

DATE 4/1/02	SUSPENSE 4/21/02	ENGINEER MS	LOGGED IN KV	TYPE NSL	APP NO 0209239559
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
 - Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR

- [D] Other: Specify \_\_\_\_\_

APR - 1 2002

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or Does Not Apply

- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Robert Bulluck      Robert Bulluck      Landman      3-27-02  
 Print or Type Name      Signature      Title      Date

\_\_\_\_\_  
 e-mail Address

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



105 SOUTH FOURTH STREET  
ARTESIA, NEW MEXICO 88210-2118  
TELEPHONE (505) 748-1471

S. P. YATES  
CHAIRMAN OF THE BOARD  
JOHN A. YATES  
PRESIDENT  
PEYTON YATES  
EXECUTIVE VICE PRESIDENT  
RANDY G. PATTERSON  
SECRETARY  
DENNIS G. KINSEY  
TREASURER

March 27, 2002

Mr. Michael Stogner  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87508

**CERTIFIED MAIL**  
*Return Receipt Requested*

RE: Application for Non-Standard Location  
Tyler AVC St #1  
Township 23 South, Range 25 East  
Section 30: 1700' FSL & 2230' FEL  
Eddy County, New Mexico

Dear Mr. Stogner:

Yates Petroleum Corporation respectfully requests administrative approval for a non-standard location for a Strawn/Atoka gas well, the Tyler AVC St. #1. The well is located on state of New Mexico minerals, 1700' FSL and 2230' FEL, Section 30, Township 23 South, Range 25 East, Eddy County, New Mexico.

The original wellbore was drilled in 1963 by Union Oil Company of California to the Devonian formation and subsequently abandoned as a dry hole. Yates purchased the state lease in 1996 and in November 2001 re-entered the wellbore with a pulling unit, drilled out the plugs, spliced and cemented 9 5/8" casing at 2700' and 5 1/2" casing at 8005' and completed in the Strawn at 9255-9648' and the Atoka at 9894-9921'. It was determined that the economics were much more favorable to re-enter this well than to drill a new well and would therefore be in the best interest of conservation. This well is subject to the Dark Canyon Penn (Gas) Pool.

No notification has been given in this application because there is no encroachment. The Yates companies own 100% of the working interest in Section 30 and there are no overriding royalty owners.

Enclosed are Forms C-101, C102, land plat and an administrative application checklist.

Please call me at 505-748-4351 if you need any further information. Thank you.

Very truly yours,

**YATES PETROLEUM CORPORATION**

Robert Bullock  
Landman

RB:bn  
enclosure(s)

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 South First, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Form C-101  
Revised March 17, 1999

Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505

Submit to appropriate District Office  
State Lease - 6 Copies  
Fee Lease - 5 Copies

AMENDED REPORT

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

<sup>1</sup> Operator Name and Address Yates Petroleum Corporation 105 South Fourth Street Artesia, New Mexico 88210		<sup>2</sup> OGRID Number 025575
		<sup>3</sup> API Number 30- 015-10413
<sup>4</sup> Property Code	<sup>5</sup> Property Name Tyler AVC State	<sup>6</sup> Well No. 1

<sup>7</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	30	23S	25E		1700'	South	2230'	East	Eddy

<sup>8</sup> Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<sup>9</sup> Proposed Pool 1 Undes Baldrige Canyon, Morrow					<sup>10</sup> Proposed Pool 2				

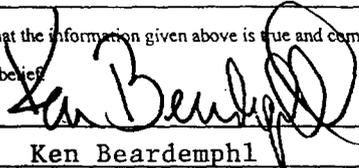
<sup>11</sup> Work Type Code E	<sup>12</sup> Well Type Code G	<sup>13</sup> Cable/Rotary Pulling Unit	<sup>14</sup> Lease Type Code S	<sup>15</sup> Ground Level Elevation 3908'
<sup>16</sup> Multiple No	<sup>17</sup> Proposed Depth 10923'	<sup>18</sup> Formation Morrow	<sup>19</sup> Contractor Not determined	<sup>20</sup> Spud Date ASAP

