

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. 12703
Order No. R-11633

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING AND EXTENDING
CERTAIN POOLS IN CHAVES AND LEA COUNTIES, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 26, 2001, in Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 10th day of August, 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 Chaves County, New Mexico, for the production of gas from the Morrow formation, bearing the designation of Northwest Anderson Ranch-Morrow Gas Pool. The Northwest Anderson Ranch-Morrow Gas Pool was discovered by the Texaco Exploration and Production, Inc. Dulce 36 State Com Well No. 1 located in Unit F of Section 36, Township 15 South, Range 31 East, NMPM, which was completed in the Morrow formation on January 4, 2001. The top of the perforations is at 12,530 feet.

(3) 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 Eight Mile Draw-Morrow Gas Pool. The Eight Mile Draw-Morrow Gas Pool was discovered by the Yates Petroleum Corporation East Sand Springs Unit Well No. 2 located in Unit N

of Section 24, Township 11 South, Range 34 East, NMPM, which was completed in the Morrow formation on July 18, 2000. The top of the perforations is at 12,200 feet.

(4) There is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the Mississippian formation, bearing the designation of Four Lakes-Mississippian Gas Pool. The Four Lakes-Mississippian Gas Pool was discovered by the Yates Petroleum Corporation Indigo State Unit Well No. 1 located in Unit A of Section 7, Township 12 South, Range 35 East, NMPM, which was completed in the Mississippian formation on September 14, 2000. The top of the perforations is at 12,604 feet.

(5) 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 Hagood-Wolfcamp Pool. The Hagood-Wolfcamp Pool was discovered by the Roden Oil Company Miro 35 Federal Well No. 1 located in Unit D of Section 35, Township 26 South, Range 35 East, NMPM, which was completed in the Wolfcamp formation on October 1, 2000. The top of the perforations is at 13,026 feet.

(6) 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 Hardy-Abo Pool. The Hardy-Abo Pool was discovered by the Conoco Inc. Oxy State F-1 Well No. 1 located in Unit X of Section 1, Township 21 South, Range 36 East, NMPM, which was completed in the Abo formation on March 30, 2001. The top of the perforations is at 7,052 feet.

(7) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Blinebry formation, bearing the designation of Lovington-Blinebry Pool. The Lovington-Blinebry Pool was discovered by the Texaco Exploration and Production, Inc. Caylor 6 Well No. 1 located in Unit K of Section 6, Township 17 South, Range 37 East, NMPM, which was completed in the Blinebry formation on February 16, 2001. The top of the perforations is at 7,020 feet.

(8) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Drinkard formation, bearing the designation of Monument-Drinkard Pool. The Monument-Drinkard Pool was discovered by the Matador Operating Company Cooper 5 Well No. 6 located in Unit G of Section 5, Township 20 South, Range 37 East, NMPM, which was completed in the Drinkard formation on November 29, 2000. The top of the perforations is at 6,510 feet.

(9) There is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the Strawn formation, bearing the designation of Southeast San Simon-Strawn Gas Pool. The Southeast San Simon-Strawn Gas Pool was discovered by the Nearburg Producing Company Antler 17 State Well No. 1 located in Unit D of Section 17, Township 22 South, Range 35 East, NMPM, which was completed in the Strawn formation on February 6, 2001. The top of the perforations is at 11,890 feet.

(10) 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 Southeast Scharb-Delaware Pool. The Southeast Scharb-Delaware Pool was discovered by the Louis Dreyfus Natural Gas Toro 22 Well No. 1 located in Unit E of Section 22, Township 19 South, Range 35 East, NMPM, which was completed in the Delaware formation on April 12, 2001. The top of the perforations is at 7,534 feet.

(11) There is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the Queen formation, bearing the designation of East Scharb-Queen Gas Pool. The East Scharb-Queen Gas Pool was discovered by the TMBR/SHARP Drilling Inc. Iron House State Well No. 1 located in Unit H of Section 1, Township 19 South, Range 35 East, NMPM, which was completed in the Queen formation on January 30, 2001. The top of the perforations is at 4,424 feet.

(12) 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 X-4 Ranch-Atoka Gas Pool. The X-4 Ranch-Atoka Gas Pool was discovered by the Yates Petroleum Corporation Taco AUK State Well No. 2 located in Unit A of Section 10, Township 10 South, Range 34 East, NMPM, which was completed in the Atoka formation on February 16, 2001. The top of the perforations is at 11,336 feet.

