

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. 12772
Order No. R-11691

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 November 15, 2001, at Santa Fe, New Mexico before Examiner Michael E. Stogner.

NOW, on this 28th day of November, 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 Wolfcamp formation, to be designated the Buzzard Canyon-Wolfcamp Gas Pool. The Buzzard Canyon-Wolfcamp Gas Pool was discovered by the Yates Petroleum Corporation Blacktail "ATT" Federal Well No. 1 located in Unit K of Section 21, Township 20 South, Range 21 East, NMPM, which was completed in the Wolfcamp formation on December 1, 2000. The top of the perforations is at 4,708 feet.

(3) There is need for the creation of a new pool in Chaves County, New Mexico for the production of gas from the Wolfcamp formation, to be designated the Comanche-Wolfcamp Gas Pool. The Comanche-Wolfcamp Gas Pool was discovered by the Yates Petroleum Corporation Canner "AUF" State Com. Well No. 1 located in Unit M of Section 30, Township 10 South, Range 27 East, NMPM, which was

completed in the Wolfcamp formation on March 13, 2001. The top of the perforations is at 5,720 feet.

(4) There is need for the creation of a new pool in Chaves County, New Mexico for the production of gas from the Pennsylvanian formation, to be designated the Cottonwood Ranch-Pennsylvanian Gas Pool. The Cottonwood Ranch-Pennsylvanian Gas Pool was discovered by the Yates Petroleum Corporation Hewitt "IM" Federal Well No. 5 located in Unit I of Section 25, Township 6 South, Range 25 East, NMPM, which was completed in the Pennsylvanian formation on April 18, 2001. The top of the perforations is at 4,865 feet.

(5) There is need for the creation of a new pool in Chaves County, New Mexico for the production of gas from the Ordovician formation, to be designated the North Foor Ranch-Pre-Permian Gas Pool. The North Foor Ranch-Pre-Permian Gas Pool was discovered by the Yates Petroleum Corporation Percentage "APR" Well No. 1 located in Unit O of Section 3, Township 8 South, Range 26 East, NMPM, which was completed in the Ordovician formation on May 18, 2001. The top of the perforations is at 5,630 feet.

(6) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Cisco-Canyon formation, to be designated the Fren-Cisco-Canyon Pool. The Fren-Cisco-Canyon Pool was discovered by the Marbob Energy Corporation Poteet Strawberry Federal Well No. 1 located in Unit H of Section 10, Township 17 South, Range 31 East, NMPM, which was completed in the Cisco-Canyon formation on April 19, 2001. The top of the perforations is at 10,232 feet.

(7) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Glorieta-Yeso formation, to be designated the Red Lake Shores-Glorieta-Yeso Pool. The Red Lake Shores-Glorieta-Yeso Pool was discovered by the Chi Operating, Inc. Little Toot "9" State Well No. 1 located in Unit D of Section 9, Township 17 South, Range 28 East, NMPM, which was completed in the Glorieta-Yeso formation on April 8, 2001. The top of the perforations is at 3,353 feet.

(8) There is need for the creation of a new pool in Chaves County, New Mexico for the production of gas from the Pennsylvanian formation, to be designated the Red Spring-Pennsylvanian Gas Pool. The Red Spring-Pennsylvanian Gas Pool was discovered by the Yates Petroleum Corporation Paulette "PV" State Well No. 6 located in Unit M of Section 16, Township 5 South, Range 25 East, NMPM, which was completed in the Pennsylvanian formation on December 5, 2000. The top of the perforations is at 4,847 feet.

(9) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the San Andres formation, to be designated the Rio Penasco-San Andres Gas Pool. The Rio Penasco-San Andres Gas Pool was

discovered by the Read & Stevens, Inc. West Dayton Well No. 1 located in Unit P of Section 19, Township 18 South, Range 26 East, NMPM, which was completed in the San Andres formation on June 22, 2001. The top of the perforations is at 1,306 feet.

(10) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Atoka formation, to be designated the Strychnine Draw-Atoka Gas Pool. The Strychnine Draw-Atoka Gas Pool was discovered by the ARCO Permian Jaguar Federal "26" Well No. 1 located in Unit A of Section 26, Township 20 South, Range 21 East, NMPM, which was completed in the Atoka formation on July 17, 2001. The top of the perforations is at 8,045 feet.

(11) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Strawn formation, to be designated the Strychnine Draw-Strawn Gas Pool. The Strychnine Draw-Strawn Gas Pool was discovered by the ARCO Permian Jaguar Federal "26" Well No. 1 located in Unit A of Section 26, Township 20 South, Range 21 East, NMPM, which was completed in the Strawn formation on July 17, 2001. The top of the perforations is at 7,358 feet.