<sup>21</sup> Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17 1/2"	13 3/8"	48 & 54#	1059'	850 sx	In Place
12 1/4"	9 5/8"	36 & 40#	5045'	500 sx	In Place
8 3/4"	5 1/2"	17 & 20#	10923'	750 sx	In Place

<sup>22</sup> Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

SEE ATTACHED PAGE 2

<sup>23</sup> I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: 	OIL CONSERVATION DIVISION	
	Approved by:	
Printed name: Ken Beardemphl	Title:	
Title: Landman	Approval Date:	Expiration Date:
Date: March 3, 2000	Phone: (505) 748-1471	Conditions of Approval: Attached <input type="checkbox"/>

## YATES PETROLEUM CORPORATION

Tyler AVC State #1

Drilling Prognosis

Page 2

Well was drilled by Union Oil Company of California as the Dark Canyon State #1. Yates Petroleum Corporation plans to re-enter with a pulling unit, drill out plugs to the 9 5/8" casing stub at 2700', run 9 5/8" 40 lb/ft casing, splice and cement casing with approximately 500 sacks of class C to bring cement into 13 3/8" surface casing which is set at 1059'. We'll then drill out splice, pressure test casing, drill out remaining plugs to 5 1/2" stub at 8005', run 5 1/2" 15.5 and 17#/ft N-80 casing, splice and cement with approximately 500 sacks of class H. Plugs inside the 5 1/2" casing will then be drilled out to the float collar at approximately 10,880'. OTD is 11,640' and 5 1/2" casing is set at 10,923'. The Morrow and possibly shallower zones will be tested for production. KCI water and gelled cut brine will be used for re-entry fluids.

BOPE PROGRAM: 3000 # BOPE will be installed on the 9 5/8 casing and tested daily..

District I  
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised August 15, 2000

District II  
811 South First, Artesia, NM 88210

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

District III  
1000 Rio Brazos Rd., Aztec, NM 87410

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-10413		<sup>2</sup> Pool Code 76000		<sup>3</sup> Pool Name Dark Canyon Penn Gas	
<sup>4</sup> Property Code 25430		<sup>5</sup> Property Name Tyler AVC State			<sup>6</sup> Well Number #1
<sup>7</sup> OGRID No. 025575		<sup>8</sup> Operator Name Yates Petroleum Corporation			<sup>9</sup> Elevation 3908' GR

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	30	23S	25E		1700	South	2230	East	Eddy

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

<sup>12</sup> Dedicated Acres 320	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p><sup>16</sup></p>	<p><sup>17</sup> OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p></p> <p>Signature</p> <p><b>Susan Herpin</b></p> <p>Printed Name</p> <p><b>Engineering Technician</b></p> <p>Title</p> <p>Date</p>
	<p><sup>18</sup> SURVEYOR CERTIFICATION</p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p><b>See Original Plat</b></p> <p>Certificate Number</p>



CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

04/24/02 09:23:  
OGOMES -TQ  
PAGE NO:

Sec : 30 Twp : 23S Rng : 25E Section Type : NORMAL

1 40.16 UNIV V04983 0000 YATES PETROLEUM C 11/01/01	C 40.00 UNIV V04983 0000 YATES PETROLEUM C 11/01/01	B 40.00 UNIV V04983 0000 YATES PETROLEUM C 11/01/01	A 40.00 UNIV V04983 0000 YATES PETROLEUM 11/01/0
2 40.17 UNIV V04983 0000 YATES PETROLEUM C 11/01/01	F 40.00 UNIV V04983 0000 YATES PETROLEUM C 11/01/01	G 40.00 UNIV V04983 0000 YATES PETROLEUM C 11/01/01	H 40.00 UNIV V04983 0000 YATES PETROLEUM 11/01/0

PF01 HELP    PF02            PF03 EXIT    PF04 GoTo    PF05            PF06  
PF07 BKWD   PF08 FWD      PF09 PRINT   PF10 SDIV    PF11            PF12

CMD :  
OG5SECT

ONGARD  
INQUIRE LAND BY SECTION

04/24/02 09:24:  
OGOMES -TQ  
PAGE NO:

