xx) The East Warren-Tubb Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 24: E/2

TOWNSHIP 20 SOUTH, RANGE 39 EAST, NMPM
Section 18: SW/4
Section 19: NW/4

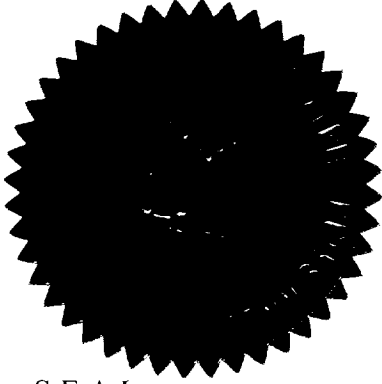
IT IS FURTHER ORDERED THAT:

(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, contractions of vertical limits, redesignations, assignments of discovery allowables, and extensions included herein shall be June 1, 1999.

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
Director