

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. 13954
Order No. R-12791

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING, ABOLISHING,
CONTRACTING, REDESIGNATING, AND EXTENDING
VERTICAL AND HORIZONTAL LIMITS OF CERTAIN
POOLS IN CHAVES, LEA, AND ROOSEVELT COUNTIES,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 12, 2007, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 18th day of July, 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 Lea County, New Mexico for the production of oil from the Grayburg formation, bearing the designation of South Arrowhead-Grayburg Pool (**Pool Code 97564**). The South Arrowhead-Grayburg Pool was discovered by the Marathon Oil Company E. S. Owens 26 Well No. 1 (**API No. 30-025-37756**) located in Unit K of Section 26, Township 22 South, Range 36 East, NMPM, which was completed in the Grayburg formation on October 16, 2006. The top of the perforations is at 3,870 feet.

(3) 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 North Baish-Morrow Gas Pool (**Pool Code 97599**). The North Baish-Morrow Gas Pool was

discovered by the OXY USA WTP LP. OXY Great Horn Owl State Well No. 1 (**API No. 30-025-37824**) located in Unit O of Section 31, Township 16 South, Range 32 East, NMPM, which was completed in the Morrow formation on December 18, 2006. The top of the perforations is at 12,434 feet.

(4) 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 High Plains-Abo Pool (**Pool Code 97609**). The High Plains-Abo Pool was discovered by the Yates Petroleum Corporation Papalotes ATA Well No. 1 (**API No. 30-025-33275**) located in Unit I of Section 34, Township 14 South, Range 34 East, NMPM, which was completed in the Abo formation on April 10, 2007. The top of the perforations is at 9,758 feet.

(5) 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 Southwest Jabalina-Delaware Pool (**Pool Code 97597**). The Southwest Jabalina-Delaware Pool was discovered by the Devon Energy Production Company LP. Rattlesnake Federal Unit Well No. 6 (**API No. 30-025-37629**) located in Unit P of Section 13, Township 26 South, Range 34 East, NMPM, which was completed in the Delaware formation on March 3, 2007. The top of the perforations is at 9,084 feet.

(6) 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 North Lea-Morrow Gas Pool (**Pool Code 97595**). The North Lea-Morrow Gas Pool was discovered by the COG Operating LLC. West Pearl 36 State Well No. 1 (**API No. 30-025-38079**) located in Unit F of Section 36, Township 19 South, Range 34 East, NMPM, which was completed in the Morrow formation on February 6, 2007. The top of the perforations is at 13,275 feet.

(7) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Blinebry formation, bearing the designation of Maljamar-Blinebry Pool (**Pool Code 97598**). The Maljamar-Blinebry Pool was discovered by the Mack Energy Corporation Duck Federal Well No. 1 (**API No. 30-025-38172**) located in Unit N of Section 5, Township 17 South, Range 32 East, NMPM, which was completed in the Blinebry formation on January 5, 2007. The top of the perforations is at 5,882 feet.

(8) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Queen formation, bearing the designation of East Maljamar-Queen Pool (**Pool Code 97593**). The East Maljamar-Queen Pool was discovered by the Mar Oil & Gas Corporation Malmar State Well No. 1 (**API No. 30-025-00516**) located in Unit P of Section 12, Township 17 South, Range 32 East, NMPM, which was completed in the Queen formation on December 12, 2006. The top of the perforations is at 3,514 feet.

(9) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Yeso formation, bearing the designation of Maljamar-

Yeso Pool (**Pool Code 97608**). The Maljamar-Yeso Pool was discovered by the COG Operating LLC. MC Federal Well No. 10 (**API No. 30-025-38262**) located in Unit E of Section 22, Township 17 South, Range 32 East, NMPM, which was completed in the Yeso formation on April 7, 2007. The top of the perforations is at 5,967 feet.

