

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. 12990
Order No. R-11886

APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING AND
ASSIGNING DISCOVERY ALLOWABLES FOR
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 January 9, 2003, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 17th day of January, 2003, 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 West Anderson Ranch-Strawn Pool (**Pool Code 97233**). The West Anderson Ranch-Strawn Pool was discovered by the EOG Resources, Inc. Ponderosa State Well No. 1 (**API No. 30-025-35916**) located in Unit L of Section 9, Township 16 South, Range 32 East, NMPM, which was completed in the Strawn formation on July 26, 2002. The top of the perforations is at 11,578 feet.

(3) 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 Northwest Big Dog-Mississippian Gas Pool (**Pool Code 97215**). The Northwest Big Dog-Mississippian Gas Pool was discovered by the Yates Petroleum

Corporation Big Baer ATN Well No. 2 (**API No. 30-025-35261**) located in Unit L of Section 29, Township 15 South, Range 35 East, NMPM, which was completed in the Mississippian formation on April 24, 2002. The top of the perforations is at 13,078 feet.

(4) 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 Big Dog-Morrow Gas Pool (**Pool Code 97214**). The Big Dog-Morrow Gas Pool was discovered by the Yates Petroleum Corporation Big Baer ATN Well No. 2 (**API No. 30-025-35261**) located in Unit L of Section 29, Township 15 South, Range 35 East, NMPM, which was completed in the Morrow formation on April 24, 2002. The top of the perforations is at 12,746 feet.

(5) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Austin formation, bearing the designation of South Four Lakes-Austin Gas Pool (**Pool Code 97164**). The South Four Lakes-Austin Gas Pool was discovered by the Yates Petroleum Corporation Koala AXZ State Well No. 1 (**API No. 30-025-35410**) located in Unit A of Section 19, Township 12 South, Range 35 East, NMPM, which was completed in the Austin formation on October 29, 2001. The top of the perforations is at 12,524 feet.

(6) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Austin formation, bearing the designation of Grassland-Austin Gas Pool (**Pool Code 97235**). The Grassland-Austin Gas Pool was discovered by the Yates Petroleum Corporation New Grass State Unit Well No. 1 (**API No. 30-025-35842**) located in Unit A of Section 22, Township 15 South, Range 34 East, NMPM, which was completed in the Austin formation on September 5, 2002. The top of the perforations is at 13,440 feet.

(7) 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 Hat Mesa-Delaware Pool (**Pool Code 97210**). Further, the discovery well for the Southeast Hat Mesa-Delaware Pool, the Samson Resources Company Minis 2 Federal Well No. 1 (**API No. 30-025-34449**) located in Lot 16, Unit H of Section 2, Township 21 South, Range 32 East, NMPM, is entitled to and should receive a bonus discovery allowable in the amount of 39,465 barrels of oil to be produced over a two-year period. The discovery well was completed in the Delaware formation on March 1, 2002. The top of the perforations is at 7,910 feet.

(8) 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 Northwest Hobbs-Abo Pool (**Pool Code 97212**). The Northwest Hobbs-Abo Pool was discovered by the Chevron USA Inc. New Mexico EA State Well No. 1 (**API No. 30-025-34788**) located in Unit A of Section 24, Township 18 South, Range 37 East, NMPM, which was completed in the Abo formation on December 3, 2001. The top of the perforations is at 7,088 feet.

(9) 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 Northwest Hobbs-Drinkard Pool (**Pool Code 97184**). The Northwest Hobbs-Drinkard Pool was discovered by the Chevron USA Inc. New Mexico EA State Well No. 1 (**API No. 30-025-34788**) located in Unit A of Section 24, Township 18 South, Range 37 East, NMPM, which was completed in the Drinkard formation on December 3, 2001. The top of the perforations is at 6,795 feet.

(10) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Tubb formation, bearing the designation of Hobbs-Tubb Gas Pool (**Pool Code 96946**). The Hobbs-Tubb Gas Pool was discovered by the Saga Petroleum, LLC State Land Sec. 32 Well No. 9 (**API No. 30-025-23309**) located in Unit J of Section 32, Township 18 South, Range 38 East, NMPM, which was completed in the Tubb formation on December 31, 1997. The top of the perforations is at 6,435 feet.

