

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. 12409
Order No. R-11384

THE 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 May 18, 2000, at Santa Fe, New Mexico before Examiner Michael E. Stogner.

NOW, on this 25th day of May, 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 Eddy County, New Mexico for the production of gas from the Atoka formation, to be designated the Southeast Dagger Draw-Atoka Gas Pool. The Southeast Dagger Draw-Atoka Gas Pool was discovered by the Yates Petroleum Corporation Ceniza "AGZ" Com. Well No. 2 located in Unit M of Section 12, Township 20 South, Range 24 East, NMPM, which was completed in the Atoka formation on February 6, 2000. The top of the perforations is at 8,727 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Strawn formation, to be designated the North Indian Basin-Strawn Gas Pool. The North Indian Basin-Strawn Gas Pool was discovered by the Fasken Oil and Ranch, Ltd. State "32" Com. Well No. 1 located in Unit D of Section 32,

Township 20 South, Range 25 East, NMPM, which was completed in the Strawn formation on January 17, 2000. The top of the perforations is at 8,543 feet.

(4) There is need for certain extensions to the Atoka-San Andres Pool, the Southeast Crow Flats-Morrow Gas Pool, the East Empire-Yeso Pool, the Happy Valley-Morrow Gas Pool, the Huapache-Morrow Gas Pool, the Indian Loafer Draw-Upper Pennsylvanian Gas Pool, the Little Box Canyon-Morrow Gas Pool, the Loco Hills-Paddock Pool, the West Lost Tank-Delaware Pool, the Penasco Draw-Atoka Gas Pool, the North Shugart-Bone Spring Pool, the Turkey Track-Atoka Gas Pool, and the North Turkey Track-Morrow Gas Pool, all in Eddy County, New Mexico, and the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico.

IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 12: S/2

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

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 32: N/2

(c) The Atoka-San Andres Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 20: N/2

(d) The Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 28 EAST, NMPM
Section 16: E/2
Section 21: NE/4

(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 10: S/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: N/2

(g) The Happy Valley-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 7: SE/4

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

TOWNSHIP 23 SOUTH, RANGE 22 EAST, NMPM
Section 10: SW/4

(i) The Indian Loafer Draw-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 21 EAST, NMPM
Section 34: E/2

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

TOWNSHIP 20 SOUTH, RANGE 21 EAST, NMPM
Section 25: S/2

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

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 14: SW/4
Section 16: SE/4

(l) The West Lost Tank-Delaware Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM
Section 3: NE/4

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

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 35: S/2

(n) 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: SE/4
Section 30: NE/4

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

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 9: S/2

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

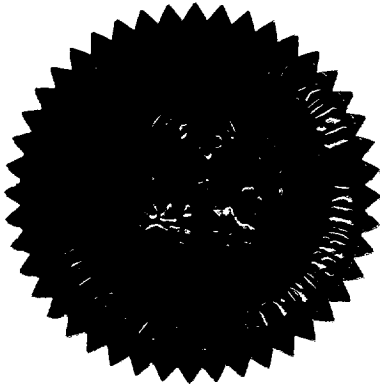
TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 2: W/2

IT IS FURTHER ORDERED THAT:

(1) Pursuant to NMSA 1978, Section 70-2-18, 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 June 1, 2000.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director