(10) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Strawn formation, bearing the designation of East X-4 Ranch-Strawn Gas Pool (**Pool Code 97600**). The East X-4 Ranch-Strawn Gas Pool was discovered by the Yates Petroleum Corporation Merle State Unit Well No. 1 (**API No. 30-025-36581**) located in Unit O of Section 13, Township 10 South, Range 34 East, NMPM, which was completed in the Strawn formation on November 14, 2006. The top of the perforations is at 9,935 feet.

(11) There is need for the abolishment of the Southeast Wilson-Strawn Pool (**Pool Code 97580**) in Lea County, New Mexico in order to correct pool nomenclature. The abolished acreage will be placed in the South Osudo-Strawn Gas Pool (**Pool Code 97396**) in Lea County, New Mexico.

(12) There is need for the extension of the vertical limits of the Tonto-Seven Rivers Pool (**Pool Code 59470**) in Lea County, New Mexico to include the Yates and Seven Rivers formations, and the redesignation of the pool as the Tonto-Yates-Seven Rivers Pool (**Pool Code 59470**).

(13) There is need for the contraction of the Quail Ridge-Yates Gas Pool (**Pool Code 83360**) in Lea County, New Mexico in order to correct pool nomenclature.

(14) There is need for extensions to the Allison-San Andres Pool, the Anderson Ranch-Queen Pool, the Antelope Ridge-Strawn Gas Pool, the North Bell Lake-Bone Spring Pool, the South Bell Lake-Morrow Gas Pool, the South Brunson-Drinkard-Abo Pool, the Cerca-Upper Pennsylvanian Pool, the Cinta Roja-Delaware Pool, the West Corbin-Delaware Pool, the Cuerno Largo-Upper Pennsylvanian Pool, the Drinkard Pool, the EK-Bone Spring Pool, the West Grama Ridge-Bone Spring Pool, the North Grama Ridge-Wolfcamp Gas Pool, the Johnson Ranch-Wolfcamp Gas Pool, the Kemnitz-Lower Wolfcamp Pool, the Southeast Lane-Abo Pool, the Lea-Bone Spring Pool, the Maljamar-Grayburg-San Andres Pool, the East Maljamar-Paddock Pool, the South Osudo-Strawn Gas Pool, the Paddock Pool, the Quail Ridge-Morrow Gas Pool, the West Ranger Lake-Atoka Gas Pool, the West Red Tank-Delaware Pool, the Reeves-Pennsylvanian Pool, the South Reeves-Wolfcamp Pool, the Salt Lake-Delaware Pool, the Sawyer-Devonian Pool, the Teas-Pennsylvanian Gas Pool, the Tonto-Wolfcamp Pool, the Tonto-Yates-Seven Rivers Pool, the West Triste Draw-Delaware Pool, the West Vacuum-Bone Spring Pool, the Weir-Drinkard Pool, the South Wilson-Wolfcamp Pool, the X-4 Ranch-Atoka Gas Pool, the X-4 Ranch-Morrow Gas Pool and the North Young-Bone Spring Pool, all in Lea County, New Mexico; the North Anderson Ranch-Wolfcamp Pool in Chaves and Lea Counties, New Mexico; the North Bluitt-Siluro Devonian Pool in Roosevelt County, New Mexico; and the TV-Pennsylvanian Gas Pool in Chaves County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Lea County, New Mexico classified as an oil pool for Grayburg production is hereby created and designated as the South Arrowhead-Grayburg Pool (**Pool Code 97564**), consisting of the following described area:

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM
Section 26: SW/4

(b) A new pool in Lea County, New Mexico classified as a gas pool for Morrow production is hereby created and designated as the North Baish-Morrow Gas Pool (**Pool Code 97599**), consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
Section 31: S/2

(c) A new pool in Lea County, New Mexico classified as an oil pool for Abo production is hereby created and designated as the High Plains-Abo Pool (**Pool Code 97609**), consisting of the following described area:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
Section 34: SE/4

