

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. 13764
Order No. R-12619

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING, CONTRACTING,
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 August 17, 2006, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 22nd day of August, 2006, 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 Chester formation, bearing the designation of Bear Grass Draw-Chester Pool (**Pool Code 97526**). The Bear Grass Draw-Chester Pool was discovered by the Mewbourne Oil Company Pavo "11" State Com. Well No. 1 (**API No. 30-015-34439**) located in Unit I of Section 11, Township 18 South, Range 29 East, NMPM, which was completed in the Chester formation on April 21, 2006. The top of the perforations is at 11,538 feet.

(3) There is need for the contraction of the East Empire-Yeso Pool (**Pool Code 96610**) in Eddy County, New Mexico in order to correct nomenclature. The deleted acreage will be placed in the newly created Bear Grass Draw-Glorieta-Yeso Pool (**Pool Code 97534**) in Eddy County, New Mexico,

(4) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Glorieta-Yeso formations, bearing the designation of Bear Grass Draw-Glorieta-Yeso Pool (**Pool Code 97534**). This pool is being created in order to correct nomenclature to include the deleted acreage from the East Empire-Yeso Pool (**Pool Code 96610**) in Eddy County, New Mexico.

(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, bearing the designation of Cottonwood Spring-Atoka Gas Pool (**Pool Code 97532**). The Cottonwood Spring-Atoka Gas Pool was discovered by the Samson Resources Company Pine Springs "2" State Well No. 1 (**API No. 30-015-33562**) located in Unit E of Section 2, Township 26 South, Range 25 East, NMPM, which was completed in the Atoka formation on May 31, 2006. The top of the perforations is at 10,814 feet.

(6) There is need for the creation of a new pool in Chaves County, New Mexico for the production of gas from the Wolfcamp formation, bearing the designation of Greenfield-Wolfcamp Gas Pool (**Pool Code 97531**). The Greenfield-Wolfcamp Gas Pool was discovered by the B C Operating, Inc. Buffalo Hunt "21" Well No. 1 (**API No. 30-005-63415**) located in Unit O of Section 21, Township 13 South, Range 27 East, NMPM, which was completed in the Wolfcamp formation on May 9, 2006. The top of the perforations is at 5,955 feet.

(7) 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 Northeast Rocky Arroyo-Atoka Gas Pool (**Pool Code 97529**). The Northeast Rocky Arroyo-Atoka Gas Pool was discovered by the Clayton Williams Energy, Inc. State "16-4" Well No. 1 (**API No. 30-015-33789**) located in Unit D of Section 16, Township 22 South, Range 22 East, NMPM, which was completed in the Atoka formation on February 17, 2006. The top of the perforations is at 8,604 feet.

(8) 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 Rocky Arroyo-Strawn Gas Pool (**Pool Code 97530**). The Rocky Arroyo-Strawn Gas Pool was discovered by the Clayton Williams Energy, Inc. State "16-4" Well No. 1 (**API No. 30-015-33789**) located in Unit D of Section 16, Township 22 South, Range 22 East, NMPM, which was completed in the Strawn formation on February 17, 2006. The top of the perforations is at 8,312 feet.

(9) There is need for extensions to the North Black River-Atoka Gas Pool, the East Carlsbad-Morrow Gas Pool, the Cedar Hills-Bone Spring Pool, the Cemetery-Morrow Gas Pool, the Chosa Draw-Morrow Gas Pool, the Collins Ranch-Wolfcamp Gas Pool, the Cottonwood Creek-Wolfcamp Gas Pool, the West Cottonwood Creek-Wolfcamp Gas Pool, the Dublin Ranch-Morrow Gas Pool, the Eagle Creek-Strawn Gas Pool, the South Empire-Morrow Gas Pool, the Gatuna Canyon-Bone Spring Pool, the Southeast Henshaw-Wolfcamp Pool, the West Lusk-Bone Spring Pool, the West Malaga-Morrow Gas Pool, the McMillan-Atoka Gas Pool, the Otis-Atoka Gas Pool, the Otis-

Morrow Gas Pool, the East Pierce Crossing-Bone Spring Pool, the Red Lake-Atoka-Morrow Gas Pool, the Sand Tank-Bone Spring Pool, and the Sand Tank-Morrow Gas Pool, all in Eddy County, New Mexico; and the Coyote-Wolfcamp Gas Pool and the Pecos Slope-Pennsylvanian Pool, both 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 Chester production is hereby created and designated as the Bear Grass Draw-Chester Pool (**Pool Code 97526**), consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 11: SE/4

(b) The East Empire-Yeso Pool (**Pool Code 96610**) in Eddy County, New Mexico is hereby contracted by the deletion of the following described area:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 27: E/2, E/2 W/2 and W/2 NW/4

(c) A new pool in Eddy County, New Mexico classified as an oil pool for Glorieta-Yeso production is hereby created and designated as the Bear Grass Draw-Glorieta-Yeso Pool (**Pool Code 97534**), consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMFM
Section 27: E/2, E/2 W/2 and W/2 NW/4