(12) There is need for certain extensions to the West Atoka-Upper Pennsylvanian Gas Pool, the Avalon-Strawn Gas Pool, the Benson-Bone Spring Pool, the Big Sinks-Wolfcamp Gas Pool, the Burton Flat-Morrow Gas Pool, the South Carlsbad-Morrow Gas Pool, the East Catclaw Draw-Delaware Pool, the Cedar Lake-Yeso Pool, the East Eagle Creek-Atoka-Morrow Gas Pool, the Eagle Creek-Permo-Pennsylvanian Gas Pool, the South Empire-Morrow Gas Pool, the Empire-Wolfcamp Pool, the Logan Draw-Morrow Gas Pool, the Logan Draw-Wolfcamp Pool, the Lost Tank-Delaware Pool, the South Millman-Morrow Gas Pool, and the North Shugart-Morrow Gas Pool, all in Eddy County, New Mexico; and the Buffalo Valley-Pennsylvanian Gas Pool, the Comanche Spring-Pre-Permian Gas Pool, the Foor Ranch-Pre-Permian Gas Pool, the Northwest Foor Ranch-Pre-Permian Gas Pool, the Foor Ranch-Wolfcamp Gas Pool, and the Northwest Foor Ranch-Wolfcamp Gas Pool, all in Chaves County, New Mexico.

IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 20 SOUTH, RANGE 21 EAST, NMPM
Section 21: S/2

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

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM
Section 30: W/2

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

TOWNSHIP 6 SOUTH, RANGE 25 EAST, NMPM
Section 25: S/2

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

TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM
Section 3: E/2

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

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 10: NE/4

(f) A new pool in Eddy County, New Mexico classified as an oil pool for Glorieta-Yeso production is hereby created and designated as the Red Lake Shores-Glorieta-Yeso Pool, consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 9: NW/4

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

TOWNSHIP 5 SOUTH, RANGE 25 EAST, NMPM
Section 16: W/2

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

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 19: SE/4

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

TOWNSHIP 20 SOUTH, RANGE 21 EAST, NMPM
Section 26: E/2

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

TOWNSHIP 20 SOUTH, RANGE 21 EAST, NMPM
Section 26: E/2

(k) The West Atoka-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 3: N/2
Section 4: N/2

(l) The Avalon-Strawn Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 14: S/2

(m) The Benson-Bone Spring Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM
Section 12: S/2

(n) The Big Sinks-Wolfcamp Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM
Section 32: E/2

(o) The Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM
Section 16: W/2

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

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 23: N/2

(q) The South Carlsbad-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
Section 18: W/2

(r) The East Catchlaw Draw-Delaware Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 10: NW/4

(s) The Cedar Lake-Yeso Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 18: NE/4

(t) The Comanche Spring-Pre-Permian Gas Pool in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM
Section 35: E/2

(u) The East Eagle Creek-Atoka-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 19: W/2

(v) The Eagle Creek-Permo Pennsylvanian Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 31: All

(w) The South Empire-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 23: W/2

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 9: E/2

Section 10: E/2

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

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 19: N/2 and SE/4

Section 30: NE/4

Section 33: N/2

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

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM

Section 16: NW/4

Section 33: S/2 and NE/4

Section 34: N/2

(z) The Northwest Foor Ranch-Pre-Permian Gas Pool in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM

Section 4: E/2

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

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM

Section 15: S/2

Section 16: N/2 and SE/4

Section 33: All

Section 34: S/2

Section 35: SW/4

(bb) The Northwest Foor Ranch-Wolfcamp Gas Pool in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM

Section 33: SE/4

Section 34: S/2

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM

Section 3: SW/4

Section 10: W/2

(cc) The Logan Draw-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 24: SW/4

(dd) The Logan Draw-Wolfcamp Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 25: SE/4

Section 36: SW/4

(ee) The Lost Tank-Delaware Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 31 EAST, NMPM

Section 34: SE/4

(ff) The South Millman-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 9: W/2

(gg) The North Shugart-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 6: W/2

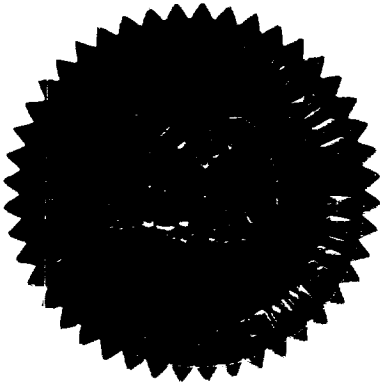
IT IS FURTHER ORDERED THAT:

(1) Pursuant to NMSA 1978, Section 70-2-18, 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 December 1, 2001.

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
LORI WROTENBERY
Director