

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. 12321
Order No. R-11304

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on January 6, 2000, in Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 12th day of January, 2000, 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 Upper Silurian formation, bearing the designation of North Fowler-Upper Silurian Pool. The North Fowler-Upper Silurian Pool was discovered by the Altura Energy Ltd. South Mattix Unit Federal Well No. 24 located in Unit O of Section 15, Township 24 South, Range 37 East, NMPM, which was completed in the Upper Silurian formation on June 18, 1999. The top of the perforations is at 7,118 feet.

(3) 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 Southwest Lovington-Abo Pool. The Southwest Lovington-Abo Pool was discovered by the David H. Arrington Oil & Gas Inc. Brassie Well No. 1 located in Unit I of Section 33, Township 16 South, Range 36 East, NMPM, which was completed in the Abo formation on July 25, 1999. The top of the perforations is at 8,891 feet.

(4) There is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the McKee formation, bearing the designation of Maljamar-McKee Gas Pool. The Maljamar-McKee Gas Pool was discovered by the Mack Energy Corporation MC Federal Well No. 1 located in Unit E of Section 22, Township 17 South, Range 32 East, NMPM, which was completed in the McKee formation on October 15, 1999. The top of the perforations is at 14,805 feet.

(5) There is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the Drinkard formation.. bearing the designation of North Monument-Drinkard Gas Pool. The North Monument-Drinkard Gas Pool was discovered by the Chevron USA Inc. Monument 13 State Well No. 17 located in Unit F of Section 13, Township 19 South, Range 36 East, NMPM, which was completed in the Drinkard formation on June 30, 1999. The top of the perforations is at 6,696 feet.

(6) There is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the Tubb formation, bearing the designation of West Monument-Tubb Gas Pool. The West Monument-Tubb Gas Pool was discovered by the Cross Timbers Operating Company Bertha J. Barber Well No. 12 located in Unit A of Section 7, Township 20 South, Range 37 East, NMPM, which was completed in the Tubb formation on August 21, 1999. The top of the perforations is at 6,364 feet.

(7) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the San Andres formation, bearing the designation of West Nadine-San Andres Pool. The West Nadine-San Andres Pool was discovered by the Capataz Operating Inc. Keach Well No. 1 located in Unit O of Section 4, Township 20 South, Range 38 East, NMPM, which was completed in the San Andres formation on April 22, 1999. The top of the perforations is at 4,224 feet.

(8) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Yates formation, bearing the designation of North Nadine-Yates Pool. The North Nadine-Yates Pool was discovered by the Xeric Oil and Gas Corporation Cain Well No. 2 located in Unit N of Section 14, Township 19 South, Range 38 East, NMPM, which was completed in the Yates formation on May 29, 1999. The top of the perforations is at 2,937 feet.

(9) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Wolfcamp formation, bearing the designation of North Teague-Wolfcamp Pool. The North Teague-Wolfcamp Pool was discovered by the Texaco Exploration and Production Inc. R. R. Sims A Well No. 1 located in Unit N of Section 4, Township 23 South, Range 37 East, NMPM, which was completed in the Wolfcamp formation on May 18, 1999. The top of the perforations is at 7,246 feet.

(10) There is need for certain extensions to the Antelope Ridge-Atoka Gas Pool, the Antelope Ridge-Strawn Gas Pool, the South Big Dog-Strawn Pool, the Blinebry Oil and Gas Pool, the South Corbin-Bone Spring Pool, the DK-Abo Pool,

the EK-Delaware Pool, the Southwest Eunice-San Andres Pool, the Gem-Morrow Gas Pool, the Goodwin-Abo Pool, the Grama Ridge-Morrow Gas Pool, the North Hardy-Strawn Pool, the High Plains-Permo Upper Pennsylvanian Pool, the House-Drinkard Pool, the Johnson Ranch-Wolfcamp Gas Pool, the Klein Ranch-Morrow Gas Pool, the West Lovington-Strawn Pool, the West Midway-Upper Pennsylvanian Pool, the Teas-Delaware Pool, the North Vacuum-Atoka-Morrow Gas Pool, and the West Wantz-Abo Pool, all in Lea County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Lea County, New Mexico, classified as an oil pool for Upper Silurian production is hereby created and designated as the North Fowler-Upper Silurian Pool, consisting of the following described area:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
Section 15: SE/4

(b) A new pool in Lea County, New Mexico, classified as an oil pool for Abo production is hereby created and designated as the Southwest Lovington-Abo Pool., consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 33: SE/4

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

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM
Section 22: W/2

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

TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM
Section 13: NW/4

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

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 7: E/2

(f) A new pool in Lea County, New Mexico, classified as an oil pool for San Andres production is hereby created and designated as the West Nadine-San Andres Pool, consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 4: SE/4

(g) A new pool in Lea County, New Mexico, classified as an oil pool for Yates production is hereby created and designated as the North Nadine-Yates Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM
Section 14: SW/4

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

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 4: SW/4

(i) The Antelope Ridge-Atoka Gas Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 9: NW/4 and S/2

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

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 9: W/2 and SE/4
Section 10: SW/4
Section 15: NW/4

(k) The South Big Dog-Strawn Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 12: NW/4

(l) The Blinebry Oil and Gas Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 25: S/2

(m) The South Corbin-Bone Spring Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 27: SW/4

(n) The DK-Abo Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 13: NE/4

TOWNSHIP 20 SOUTH, RANGE 39 EAST, NMPM
Section 18: NW/4

(o) The EK-Delaware Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 24: SE/4
Section 25: NE/4

(p) The Southwest Eunice-San Andres Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 15: NW/4
Section 16: SE/4

(q) The Gem-Morrow Gas Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 28: E/2

(r) The Goodwin-Abo Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM
Section 36: NE/4

TOWNSHIP 19 SOUTH, RANGE 37 EAST, NMPM
Section 6: NW/4

(s) The Grama Ridge-Morrow Gas Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 16: S/2

(t) The North Hardy-Strawn Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 30: SW/4
Section 31: NW/4

(u) The High Plains-Permo Upper Pennsylvanian Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
Section 27: N/2

(v) The House-Drinkard Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 13: SE/4

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

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 35: All
Section 36: W/2

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM
Section 4: E/2
Section 10: All

(x) The Klein Ranch-Morrow Gas Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 27: S/2
Section 28: SE/4

(y) The West Lovington-Strawn Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM
Section 35: SW/4

(z) The West Midway-Upper Pennsylvanian Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 15: E/2

(aa) The Teas-Delaware Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM

Section 2: SW/4

Section 3: SE/4

(bb) The North Vacuum-Atoka-Morrow Gas Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM

Section 19: E/2

Section 20: NW/4

(cc) The West Wantz-Abo Pool in Lea County, New Mexico, is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

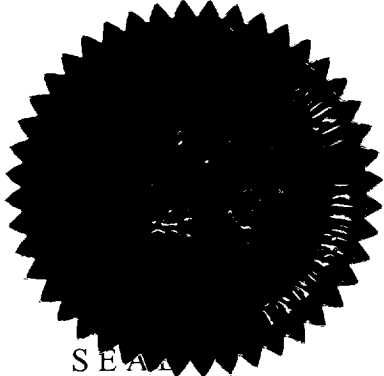
Section 30: N/2 and SW/4

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 February 1, 2000.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director