(d) A new pool in Eddy County, New Mexico classified as a gas pool for Atoka production is hereby created and designated as the Cottonwood Spring-Atoka Gas Pool (**Pool Code 97532**), consisting of the following described area:

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

(e) A new pool in Chaves County, New Mexico classified as a gas pool for Wolfcamp production is hereby created and designated as the Greenfield-Wolfcamp Gas Pool (**Pool Code 97531**), consisting of the following described area:

TOWNSHIP 13 SOUTH, RANGE 27 EAST, NMPM
Section 21: E/2

(f) A new pool in Eddy County, New Mexico classified as a gas pool for Atoka production is hereby created and designated as the Northeast Rocky Arroyo-Atoka Gas Pool (**Pool Code 97529**), consisting of the following described area:

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPPM

Section 8: All
Section 16: N/2
Section 17: N/2

(g) A new pool in Eddy County, New Mexico classified as a gas pool for Strawn production is hereby created and designated as the Rocky Arroyo-Strawn Gas Pool (**Pool Code 97530**), consisting of the following described area:

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPPM

Section 8: All
Section 16: N/2
Section 17: N/2

(h) The North Black River-Atoka Gas Pool (**Pool Code 72155**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPPM

Section 30: SW/4
Section 31: W/2

(i) The East Carlsbad-Morrow Gas Pool (**Pool Code 73920**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPPM

Section 7: N/2

(j) The Cedar Hills-Bone Spring Pool (**Pool Code 11560**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPPM

Section 8: SE/4
Section 17: N/2
Section 18: NE/4

(k) The Cemetery-Morrow Gas Pool (**Pool Code 74640**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPPM

Section 27: S/2

(l) The Chosa Draw-Morrow Gas Pool (**Pool Code 74900**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPPM

Section 6: W/2

(m) The Collins Ranch-Wolfcamp Gas Pool (**Pool Code 75010**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 24 EAST, NMPM
Section 23: W/2

(n) The Cottonwood Creek-Wolfcamp Gas Pool (**Pool Code 75250**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 25 EAST, NMPM
Section 14: S/2
Section 15: S/2
Section 32: S/2

(o) The West Cottonwood Creek-Wolfcamp Gas Pool (**Pool Code 75260**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 24 EAST, NMPM
Section 11: S/2
Section 12: SW/4

(p) The Coyote-Wolfcamp Gas Pool (**Pool Code 97361**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 11 SOUTH, RANGE 27 EAST, NMPM
Section 31: N/2
Section 32: N/2

(q) 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 16: All

(r) The Eagle Creek-Strawn Gas Pool (**Pool Code 76320**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
Section 13: S/2
Section 14: S/2

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 32: NE/4
Section 33: N/2

(s) The South Empire-Morrow Gas Pool (**Pool Code 76400**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 14: All

(t) The Gatuna Canyon-Bone Spring Pool (**Pool Code 96688**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM
Section 36: E/2

(u) The Southeast Henshaw-Wolfcamp Pool (**Pool Code 96520**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 9: NE/4

(v) The West Lusk-Bone Spring Pool (**Pool Code 41440**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 13: NE/4 and S/2

(w) The West Malaga-Morrow Gas Pool (**Pool Code 80925**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 18: S/2

(x) The McMillan-Atoka Gas Pool (**Pool Code 81210**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 32: All

(y) The Otis-Atoka Gas Pool (**Pool Code 96891**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 15: S/2
Section 16: S/2

(z) The Otis-Morrow Gas Pool (**Pool Code 82360**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 13: E/2

(aa) The Pecos Slope-Pennsylvanian Pool (**Pool Code 97189**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 6 SOUTH, RANGE 25 EAST, NMPM
Section 27: NE/4

(bb) The East Pierce Crossing-Bone Spring Pool (**Pool Code 96473**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 13: NW/4
Section 14: NE/4

(cc) The Red Lake-Atoka-Morrow Gas Pool (**Pool Code 83620**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 13: E/2
Section 22: NE/4
Section 23: N/2
Section 24: All

(dd) The Sand Tank-Bone Spring Pool (**Pool Code 96832**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 8: W/2

(ee) The Sand Tank-Morrow Gas Pool (**Pool Code 84872**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 11: E/2

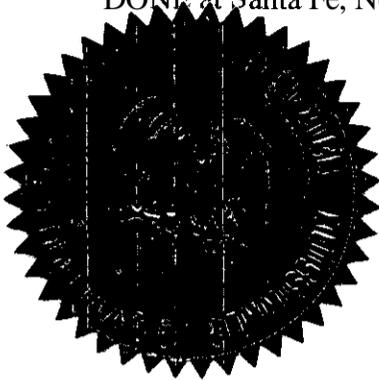
IT IS FURTHER ORDERED THAT:

(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, contractions, and extensions included herein shall be September 1, 2006.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


MARK E. FESMIRE, P.E.
Director