

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. 13239
Order No. R-12125

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 18, 2004, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 30th day of March, 2004, 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 Abo formation, bearing the designation of Cottonwood Creek-Abo Gas Pool (Pool Code 97333). The Cottonwood ~~Creek-Abo~~ Gas Pool was discovered by the Perenco LLC State 1624 Well No. 291 (API No. 30-015-33055) located in Unit C of Section 29, Township 16 South, Range 24 East, NMPM, which was completed in the Abo formation on January 9, 2004. The top of the perforations is at 4,322 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Grayburg formation, bearing the designation of Red Lake Shores-Grayburg Pool (Pool Code 97335). The Red Lake Shores-Grayburg Pool was discovered by the Mack Energy Corporation Red Lake Sand Unit Well No. 38 (API No. 30-015-33100) located in Unit D of Section 29, Township 17 South, Range 28 East,

NMPM, which was completed in the Grayburg formation on December 17, 2003. The top of the perforations is at 1,792 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Atoka formation, bearing the designation of Sage Draw-Atoka Gas Pool (Pool Code 97334). The Sage Draw-Atoka Gas Pool was discovered by the Yates Petroleum Corporation Chosa "ATR" Federal Well No. 1 (API No. 30-015-31215) located in Unit L of Section 8, Township 25 South, Range 26 East, NMPM, which was completed in the Atoka formation on December 5, 2003. The top of the perforations is at **11,270** feet.

(5) There is need for extensions to the Southwest Avalon-Wolfcamp Pool, the Brushy Draw-Delaware Pool, the Burton Flat-Morrow Gas Pool, the Cabin Lake-Delaware Pool, the Canyon-Wolfcamp Pool, the Dublin Ranch-Morrow Gas Pool, the Hoag Tank-Morrow Gas Pool, the Loco Hills-Paddock Pool, the Logan Draw-Wolfcamp Pool, the Logan Draw-Wolfcamp Gas Pool, the Southeast Quahada Ridge-Delaware Pool, the Tamano-Bone Spring Pool, the Willow Lake-Bone Spring Pool, and the Southwest Willow Lake-Delaware Pool, all in Eddy County, New Mexico; and the Buffalo Valley-Pennsylvanian Gas Pool, the Crockett Draw-Wolfcamp Gas Pool, and the West Pecos Slope-Abo 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 Abo production is hereby created and designated as the Cottonwood Creek-Abo Gas Pool (Pool Code 97333), consisting of the following described area:

TOWNSHIP 16 SOUTH. RANGE 24 EAST. NMPM
Section 29: NW/4

(b) A new pool in Eddy County, New Mexico classified as an oil pool for Grayburg production is hereby created and designated as the Red Lake Shores-Grayburg Pool (Pool Code 97335), consisting of the following described area:

TOWNSHIP 17 SOUTH. RANGE 28 EAST. NMPM
Section 29: NW/4

(c) A new pool in Eddy County, New Mexico classified as a gas pool for Atoka production is hereby created and designated as the Sage Draw-Atoka Gas Pool (Pool Code 97334), consisting of the following described area:

TOWNSHIP 25 SOUTH. RANGE 26 EAST. NMPM
Section 8: W/2

(d) The Southwest Avalon-Wolfcamp Pool (Pool Code 97068) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM

Section 33: S/2

Section 34: S/2

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 3: Lots 19 thru 22, 27 and 28

(e) The Brushy Draw-Delaware Pool (**Pool Code 8080**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM

Section 10: NW/4

(f) The Buffalo Valley-Pennsylvanian Gas Pool (**Pool Code 73080**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM

Section 15: W/2

(g) The Burton Flat-Morrow Gas Pool (**Pool Code 73280**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 23: E/2

(h) The Cabin Lake-Delaware Pool (**Pool Code 8435**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM

Section 12: SE/4

Section 13: E/2

(i) The Canyon-Wolfcamp Pool (**Pool Code 8450**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM

Section 36: E/2

(j) The Crockett Draw-Wolfcamp Gas Pool (**Pool Code 97282**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM

Section 2: W/2

Sections 3 thru 5: All

(k) The Dublin Ranch-Morrow Gas Pool (**Pool Code 76140**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH. RANGE 28 EAST. NMPM
Section 32: SW/4

(l) The Hoag Tank-Morrow Gas Pool (**Pool Code 78560**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH. RANGE 23 EAST. NMPM
Section 10: SW/4

(m) The Loco Hills-Paddock Pool (**Pool Code 96718**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH. RANGE 30 EAST. NMPM
Section 14: NW/4

(n) The Logan Draw-Wolfcamp Pool (**Pool Code 96960**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH. RANGE 27 EAST. NMPM
Section 25: NW/4

(o) The Logan Draw-Wolfcamp Gas Pool (**Pool Code 80440**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH. RANGE 27 EAST. NMPM
Section 34: NE/4 and W/2

(p) The West Pecos Slope-Abo Gas Pool (**Pool Code 82740**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 5 SOUTH. RANGE 21 EAST. NMPM
Section 25: NE/4

(q) The Southeast Quahada Ridge-Delaware Pool (**Pool Code 50443**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH. RANGE 30 EAST. NMPM
Section 24: NE/4

(r) The Tamano-Bone Spring Pool (**Pool Code 58040**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 1: NE/4

(s) The Willow Lake-Bone Spring Pool (**Pool Code 64450**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 31: N/2

Section 32: NW/4

(t) The Southwest Willow Lake-Delaware Pool (**Pool Code 96855**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM

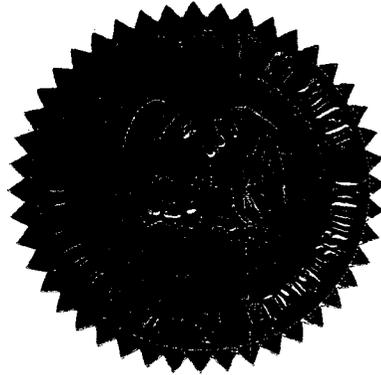
Section 10: S/2

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 and extensions included herein shall be April 1, 2004.

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



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read 'Carol Leach', written over the printed name.

CAROL LEACH
Acting Director

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