(13) There is need for certain extensions to the Northwest Antelope Ridge-Bone Spring Pool, the South Corbin-Bone Spring Pool, the South Corbin-Morrow Gas Pool, the DK-Abo Pool, the DK-Drinkard Pool, the North Eidson-Morrow Gas Pool, the EK-Delaware Pool, the EK-Yates-Seven Rivers-Queen Pool, the Southwest Eunice-San Andres Pool, the East Featherstone-Bone Spring Pool, the North Hardy-Strawn Pool, the Langlie Mattix-Seven Rivers-Queen-Grayburg Pool, the Lovington-Drinkard Pool, the North Lusk-Morrow Gas Pool, the North Monument-Abo Pool, the Monument-Tubb Pool, the West Ojo Chiso-Morrow Gas Pool, the Osudo-Morrow Gas Pool, the West Osudo-Morrow Gas Pool, the Penrose Skelly-Grayburg Pool, the North Quail Ridge-Morrow Gas Pool, the West Red Tank-Delaware Pool, the East Red Tank-Morrow Gas Pool, the Southeast Scharb-Wolfcamp Pool, the South Skaggs-Abo Pool, the Skaggs-Drinkard Pool, the Tonto-Seven Rivers Pool, the Townsend-Morrow Gas Pool, the Triste Draw-Delaware Pool, the Tubb Oil and Gas Pool, the North Vacuum-Abo Pool, the North Vacuum-Atoka-Morrow Gas Pool, the Northeast Vacuum-Blinebry Pool, the Wantz-Abo Pool, the East Warren-Drinkard Pool, the Wilson-Morrow Gas Pool, and the North Young-Bone Spring Pool, all in Lea County, New Mexico.

(14) The effective date of this order and all creations and extensions included herein should be August 1, 2001.

IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 15 SOUTH, RANGE 31 EAST, NMPM
Section 36: W/2

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

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM
Section 24: S/2

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

TOWNSHIP 12 SOUTH, RANGE 35 EAST, NMPM
Section 7: E/2

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

TOWNSHIP 26 SOUTH, RANGE 35 EAST, NMPM
Section 35: N/2 NW/4 and Lots 3 and 4

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

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 1: SE/4

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

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 6: SW/4

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

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 5: NE/4

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

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM
Section 17: N/2

(i) A new pool in Lea County, New Mexico, classified as an oil pool for Delaware production is hereby created and designated as the Southeast Scharb-Delaware Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 22: NW/4

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

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 1: NE/4

(k) A new pool in Lea County, New Mexico, classified as a gas pool for Atoka production is hereby created and designated as the X-4 Ranch-Atoka Gas Pool, consisting of the following described area:

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM
Section 9: N/2 and SW/4
Section 10: N/2 and SE/4

(l) The Northwest Antelope Ridge-Bone Spring Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 9: N/2

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

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 16: E/2
Section 18: N/2

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

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 21: W/2

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

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 23: NW/4

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

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 24: SE/4

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

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 6: SE/4

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

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 30: N/2

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

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

(t) The Southwest Eunice-San Andres Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 9: NW/4

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

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM
Section 14: SE/4
Section 23: NE/4

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

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

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 30: NW/4

(w) The Langlie Mattix-Seven Rivers-Queen-Grayburg Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM
Section 11: SW/4

(x) The Lovington-Drinkard Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 6: SW/4

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 31: S/2 and NE/4

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

TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM
Section 13: SW/4

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

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 4: S/2
Section 9: NW/4

(bb) 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 32: All

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

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Section 18: NW/4

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

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 1: Lots 9, 10, 11, 12, 13, 14, 15 and 16
Section 2: Lots 1, 2, 7, 8, 9, 10, 15 and 16

(ee) The Penrose Skelly-Grayburg Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 3: Lots 3, 4, 5, 6, 9, 10, 11, 12, 13, 14, 15,
16 and S/2
Section 4: Lots 1, 2, 7, 8, 9, 10, 15, 16 and SE/4
Section 9: E/2
Section 10: NW/4
Section 15: SE/4
Section 16: NE/4

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

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 5: N/2

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

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 36: SW/4

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

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 22: NE/4
Section 23: N/2

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

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 22: SW/4

(jj) The South Skaggs-Abo Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 25: W/2
Section 35: NE/4
Section 36: NW/4

(kk) The Skaggs-Drinkard Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 4: S/2 SE/4 and SE/4 SW/4
Section 9: N/2 NE/4

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

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 13: SE/4
Section 15: NE/4

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

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 9: NE/4

(nn) The Triste Draw-Delaware Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 34: NW/4

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

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 25: NE/4

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 30: NW/4

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

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 20: SE/4

(qq) 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 10: S/2

(rr) The Northeast Vacuum-Blinebry Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 13: E/2
Section 14: SE/4
Section 23: NE/4

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

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 8: SW/4
Section 17: NW/4
Section 18: NE/4

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 5: NW/4
Section 6: NE/4

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

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 23: SE/4
Section 26: NE/4

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

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 11: S/2

(vv) The North Young-Bone Spring Pool in Lea County, New Mexico is hereby extended to include:

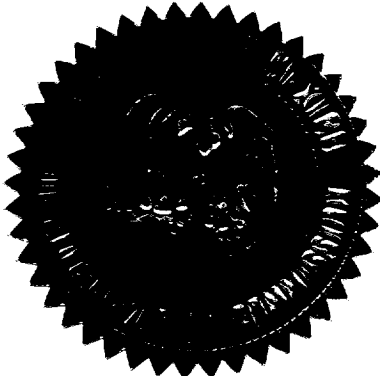
TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 7: NE/4

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 August 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