

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. 12213
Order No. R-11220

APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING AND
EXTENDING CERTAIN POOLS IN EDDY
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 8, 1999, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 12th day of July, 1999, 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 Bone Spring formation, bearing the designation of East James Ranch-Bone Spring Pool. The East James Ranch-Bone Spring Pool was discovered by the Devon Energy Corporation (Nevada) Todd "14K" Federal Well No. 1 located in Unit K of Section 14, Township 23 South, Range 31 East, NMPM, which was completed in the Bone Spring formation on February 11, 1999. The top of the perforations is at 10,800 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Wolfcamp formation, bearing the designation of North Los Medanos-Wolfcamp Gas Pool. The North Los Medanos-Wolfcamp Gas Pool was discovered by the Mitchell Energy, Inc. Apache "13" Federal Well No. 1 located in Unit

H of Section 13, Township 22 South, Range 30 East, NMPM, which was completed in the Wolfcamp formation on April 30, 1999. The top of the perforations is at 11,908 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Delaware formation, bearing the designation of West Shugart-Delaware Pool. The West Shugart-Delaware Pool was discovered by the Concho Resources, Inc. West Shugart "29" Federal Well No. 1 located in Unit K of Section 29, Township 18 South, Range 31 East, NMPM, which was completed in the Delaware formation on October 16, 1998. The top of the perforations is at 4,968 feet.

(5) There is need for certain extensions to the East Avalon-Bone Spring Pool, the Avalon-Strawn Gas Pool, the Calabaza Draw-Atoka Gas Pool, the Cedar Lake-Yeso Pool, the Crow Flats-Morrow Gas Pool, the Loco Hills-Paddock Pool, and the North Turkey Track-Morrow Gas Pool, all in Eddy County, New Mexico.

IT IS THEEFORE ORDERED THAT:

(a) A new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production is hereby created and designated as the East James Ranch-Bone Spring Pool, consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 14: SW/4

(b) A new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production is hereby created and designated as the North Los Medanos-Wolfcamp Gas Pool, consisting of the following described area:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM
Section 13: E/2

(c) A new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production is hereby created and designated as the West Shugart-Delaware Pool, consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 29: SW/4

(d) The East Avalon-Bone Spring Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 4: W/2

(e) The Avalon-Strawn Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 15: S/2

(f) The Calabaza Draw-Atoka Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 2: Lots 25, 26, 31, and 32

(g) The Cedar Lake-Yeso Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 19: NE/4
Section 20: NW/4

(h) The Crow Flats-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 8: All

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

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 21: SE/4

(j) The North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 33: All
Section 34: W/2

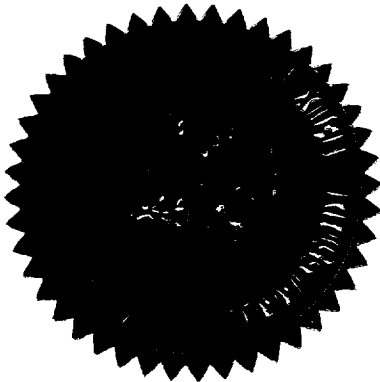
IT IS FURTHER ORDERED THAT:

(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.

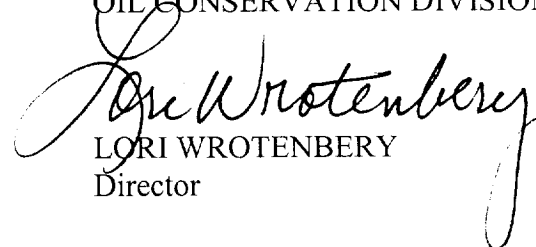
(2) The effective date of this order and all creations and extensions included herein shall be August 1, 1999.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director