(11) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Tubb formation, bearing the designation of Northwest Hobbs-Tubb Pool (**Pool Code 97211**). The Northwest Hobbs-Tubb Pool was discovered by the Chevron USA Inc. New Mexico EA State Well No. 1 (**API No. 30-025-34788**) located in Unit A of Section 24, Township 18 South, Range 37 East, NMPM, which was completed in the Tubb formation on December 3, 2001. The top of the perforations is at 6,620 feet.

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 West Anderson Ranch-Strawn Pool (**Pool Code 97233**), consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
Section 9: SW/4

(b) A new pool in Lea County, New Mexico classified as a gas pool for Mississippian production is hereby created and designated as the Northwest Big Dog-Mississippian Gas Pool (**Pool Code 97215**), consisting of the following described area:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM
Section 29: S/2

(c) A new pool in Lea County, New Mexico classified as a gas pool for Morrow production is hereby created and designated as the Big Dog-Morrow Gas Pool (**Pool Code 97214**), consisting of the following described area:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM
Section 29: S/2

(d) A new pool in Lea County, New Mexico classified as a gas pool for Austin production is hereby created and designated as the South Four Lakes-Austin Gas Pool (**Pool Code 97164**), consisting of the following described area:

TOWNSHIP 12 SOUTH, RANGE 35 EAST, NMPM
Section 19: N/2

(e) A new pool in Lea County, New Mexico classified as a gas pool for Austin production is hereby created and designated as the Grassland-Austin Gas Pool (**Pool Code 97235**), consisting of the following described area:

TOWNSHIP 15 SOUTH, RANGE 34 EAST, NMPM
Section 22: N/2

(f) A new pool in Lea County, New Mexico classified as an oil pool for Delaware production is hereby created and designated as the Southeast Hat Mesa-Delaware Pool (**Pool Code 97210**), consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 2: Lots 9, 10, 15 and 16

Further, the discovery well for the Southeast Hat Mesa-Delaware Pool, the Samson Resources Company Minis 2 Federal Well No. 1 (**API No. 30-025-34449**) located in Lot 16, Unit H of Section 2, Township 21 South, Range 32 East, NMPM, is hereby assigned a bonus discovery allowable in the amount of 39,465 barrels of oil to be produced over a two-year period.

(g) A new pool in Lea County, New Mexico classified as an oil pool for Abo production is hereby created and designated as the Northwest Hobbs-Abo Pool (**Pool Code 97212**), consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 37 EAST, NMPM
Section 24: NE/4

(h) A new pool in Lea County, New Mexico classified as an oil pool for Drinkard production is hereby created and designated as the Northwest Hobbs-Drinkard Pool (**Pool Code 97184**), consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 37 EAST, NMPM
Section 24: NE/4

(i) A new pool in Lea County, New Mexico classified as a gas pool for Tubb production is hereby created and designated as the Hobbs-Tubb Gas Pool (**Pool Code 96946**), consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM
Section 32: SE/4

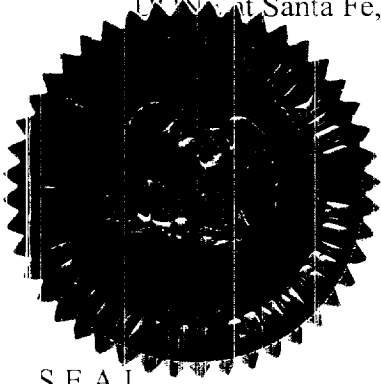
(j) A new pool in Lea County, New Mexico classified as an oil pool for Tubb production is hereby created and designated as the Northwest Hobbs-Tubb Pool (**Pool Code 97211**), consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 37 EAST, NMPM
Section 24: NE/4

IT IS FURTHER ORDERED THAT:

(1) The effective date of this order and all creations and assignments of discovery allowables included herein shall be January 1, 2003.

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