(d) A new pool in Lea County, New Mexico classified as an oil pool for Delaware production is hereby created and designated as the Southwest Jabalina-Delaware Pool (**Pool Code 97597**), consisting of the following described area:

TOWNSHIP 26 SOUTH, RANGE 34 EAST, NMPM
Section 13: SE/4

(e) A new pool in Lea County, New Mexico classified as a gas pool for Morrow production is hereby created and designated as the North Lea-Morrow Gas Pool (**Pool Code 97595**), consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 36: N/2

(f) A new pool in Lea County, New Mexico classified as an oil pool for Blinebry production is hereby created and designated as the Maljamar-Blinebry Pool (**Pool Code 97598**), consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM
Section 5: SW/4

(g) A new pool in Lea County, New Mexico classified as an oil pool for Queen production is hereby created and designated as the East Maljamar-Queen Pool (**Pool Code 97593**), consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM
Section 12: SE/4

(h) A new pool in Lea County, New Mexico classified as an oil pool for Yeso production is hereby created and designated as the Maljamar-Yeso Pool (**Pool Code 97608**), consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM
Section 22: NW/4

(i) A new pool in Lea County, New Mexico classified as a gas pool for Strawn production is hereby created and designated as the East X-4 Ranch-Strawn Gas Pool (**Pool Code 97600**), consisting of the following described area:

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM
Section 13: S/2

(j) The Southeast Wilson-Strawn Pool (**Pool Code 97580**) in Lea County, New Mexico consisting of the following-described area is hereby abolished:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Section 20: NW/4

(k) The South Osudo-Strawn Gas Pool (**Pool Code 97396**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Section 17: SE/4
Section 20: N/2 and SW/4
Section 29: NW/4
Section 30: E/2

(l) The vertical limits of the Tonto-Seven Rivers Pool (**Pool Code 59470**) in Lea County, New Mexico are hereby extended to include the Yates and Seven Rivers formations, and the pool is hereby redesignated as the Tonto-Yates-Seven Rivers Pool (**Pool Code 59470**).

(m) The Quail Ridge-Yates Gas Pool (**Pool Code 83360**) in Lea County, New Mexico is hereby contracted by the deletion of the following described area:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 19: NW/4

(n) The Allison-San Andres Pool (**Pool Code 1190**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM
Section 2: SW/4

(o) The Anderson Ranch-Queen Pool (**Pool Code 97027**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
Section 22: NE/4
Section 23: NW/4

(p) The North Anderson Ranch-Wolfcamp Pool (**Pool Code 1920**) in Chaves and Lea Counties, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 31 EAST, NMPM
Section 36: SE/4

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM
Section 31: S/2

(q) The Antelope Ridge-Strawn Gas Pool (**Pool Code 70450**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 8: SE/4
Section 17: W/2 and NE/4

(r) The North Bell Lake-Bone Spring Pool (**Pool Code 5150**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 17: NW/4
Section 18: E/2

(s) The South Bell Lake-Morrow Gas Pool (**Pool Code 71960**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM
Section 5: S/2

(t) The North Bluit-Siluro Devonian Pool (**Pool Code 6910**) in Roosevelt County, New Mexico is hereby extended to include:

TOWNSHIP 7 SOUTH, RANGE 37 EAST, NMPM
Section 28: SE/4

(u) The South Brunson-Drinkard-Abo Pool (**Pool Code 7900**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 38 EAST, NMPM
Section 7: NW/4

(v) The Cerca-Upper Pennsylvanian Pool (**Pool Code 11810**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
Section 5: NE/4

(w) The Cinta Roja-Delaware Pool (**Pool Code 96341**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 35 EAST, NMPM
Section 31: NW/4

(x) The West Corbin-Delaware Pool (**Pool Code 13195**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 22: NE/4
Section 23: NW/4

(y) The Cuerno Largo-Upper Pennsylvanian Pool (**Pool Code 14980**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM
Section 35: SE/4

