

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. 13883
Order No. R-12732

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 March 1, 2007, at Santa Fe, New Mexico, before Examiner Richard I, Ezeanyim.

NOW, on this 6th day of March, 2007, 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 Bone Spring formation, bearing the designation of Golden Lane-Bone Spring Gas Pool (Pool Code 97572). The Golden Lane-Bone Spring Gas Pool was discovered by the Yates Petroleum Corporation Temperate BEC Federal Well No. 1 (API No. 30-015-34339) located in Lot 13 of Section 6, Township 21 South, Range 29 East, NMPM, which was completed in the Bone Spring formation on July 30, 2006. The top of the perforations is at 7,772 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, bearing the designation of Lake Arthur-Wolfcamp Gas Pool (Pool Code 97574), The Lake Arthur-Wolfcamp Gas Pool was discovered by the Parallel Petroleum Corporation Dash for Cash Well No. 1 (API No. 30-005-63785) located in Unit D of Section 4, Township 15 South, Range 26

East, NMPM, which was completed in the Wolfcamp formation on September 20, 2006. The top of the perforations is at 5,570 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, bearing the designation of Little AAA Tank-Upper Pennsylvanian Gas Pool (**Pool Code 97576**). The Little AAA Tank-Upper Pennsylvanian Gas Pool was discovered by the Cimarex Energy Company of Colorado Taos Federal Well No. 1 (**API No. 30-015-34520**) located in Lot 4 of Section 31, Township 24 South, Range 27 East, NMPM, which was completed in the Upper Pennsylvanian formation on September 26, 2006. The top of the perforations is at 10,356 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Wolfcamp formation, bearing the designation of Lost Tank-Wolfcamp Pool (**Pool Code 97573**). The Lost Tank-Wolfcamp Pool was discovered by the Pogo Producing Company Lost Tank 4 Federal Well No. 20 (**API No. 30-015-34918**) located in Unit H of Section 4, Township 22 South, Range 31 East, NMPM, which was completed in the Wolfcamp formation on November 23, 2006. The top of the perforations is at 12,104 feet.

(6) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Abo formation, bearing the designation of Pavo Mesa-Abo Pool (**Pool Code 97575**). The Pavo Mesa-Abo Pool was discovered by the Cimarex Energy Company of Colorado Bear Bryant 31 Federal Well No. 1 (**API No. 30-015-34906**) located in Unit L of Section 31, Township 16 South, Range 29 East, NMPM, which was completed in the Abo formation on October 1, 2006. The top of the perforations is at 7,030 feet.

(7) There is need for extensions to the Chosa Draw-Morrow Gas Pool, the Collins Ranch-Wolfcamp Gas Pool, the Cottonwood Creek-Wolfcamp Gas Pool, the Dublin Ranch-Atoka Gas Pool, the Four Mile Draw-Wolfcamp Gas Pool, the Happy Valley-Morrow Gas Pool, the Horseshoe Bend-Morrow Gas Pool, the North Illinois Camp-Morrow Gas Pool, the Loco Hills-Glorieta-Yeso Pool, the North Loving-Atoka Gas Pool, the West Lusk-Morrow Gas Pool, the West Malaga-Morrow Gas Pool, the South Millman-Morrow Gas Pool, the Otis-Atoka Gas Pool, the East Pierce Crossing-Bone Spring Pool, the Revelation-Atoka Gas Pool, the West Salt Draw-Morrow Gas Pool, and the North Seven Rivers-Glorieta-Yeso Pool, all in Eddy County, New Mexico, the West Cottonwood Creek-Wolfcamp Gas Pool in Chaves and Eddy Counties, New Mexico, and the South Greenfield-Wolfcamp Gas Pool 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 Bone Spring production is hereby created and designated as the Golden Lane-Bone Spring Gas Pool (**Pool Code 97572**), consisting of the following described area;