Sec : 30 Twp : 23S Rng : 25E Section Type : NORMAL

3	K	J	I
40.17	40.00	40.00	40.00
UNIV	UNIV	UNIV	UNIV
V04983 0000	V04983 0000	V04983 0000	V04983 0000
YATES PETROLEUM C	YATES PETROLEUM C	YATES PETROLEUM C	YATES PETROLEUM
11/01/01	11/01/01	11/01/01	11/01/0
		A	
4	N	O	P
40.18	40.00	40.00	40.00
UNIV	UNIV	UNIV	UNIV
V04983 0000	V04983 0000	V04983 0000	V04983 0000
YATES PETROLEUM C	YATES PETROLEUM C	YATES PETROLEUM C	YATES PETROLEUM
11/01/01	11/01/01	11/01/01	11/01/0

PF01 HELP    PF02            PF03 EXIT    PF04 GoTo    PF05            PF06  
PF07 BKWD    PF08 FWD        PF09 PRINT   PF10 SDIV     PF11            PF12

CMD : ONGARD 04/24/02 09:24:  
OG6C101 C101-APPLICATION FOR PERMIT TO DRILL OGOMES -TQ

OGRID Idn : 25575 API Well No: 30 15 10413 APD Status(A/C/P): A  
Opr Name, Addr: YATES PETROLEUM CORPORATION Aprvl/Cncl Date : 03-09-20  
105 S 4TH ST  
ARTESIA,NM 88210

Prop Idn: 25430 TYLER AVC STATE Well No: 1

	U/L Sec	Township	Range	Lot Idn	North/South	East/West
Surface Locn : J	30	23S	25E		FTG 1700 F S	FTG 2230 F E
OCD U/L : J		API County :	15			

Work typ(N/E/D/P/A) : E Well typ(O/G/M/I/S/W/C): G Cable/Rotary (C/R) :  
Lease typ(F/S/P/N/J/U/I): S Ground Level Elevation : 3908

State Lease No: Multiple Comp (S/M/C) : N  
Prpsd Depth : 10500 Prpsd Frmtn : MORROW

