

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 12243
Order No. R-11244

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 September 2, 1999, at Santa Fe, New Mexico, before Examiner Mark W. Ashley.

NOW, on this 15th day of September, 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 Glorieta-Yeso formation, bearing the designation of Artesia-Glorieta-Yeso Pool. The Artesia-Glorieta-Yeso Pool was discovered by the Arco Permian Washington "33" State Well No. 9 located in Unit F of Section 33, Township 17 South, Range 28 East, NMPM, which was completed in the Glorieta-Yeso formation on May 30, 1998. The top of the perforations is at 3,654 feet.

(3) 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 Crooked Creek-Upper Pennsylvanian Gas Pool. The Crooked Creek-Upper Pennsylvanian Gas Pool was discovered by the Yates Petroleum Corporation Bat "ARO" Federal Well No. 1 located in Unit E of Section 34, Township 23 South, Range 24 East, NMPM, which was completed in the Upper Pennsylvanian formation on January 24, 1999. The top of the perforations is at 8,036 feet.

(4) 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 North McKittrick Hills-Strawn Gas Pool. The North McKittrick Hills-Strawn Gas Pool was discovered by the Yates Petroleum Corporation Indian Hills "ARG" State Well No. 1 located in Unit M of Section 36, Township 21 South, Range 24 East, NMPM, which was completed in the Strawn formation on July 7, 1998. The top of the perforations is at 9,065 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Atoka-Morrow formation, bearing the designation of Red Tank Draw-Atoka-Morrow Gas Pool. The Red Tank Draw-Atoka-Morrow Gas Pool was discovered by the Yates Petroleum Corporation Triangle Ranch "ASW" State Com. Well No. 1 located in Unit K of Section 13, Township 19 South, Range 23 East, NMPM, which was completed in the Atoka-Morrow formation on February 21, 1999. The top of the perforations is at 7,976 feet.

(6) 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 Southeast Revelation-Strawn Gas Pool. The Southeast Revelation-Strawn Gas Pool was discovered by the Concho Resources, Inc. Filaree "24" Federal Com. Well No. 1 located in Unit H of Section 24, Township 22 South, Range 25 East, NMPM, which was completed in the Strawn formation on September 27, 1997. The top of the perforations is at 9,798 feet.

(7) There is need for certain extensions to the Black River-Delaware Pool, the Cedar Lake-Yeso Pool, the Cemetery-Wolfcamp Gas Pool, the Northeast Corral Canyon-Delaware Pool, the Crow Flats-Morrow Gas Pool, the Diamond Mound-Morrow Gas Pool, the East Empire-Yeso Pool, the Loco Hills-Paddock Pool, the North Malaga-Delaware Pool, the West Parkway-Morrow Gas Pool, the Penasco Draw-Permo Pennsylvanian Gas Pool, the Quahada Ridge-Atoka Gas Pool, the Southeast Quahada Ridge-Delaware Pool, and the Travis-Upper Pennsylvanian Pool, all in Eddy County, New Mexico, and the Foor Ranch-Wolfcamp Gas Pool 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 Glorieta-Yeso production is hereby created and designated as the Artesia-Glorieta-Yeso Pool, consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 33: NW/4

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

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM
Section 34: W/2

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

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM
Section 36: W/2

(d) A new pool in Eddy County, New Mexico, classified as a gas pool for Atoka-Morrow production is hereby created and designated as the Red Tank Draw-Atoka-Morrow Gas Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM
Section 13: W/2

(e) A new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production is hereby created and designated as the Southeast Revelation-Strawn Gas Pool, consisting of the following described area:

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM
Section 24: E/2

(f) The Black River-Delaware Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 10: NW/4

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

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 18: SE/4
Section 20: S/2

(h) The Cemetery-Wolfcamp Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 23: W/2

(i) The Northeast Corral Canyon-Delaware Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 30 EAST, NMPM
Section 11: N/2
Section 12: NW/4

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

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 33: S/2

(k) The Diamond Mound-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM
Section 2: SW/4
Section 11: W/2

(l) The East Empire-Yeso Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 20: SW/4

(m) The Foor Ranch-Wolfcamp Gas Pool in Chaves County, New Mexico, is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM
Section 1: N/2
Section 2: NE/4

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

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 22: SW/4
Section 23: SW/4

(o) The North Malaga-Delaware Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 3: NE/4

(p) The West Parkway-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 33: W/2

(q) The Penasco Draw-Permo Pennsylvanian Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
Section 15: S/2
Section 16: W/2 and SE/4

(r) The Quahada Ridge-Atoka Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 16: W/2

(s) The Southeast Quahada Ridge-Delaware Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 6: N/2

(t) The Travis-Upper Pennsylvanian Pool in Eddy County, New Mexico, is hereby extended to include:

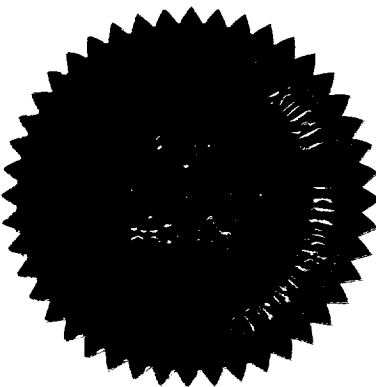
TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 27: SE/4

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.

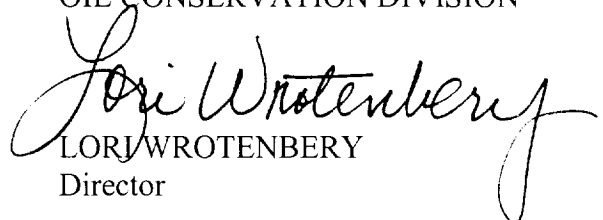
(2) The effective date of this order and all creations and extensions included herein shall be October 1, 1999.

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director