

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. 12681 (Reopened)
ORDER NO. R-11680-A

IN THE MATTER OF CASE NO. 12681 BEING REOPENED PURSUANT TO
THE PROVISIONS OF DIVISION ORDER NO. R-11680, WHICH ORDER
ESTABLISHED TEMPORARY SPECIAL POOL RULES FOR THE BIG DOG-
ATOKA POOL IN LEA COUNTY, NEW MEXICO, INCLUDING PROVISIONS
FOR 80-ACRE SPACING AND PRORATION UNITS AND DESIGNATED WELL
LOCATION REQUIREMENTS.

ORDER OF THE DIVISION

BY THE DIVISION:

This *case* came on for hearing at 8:15 a.m. on January 8, 2004, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 16th day of January, 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) By Order No. R-11680 issued in Case No. 12681 on October 30, 2001, the Division, upon the application of Yates Petroleum Corporation, created the Big Dog-Atoka Pool, Lea County, New Mexico and established the "*Temporary Special Pool Rules for the Big Dog-Atoka Pool.*" These special pool rules include provisions for 80-acre spacing and proration units and designated well location requirements such that wells are to be located no closer than 330 feet to any quarter-quarter section line or subdivision inner boundary.

(3) Pursuant to the provisions of Order No. R-11680, this case was reopened to allow the operators in the subject pool to appear and show cause why the "Temporary Special Pool Rules for the Big Dog-Atoka Pool" should not be rescinded and the pool developed on statewide 40-acre spacing.

(4) The Big Dog-Atoka Pool currently comprises the N/2 SW/4 of Section 29, Township 15 South, Range 35 East, NMPM, Lea County, New Mexico.

(5) Yates Petroleum Corporation ("Yates"), the only operator in the pool at the present time, appeared at the hearing and presented evidence to support the permanent adoption of the special pool rules.

(6) The evidence presented by Yates demonstrates that:

- (a) the discovery well for the Big Dog-Atoka Pool, the Yates Big Bear "ATN" Well No. 2 (API No. 30-025-35261) located 1675 feet from the South line and 660 feet from the West line (Unit L) of Section 29, is currently the only well that has penetrated the Big Dog-Atoka Pool;
- (b) at the original hearing in June, 2001, Yates estimated, based upon preliminary production data, that the Big Bear "ATN" Well No. 2 would drain an area of approximately 74 acres; and
- (c) based upon two years of additional production data, Yates now estimates that the Big Bear "ATN" Well No. 2 will ultimately recover approximately 96,000 barrels of oil, and will ultimately drain an area of approximately 94 acres.

(7) Yates further testified that the extent of this Atoka reservoir has not yet been determined, and that there is a possibility that additional wells may be drilled within the SW/4 of Section 29.

(8) The engineering evidence presented demonstrates that the current well spacing within the Big Dog-Atoka Pool is appropriate, and will provide Yates and other operators the opportunity to economically recover the oil and gas reserves in this Atoka reservoir, thereby preventing waste.

(9) Devon Energy Production Company, L.P. appeared at the hearing but presented no evidence or testimony.

(10) No other operator and/or interest owner appeared at the hearing.

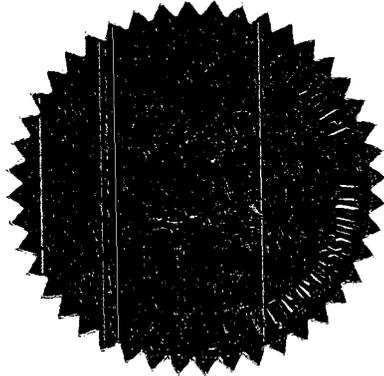
(11) The "*Temporary Special Pool Rules for the Big Dog-Atoka Pool*" should remain in full force and effect until further order of the Division.

IT IS THEREFORE ORDERED THAT;

(1) The "*Temporary Special Pool Rules for the Big Dog-Atoka Pool*, as established by Division Order No. R-11680 dated October 30, 2001, are hereby continued in full force and effect until further order of the Division.

(2) Jurisdiction is hereby 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


LORI WROTENBERY
Director