

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 12615
Order No. R-11544

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 March 8, 2001, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 13th day of March, 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, bearing the designation of Antelope Sink-Strawn Gas Pool. The Antelope Sink-Strawn Gas Pool was discovered by the Concho Resources, Inc. Southern Cross "20" State Com. Well No. 1 located in Unit P of Section 20, Township 18 South, Range 24 East, NMPM, which was completed in the Strawn formation on October 3, 2000. The top of the perforations is at 7,802 feet.

(3) 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 Southwest Avalon-Wolfcamp Pool. The Southwest Avalon-Wolfcamp Pool was discovered by the ICA Energy Operating, LLC Wagner Federal Well No. 1 located in Unit B of Section 31, Township 20 South, Range 27 East, NMPM, which was completed

in the Wolfcamp formation on March 2, 2000. The top of the perforations is at 7,964 feet.

(4) There is need for the creation of a new pool in Chaves County, New Mexico for the production of gas from the Wolfcamp formation, bearing the designation of Northwest Foor Ranch-Wolfcamp Gas Pool. The Northwest Foor Ranch-Wolfcamp Gas Pool was discovered by the Yates Petroleum Corporation Engwall "RL" Federal Well No. 3 located in Unit A of Section 4, Township 9 South, Range 26 East, NMPM, which was completed in the Wolfcamp formation on September 6, 2000. The top of the perforations is at 5,484 feet.

(5) There is need for certain extensions to the Anderson-Wolfcamp Pool, the Angell Ranch-Atoka-Morrow Gas Pool, the Artesia-Glorieta-Yeso Pool, the West Burton Flat-Strawn Gas Pool, the Cedar Lake-Morrow Gas Pool, the South Dagger Draw-Upper Pennsylvanian Associated Pool, the Empire-Pennsylvanian Gas Pool, the Empire-Yeso Pool, the Grayburg Jackson-Seven Rivers-Queen-Grayburg-San Andres Pool, the Livingston Ridge-Delaware Pool, the Loco Hills-Paddock Pool, the East Palmillo-Bone Spring Pool, the Southwest Palmillo-Bone Spring Pool, the Northeast Red Lake-Glorieta-Yeso Pool, the Ross Draw-Wolfcamp Gas Pool, the Sheep Draw-Strawn Gas Pool, and the North Shugart-Bone Spring Pool, all in Eddy 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 Antelope Sink-Strawn Gas Pool, consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
Section 20: S/2

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

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 31: NE/4

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

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM
Section 4: E/2

(d) The Anderson-Wolfcamp Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 23: SW/4

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

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 23: N/2

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

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 36: NW/4

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

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 23: SW/4

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

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 23: N/2

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

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 36: NW/4

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

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 25: W/2

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

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 1: All

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

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 18: S/2

(j) The Empire-Pennsylvanian Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 19: NW/4
Section 22: NW/4

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

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 18: S/2

(l) The Grayburg Jackson-Seven Rivers-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico is hereby extended to include:

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

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

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM
Section 24: SE/4

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

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

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

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 31: SW/4

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

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 2: NW/4

(q) 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: SE/4

(r) The Ross Draw-Wolfcamp Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
Section 13: S/2

(s) The Sheep Draw-Strawn Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
Section 4: W/2

(t) The North Shugart-Bone Spring Pool in Eddy County, New Mexico is hereby extended to include:

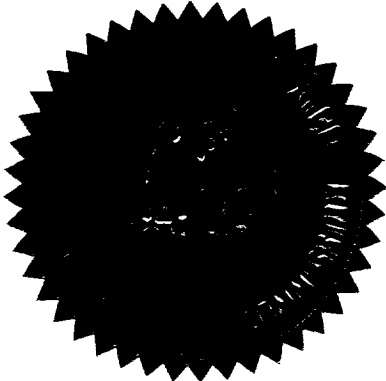
TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 18: SE/4

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 April 1, 2001.

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
Director