(z) The Drinkard Pool (**Pool Code 19190**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 28: W/2 NW/4 and SE/4 NW/4

(aa) The EK-Bone Spring Pool (**Pool Code 21650**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 5: SW/4
Section 6: SE/4

(bb) The West Grama Ridge-Bone Spring Pool (**Pool Code 28432**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 33 EAST, NMPM
Section 1: SE/4

TOWNSHIP 22 SOUTH, RANE 34 EAST, NMPM
Section 6: SW/4

(cc) The North Grama Ridge-Wolfcamp Gas Pool (**Pool Code 77715**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Section 20: S/2
Section 28: N/2
Section 29: NE/4

(dd) The Johnson Ranch-Wolfcamp Gas Pool (**Pool Code 79335**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM
Section 4: SW/4
Section 5: SE/4
Section 8: N/2

(ee) The Kemnitz-Lower Wolfcamp Pool (**Pool Code 35530**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 21: SE/4

(ff) The Southeast Lane-Abo Pool (**Pool Code 36676**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM
Section 14: NE/4

(gg) The Lea-Bone Spring Pool (**Pool Code 37570**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 2: NW/4

(hh) The Maljamar-Grayburg-San Andres Pool (**Pool Code 43329**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM

Section 29: SW/4

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM

Section 3: SW/4

Section 4: SE/4

(ii) The East Maljamar-Paddock Pool (**Pool Code 97417**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM

Section 18: SW/4

Section 19: NW/4

(jj) The Paddock Pool (**Pool Code 49210**) in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM

Section 36: SE/4

(kk) The Quail Ridge-Morrow Gas Pool (**Pool Code 83280**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 17: W/2

(ll) The West Ranger Lake-Atoka Gas Pool (**Pool Code 96223**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM

Section 27: E/2

(mm) The West Red Tank-Delaware Pool (**Pool Code 51689**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 13: NW/4

(nn) The Reeves-Pennsylvanian Pool (**Pool Code 52060**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM

Section 12: SW/4

(oo) The South Reeves-Wolfcamp Pool (**Pool Code 97467**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 26: SE/4

(pp) The Salt Lake-Delaware Pool (**Pool Code 53565**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 32 EAST, NMPM
Section 14: W/2

(qq) The Sawyer-Devonian Pool (**Pool Code 55290**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 38 EAST, NMPM
Section 18: NW/4

(rr) The Teas-Pennsylvanian Gas Pool (**Pool Code 86040**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM
Section 10: E/2

(ss) The Tonto-Wolfcamp Pool (**Pool Code 59500**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 34: NE/4
Section 35: W/2 and SE/4

(tt) The Tonto-Yates-Seven Rivers Pool (**Pool Code 59470**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 18: SE/4

(uu) The West Triste Draw-Delaware Pool (**Pool Code 59945**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 20: NW/4

(vv) The TV-Pennsylvanian Gas Pool (**Pool Code 86560**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 11 SOUTH, RANGE 31 EAST, NMPM

Section 22: SE/4

(ww) The West Vacuum-Bone Spring Pool (**Pool Code 61910**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 9: NW/4

(xx) The Weir-Drinkard Pool (**Pool Code 63840**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 8: SE/4

Section 9: SW/4

(yy) The South Wilson-Wolfcamp Pool (**Pool Code 97162**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM

Section 18: S/2

(zz) The X-4 Ranch-Atoka Gas Pool (**Pool Code 97090**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMPM

Section 33: W/2

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM

Section 4: NW/4

(aaa) The X-4 Ranch-Morrow Gas Pool (**Pool Code 97049**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMPM

Section 33: W/2

(bbb) The North Young-Bone Spring Pool (**Pool Code 65350**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM

Section 34: SE/4

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, contractions, redesignations, and extensions of vertical and horizontal limits included herein shall be August 1, 2007.

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".

MARK E. FESMIRE, P.E.
Director