

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. 12656
Order No. R-11583

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 3, 2001, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 7th day of May, 2001, 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 Delaware formation, bearing the designation of Benson-Delaware Pool. The Benson-Delaware Pool was discovered by the Chi Operating, Inc. Munchkin Federal Well No. 1 located in Unit N of Section 1, Township 19 South, Range 30 East, NMPM, which was completed in the Delaware formation on February 16, 2001. The top of the perforations is at 5,086 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Morrow formation, bearing the designation of Greenwood-Morrow Gas Pool. The Greenwood-Morrow Gas Pool was discovered by the Lynx Petroleum Consultants, Inc. Radar "24" Federal Well No. 1 located in Unit C of Section 24, Township 19 South, Range 31 East, NMPM, which was completed in the Morrow formation on February 10, 2001. The top of the perforations is at 12,440 feet.

(4) 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 Southwest Ross Draw-Wolfcamp Gas Pool. The Southwest Ross Draw-Wolfcamp Gas Pool was discovered by the EOG Resources, Inc. Ross Draw "31" Federal Com. Well No. 1 located in Unit G of Section 31, Township 26 South, Range 30 East, NMPM, which was completed in the Wolfcamp formation on January 13, 2001. The top of the perforations is at 12,212 feet.

(5) 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 U.S.-Bone Spring Pool. The U.S.-Bone Spring Pool was discovered by the Bass Enterprises Production Company Big Eddy Unit Well No. 38 located in Unit C of Section 34, Township 21 South, Range 29 East, NMPM, which was completed in the Bone Spring formation on January 13, 2001. The top of the perforations is at 10,164 feet.

(6) There is need for certain extensions to the Artesia-Glorieta-Yeso Pool, the East Carlsbad-Morrow Gas Pool, the Cedar Canyon-Delaware Pool, the Crow Flats-Morrow Gas Pool, the Empire-Atoka Gas Pool, the South Empire-Morrow Gas Pool, the Empire-Strawn Gas Pool, the Empire-Yeso Pool, the North Esperanza-Delaware Pool, the Frontier Hills-Strawn Gas Pool, the Loco Hills-Paddock Pool, the Logan Draw-Morrow Gas Pool, the Nash Draw-Delaware Pool, the Red Lake-Glorieta-Yeso Pool, the Salt Draw-Atoka Gas Pool, the North Shugart-Morrow Gas Pool, and the Springs-Morrow Gas Pool, all in Eddy County, New Mexico, and the Pecos Slope-Abo 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 Delaware production is hereby created and designated as the Benson-Delaware Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM
Section 1: SW/4

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

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 24: All

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

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
Section 31: All

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

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 34: NW/4

(e) The Artesia-Glorieta-Yeso Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 35: NE/4

(f) The East Carlsbad-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

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

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

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 10: SW/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 13: W/2

(i) The Empire-Atoka Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 25: N/2

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

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 12: N/2 and SE/4

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

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 7: S/2

Section 8: SW/4

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

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 23: NE/4

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

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 28: E/2

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

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM

Section 16: NW/4

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

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 15: W/2

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

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 17: N/2

Section 24: SE/4

(q) The Nash Draw-Delaware Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM

Section 32: SW/4

(r) The Pecos Slope-Abo Gas Pool in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 4 SOUTH, RANGE 25 EAST, NMPM

Section 19: SE/4
Section 20: E/2
Section 21: NE/4 and W/2
Section 22: NW/4 and E/2
Section 28: W/2
Section 29: All
Section 30: E/2
Section 32: N/2
Section 33: NW/4

(s) The Red Lake-Glorieta-Yeso Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 4: SE/4
Section 5: NW/4

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

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM

Section 34: N/2

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

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 5: E/2

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

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM

Section 34: N/2

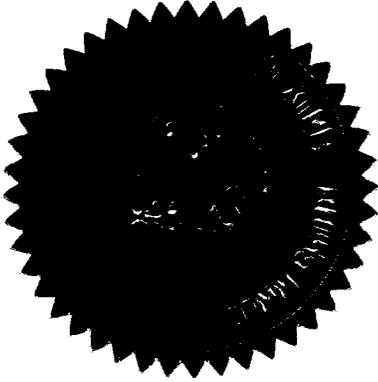
IT IS FURTHER ORDERED THAT:

(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 June 1, 2001.

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