E0009: Enter data to modify record

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 C102	PF11 HISTORY	PF12



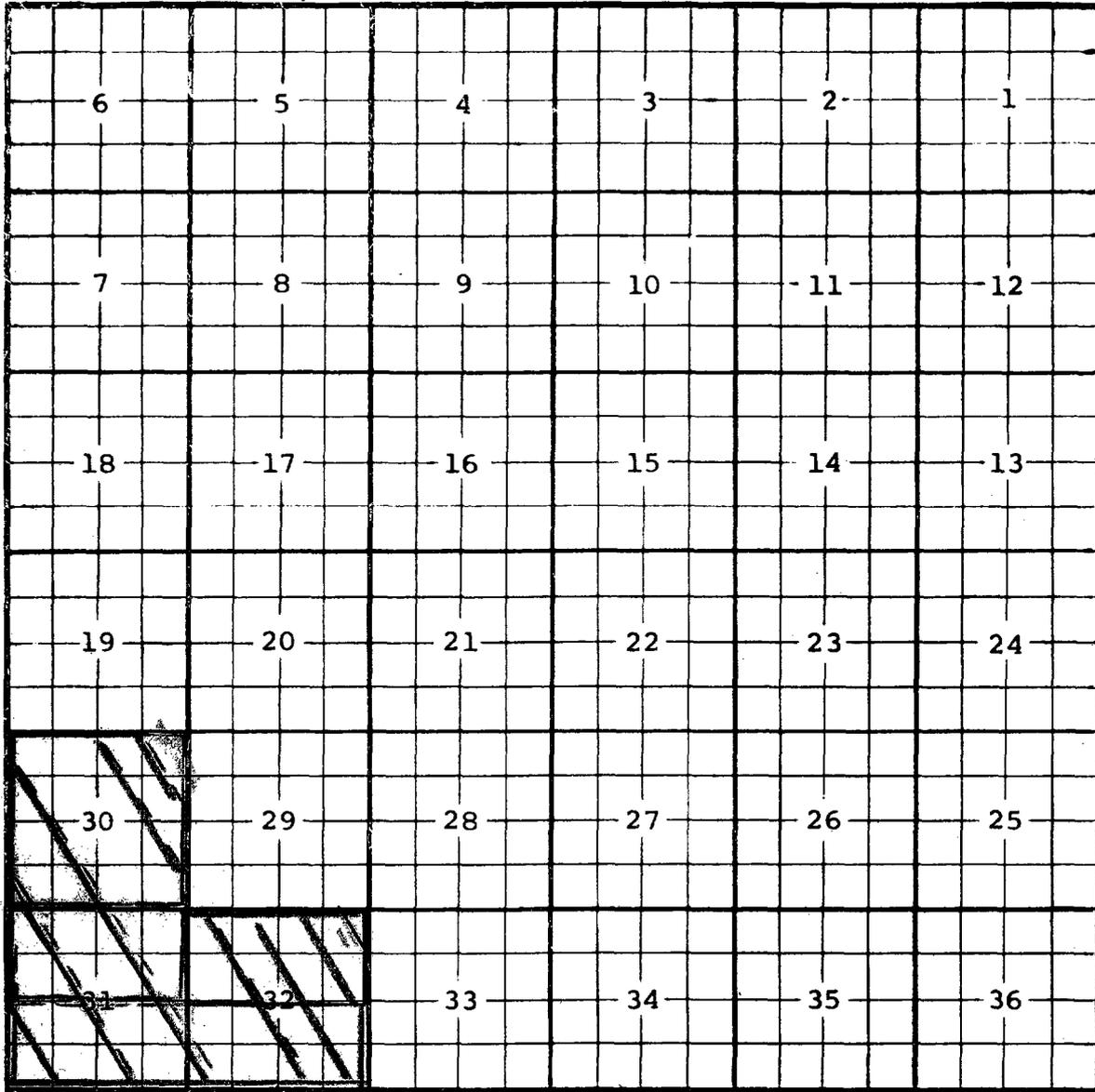
COUNTY *Eddy*

POOL *Dark Canyon - Pennsylvanian Gas*

TOWNSHIP *23 South*

RANGE *25 East*

NMPM



*Description: All Sec. 30 (R-2760, 9-1-64) EXT: 1/2 sec 31 (R-823, 3-9-82)*

*EXT: 1/2 sec 31, 1/2 sec 32 (R-8847, 1-10-89)*

*EXT: 1/2 sec 32 (R-9326, 11-7-90)*

*Abolish (R-11160, 4-7-99)*





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. 12160  
Order No. R-11160

THE APPLICATION OF THE OIL CONSERVATION  
DIVISION FOR AN ORDER CREATING, ABOLISHING,  
AND EXTENDING CERTAIN POOLS IN EDDY  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 1, 1999, at Santa Fe, New Mexico, before Examiner Mark W. Ashley.

NOW, on this 7th day of April, 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 Eddy County, New Mexico, for the production of oil from the Bone Spring formation, bearing the designation of West Forty Niner Ridge-Bone Spring Pool. The West Forty Niner Ridge-Bone Spring Pool was discovered by the Texaco Exploration and Production, Inc. Remuda Basin State Well No. 4 located in Unit N of Section 19, Township 23 South, Range 30 East, NMPM. It was completed in the Bone Spring formation on October 2, 1998. The top of the perforations is at 8,207 feet.
- (3) 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, bearing the designation of Northwest Logan Draw-Cisco Canyon Pool. The Northwest Logan Draw-Cisco Canyon Pool was discovered by the Costilla Energy, Inc. Funk "49" Well No. 1 located in Unit L of Section 33, Township 16 South, Range 26 East, NMPM. It was completed in the

Cisco-Canyon formation on November 6, 1998. The top of the perforations is at 6,826 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Canyon formation, bearing the designation of Southeast Rocky Arroyo-Canyon Gas Pool. The Southeast Rocky Arroyo-Canyon Gas Pool was discovered by the Penwell Energy, Inc. Wagon Wheel Federal Unit Well No. 2 located in Unit N of Section 22, Township 22 South, Range 22 East, NMPM. It was completed in the Canyon formation on May 29, 1998. The top of the perforations is at 7,538 feet.