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 6: Lots 11, 12, 13 and 14

(b) A new pool in Chaves County, New Mexico classified as a gas pool for Wolfcamp production is hereby created and designated as the Lake Arthur-Wolfcamp Gas Pool (**Pool Code** 97574), consisting of the following described area:

TOWNSHIP 14 SOUTH, RANGE 26 EAST, NMPM
Section 33: E/2
Section 34: N/2

TOWNSHIP 15 SOUTH, RANGE 26 EAST, NMPM
Section 4: E/2

(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 Little AAA Tank-Upper Pennsylvanian Gas Pool (**Pool Code** 97576), consisting of the following described area:

TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM
Section 31: W/2

(d) A new pool in Eddy County, New Mexico classified as an oil pool for Wolfcamp production is hereby created and designated as the Lost Tank-Wolfcamp Pool (**Pool Code** 97573), consisting of the following described area:

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM
Section 4: NE/4

(e) A new pool in Eddy County, New Mexico classified as an oil pool for Abo production is hereby created and designated as the Pavo Mesa-Abo Pool (**Pool Code** 97575), consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM
Section 31: SW/4

(f) 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, NMPM
Section 20: All

(g) 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 21: E/2

(h) 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 8: W/2
Section 10: N/2
Section 25: All
Section 26: S/2
Section 27: E/2
Section 28: S/2
Section 29: S/2
Section 36: All

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

TOWNSHIP 15 SOUTH, RANGE 24 EAST, NMPM
Section 35: S/2

TOWNSHIP 16 SOUTH, RANGE 25 EAST, NMPM
Section 6: N/2

(j) The Dublin Ranch-Atoka Gas Pool (**Pool Code 76130**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 26: N/2

(k) The Four Mile Draw-Wolfcamp Gas Pool (**Pool Code 97415**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 23 EAST, NMPM
Section 28: W/2

(l) The South Greenfield-Wolfcamp Gas Pool (**Pool Code 97538**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 13 SOUTH, RANGE 27 EAST, NMPM
Section 33: All

(m) The Happy Valley-Morrow Gas Pool (**Pool Code 78060**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM

Section 24: W/2

(n) The Horseshoe Bend-Morrow Gas Pool (**Pool Code 78680**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM

Section 34: E/2

(o) The North Illinois Camp-Morrow Gas Pool (**Pool Code 78890**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 26: W/2

Section 34: E/2

Section 35: All

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

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 9: SE/4

Section 11: All

Section 12: NW/4

Section 23: NE/4

(q) The North Loving-Atoka Gas Pool (**Pool Code 80694**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM

Section 31: All

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 6: N/2

(r) The West Lusk-Morrow Gas Pool (**Pool Code 80840**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 5: N/2

(s) 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 20: S/2

Section 29: All

(t) The South Millman-Morrow Gas Pool (Pool Code 81365) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 4: All

(u) 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 20: E/2

(v) 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 27: N/2

(w) The Revelation-Atoka Gas Pool (Pool Code 97205) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM

Section 3: E/2

(x) The West Salt Draw-Morrow Gas Pool (Pool Code 96819) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 27 EAST, NMPM

Section 1: N/2

TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM

Section 6: All

(y) The North Seven Rivers-Glorieta-Yeso Pool (Pool Code 97565) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM

Section 22: All

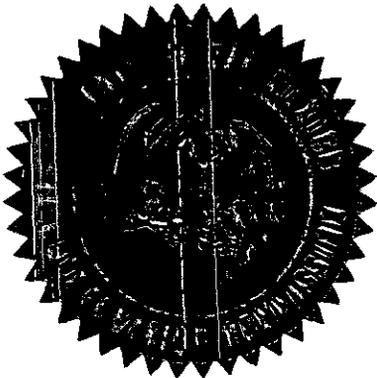
IT IS FURTHER ORDERED THAT:

(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, 2007.

(3) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire", written over a horizontal line.

MARK E. FESMIRE, P.E.
Director