

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. 12281
Order No. R-11277

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 November 4, 1999, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 15th day of November, 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 if 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 Wolfcamp formation, bearing the designation of Chalk Bluff-Wolfcamp Gas Pool. The Chalk Bluff-Wolfcamp Gas Pool was discovered by the Yates Petroleum Corporation Pierre "AGF" State Com. Well No. 1 located in Unit A of Section 26, Township 18 South, Range 27 East, NMPM, which was completed in the Wolfcamp formation on July 30, 1999. The top of the perforations is at 7,291 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Cisco formation, bearing the designation of Illinois Camp-Cisco Gas Pool. The Illinois Camp-Cisco Gas Pool was discovered by the Louis Dreyfus Natural Gas Corporation Fireweed "10" Federal Well No. 1 located in Unit H of Section 10, Township 18 South, Range 28 East, NMPM, which was completed in the Cisco formation on August 8, 1999. The top of the perforations is at 8,720 feet.

(4) There is need for certain extensions to the East Carlsbad-Bone Spring Pool, the Cedar Lake-Cisco Pool, the Southeast Crow Flats-Morrow Gas Pool, the East

Empire-Yeso Pool, the Frontier Hills-Strawn Gas Pool, the Loco Hills-Paddock Pool, the Logan Draw-Morrow Gas Pool, the Malaga-Delaware Pool, the Russell-Lower Yates Gas Pool, the North Shugart-Bone Spring Pool, and the North Turkey Track-Morrow Gas Pool, all in Eddy County, New Mexico.

IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 26: N/2

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

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 10: N/2

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

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 14: E/2

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

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 25: S/2

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

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 8: N/2

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

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

(g) The Frontier Hills-Strawn Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
Section 15: S/2

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

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 15: SE/4
Section 16: SW/4

(i) The Logan Draw-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 23: N/2
Section 24: N/2

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

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 5: SW/4

(k) The Russell-Lower Yates Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 22: E/2

(l) The North Shugart-Bone Spring Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 9: SW/4
Section 18: SW/4
Section 19: W/2

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

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 22: N/2

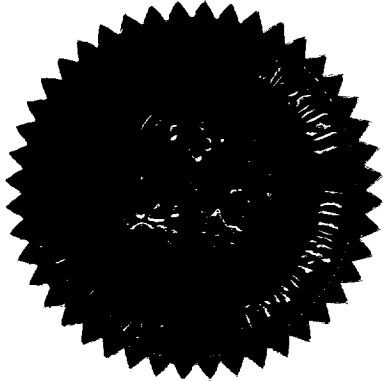
IT IS FURTHER ORDERED THAT

(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 December 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
LORI WROTENBERY
Director