(5) 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 Northeast Springs-Strawn Gas Pool. The Northeast Springs-Strawn Gas Pool was discovered by the Yates Petroleum Corporation Spring "ART" Federal Well No. 1 located in Unit C of Section 23, Township 20 South, Range 26 East, NMPM. It was completed in the Strawn formation on October 16, 1998. The top of the perforations is at 9,280 feet.

(6) There is need for the abolishment of the Dark Canyon-Pennsylvanian Gas Pool in Eddy County, New Mexico, in order to correct nomenclature.

(7) There is need for certain extensions to the Avalon-Morrow Gas Pool, the West Burton Flat-Strawn Gas Pool, the Cedar Canyon-Delaware Pool, the East Dark Canyon-Delaware Pool, the East Empire-Yeso Pool, the Hackberry-Morrow Gas Pool, the Happy Valley-Delaware Pool, the Indian Loafer Draw-Upper Pennsylvanian Gas Pool, the Logan Draw-Morrow Gas Pool, the Otis-Morrow Gas Pool, the Northeast Red Lake-Glorieta-Yeso Pool, the Ross Draw-Wolfcamp Gas Pool, the Sand Tank-Morrow Gas Pool, and the Shugart-Morrow Gas Pool, all in Eddy County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production is hereby created and designated as the West Forty Niner Ridge-Bone Spring Pool, consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM  
Section 19: SW/4

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

TOWNSHIP 16 SOUTH, RANGE 26 EAST, NMPM  
Section 33: SW/4

(c) A new pool in Eddy County, New Mexico, classified as a gas pool for

Canyon production is hereby created and designated as the Southeast Rocky Arroyo-Canyon Gas Pool, consisting of the following described area:

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

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

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM  
Section 23: S/2

(e) The Dark Canyon-Pennsylvanian Gas Pool in Eddy County, New Mexico, consisting of the following described area, is hereby abolished:

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM  
Section 36: E/2

TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM  
Sections 30 through 32: All

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM  
Section 1: All

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

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM  
Section 10: All

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

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM  
Section 1: Lots 9 through 16

(h) The Cedar Canyon-Delaware Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM  
Section 23: N/2

(i) The East Dark Canyon-Delaware Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM  
Section 30: NE/4

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

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

(k) The Hackberry-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM  
Section 17: W/2

(l) The Happy Valley-Delaware Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM  
Section 34: S/2  
Section 35: SW/4

(m) The Indian Loafer Draw-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 21 EAST, NMPM  
Section 36: S/2

TOWNSHIP 20 ½ SOUTH, RANGE 21 EAST, NMPM  
Section 36: All

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

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM  
Section 14: N/2  
Section 22: NE/4

(o) The Otis-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM  
Section 12: All

(p) 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 34: S/2

Section 35: S/2

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

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM

Section 14: S/2

(r) The Sand Tank-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 30: W/2

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

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 28: W/2

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, abolishments, and extensions included herein shall be May 1, 1999.

Case No. 12160  
Order No. R-11160  
-6-

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
LORI WROTENBERY  
Director

S E A L

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. 12781  
Order No. R-11705

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 December 6, 2001, at Santa Fe, New Mexico before Examiner David R. Catanach.

NOW, on this 13th day of December, 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 oil from the Pennsylvanian formation, to be designated the Bear Canyon-Pennsylvanian Pool. The Bear Canyon-Pennsylvanian Pool was discovered by the Yates Petroleum Corporation Oso "AVV" Federal Well No. 1 located in Unit M of Section 17, Township 19 South, Range 20 East, NMPM, which was completed in the Pennsylvanian formation on March 29, 2001. The top of the perforations is at 6,071 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, to be designated the Brushy Draw-Wolfcamp Pool. The Brushy Draw-Wolfcamp Pool was discovered by the Texaco Exploration and Production, Inc. Yates "8" Federal Well No. 2 located in Unit K of Section 8, Township 26 South, Range 30 East, NMPM, which was

completed in the Wolfcamp formation on May 5, 2001. The top of the perforations is at 11,803 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Upper Pennsylvanian formation, to be ~~designated the Mosley Canyon-Upper Pennsylvanian Gas Pool. The Mosley Canyon-~~ Upper Pennsylvanian Gas Pool was discovered by the Nadel and Gussman Permian, LLC Rolling Rock State Well No. 2 located in Unit P of Section 31, Township 23 South, Range 25 East, NMPM, which was completed in the Upper Pennsylvanian formation on May 8, 2001. The top of the perforations is at 9,200 feet.

(5) 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 Staple Canyon Rim-Atoka Gas Pool. The Staple Canyon Rim-Atoka Gas Pool was discovered by the Marathon Oil Company Indian Hills Unit Well No. 6 located in Unit N of Section 20, Township 21 South, Range 24 East, NMPM, which was completed in the Atoka formation on March 14, 2001. The top of the perforations is at 9,290 feet.

(6) There is need for certain extensions to the Box Canyon-Permian Pennsylvanian Gas Pool, the Chosa Draw-Morrow Gas Pool, the Southeast Crow Flats-Morrow Gas Pool, the Diamond Mound-Morrow Gas Pool, the East Eagle Creek-Atoka-Morrow Gas Pool, the Eagle Creek-Strawn Gas Pool, the South Empire-Morrow Gas Pool, the North Hackberry-Morrow Gas Pool, the North Illinois Camp-Morrow Gas Pool, the Revelation-Morrow Gas Pool, the Sand Dune-Upper Pennsylvanian Pool, the Turkey Track-Atoka Gas Pool, the North Turkey Track-Atoka Gas Pool, and the North Turkey Track-Morrow Gas Pool, all in Eddy County, New Mexico; and the Cottonwood Ranch-Pennsylvanian Gas Pool, the North Foor Ranch-Pre-Permian Gas Pool, the North 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 an oil pool for Pennsylvanian production is hereby created and designated as the Bear Canyon-Pennsylvanian Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 20 EAST, NMPM  
Section 17: 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 Brushy Draw-Wolfcamp Pool, consisting of the following described area:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM  
Section 8: SW/4

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

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TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM  
Section 31: E/2

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

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM  
Section 20: W/2

(e) The Box Canyon-Permo Pennsylvanian Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 21 EAST, NMPM  
Section 11: NE/4

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

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM  
Section 8: N/2  
Section 9: N/2

(g) The Cottonwood Ranch-Pennsylvanian Gas Pool in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 6 SOUTH, RANGE 25 EAST, NMPM  
Section 26: W/2 and SE/4

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM  
Section 30: S/2

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

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM  
Section 10: N/2

(i) The Diamond Mound-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM

Section 14: N/2

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM

Section 5: SE/4

Section 8: E/2

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(j) 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 29: S/2

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

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM

Section 3: SW/4

Section 10: W/2

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

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 29: N/2

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

TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM

Section 2: SW/4

Section 11: W/2

Section 14: N/2

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

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM

Section 28: S/2

Section 29: SE/4

(o) 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 32: N/2

Section 33: N/2

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

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TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 31: W/2

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 1: E/2

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

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 19: E/2

(r) The Revelation-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM

Section 2: S/2

(s) The Sand Dune-Upper Pennsylvanian Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 26: SE/4

(t) The Turkey Track-Atoka Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 10: W/2

Section 15: NW/4

(u) The North Turkey Track-Atoka Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 36: NE/4

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

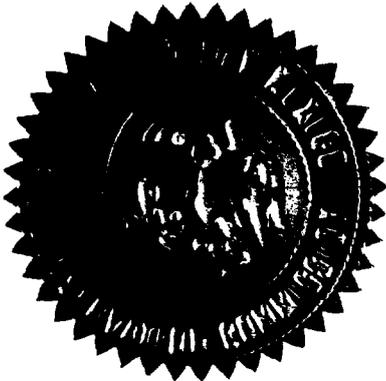
TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM  
Section 25: E/2

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 January 1, 2002.

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