

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. 13488
Order No. R-12357

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING, ABOLISHING,
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 5, 2005, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 25th day of May, 2005, 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, bearing the designation of Cottonwood Draw-Atoka Gas Pool (Pool Code 97435). The Cottonwood Draw-Atoka Gas Pool was discovered by the Gruy Petroleum Corporation Wigeon "23" Federal Com. Well No. 1 (API No. 30-015-33563) located in Unit J of Section 23, Township 25 South, Range 26 East, NMPM, which was completed in the Atoka formation on February 9, 2005. The top of the perforations is at 10,357 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Canyon formation, bearing the designation of Fadeaway Ridge-Upper Pennsylvanian Pool (Pool Code 97439). The Fadeaway Ridge-Upper Pennsylvanian Pool was discovered by the Marbob Energy Corporation Hint "15" State Well No. 1 (API No. 30-015-32998) located in Unit E of Section 15, Township 19

South, Range 28 East, NMPM, which was completed in the Canyon formation on March 18, 2005. The top of the perforations is at 9,564 feet.

(4) There is need for the abolishment of the Blackwater-Abo Pool (**Pool Code 96377**) in Chaves County, New Mexico in order to correct nomenclature. The abolished acreage should be placed in the West Pecos Slope-Abo Gas Pool (**Pool Code 82740**).

(5) There is need for extensions to the East Carlsbad-Morrow Gas Pool, the East Carlsbad-Strawn Gas Pool, the Collins Ranch-Wolfcamp Gas Pool, the Corral Canyon-Delaware Pool, the Cottonwood Draw-Morrow Gas Pool, the Crow Flats-Morrow Gas Pool, the South Empire-Morrow Gas Pool, the West Four Mile Draw-Atoka Gas Pool, the North Hackberry-Bone Spring Pool, the North Illinois Camp-Morrow Gas Pool, the Little Box Canyon-Morrow Gas Pool, the Lost Tank-Delaware Pool, the Southeast Loving-Atoka Gas Pool, the North Loving-Morrow Gas Pool, the McKittrick Hills-Upper Pennsylvanian Gas Pool, the Southeast Quahada Ridge-Delaware Pool, and the Strychnine Draw-Atoka Gas Pool, all in Eddy County, New Mexico; and the Foor Ranch-Pre-Permian Gas Pool, the South Leslie Spring-Wolfcamp Gas Pool, and the West Pecos Slope-Abo Gas Pool, all 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 Cottonwood Draw-Atoka Gas Pool (**Pool Code 97435**), consisting of the following described area:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 23: E/2

(b) A new pool in Eddy County, New Mexico classified as an oil pool for Canyon production is hereby created and designated as the Fadeaway Ridge-Upper Pennsylvanian Pool (**Pool Code 97439**), consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 15: NW/4

(c) The Blackwater-Abo Pool (**Pool Code 96377**) in Chaves County, New Mexico consisting of the following described area, is hereby abolished:

TOWNSHIP 9 SOUTH, RANGE 22 EAST, NMPM
Section 4: SW/4

(d) The East Carlsbad-Morrow Gas Pool (**Pool Code 73920**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 11: All

(e) The East Carlsbad-Strawn Gas Pool (Pool Code 74080) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM
Section 30: W/2

(f) The Collins Ranch-Wolfcamp Gas Pool (Pool Code 75010) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 24 EAST, NMPM
Section 22: W/2
Section 27: W/2

(g) The Corral Canyon-Delaware Pool (Pool Code 13360) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 30 EAST, NMPM
Section 7: SE/4

(h) The Cottonwood Draw-Morrow Gas Pool (Pool Code 97377) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 24: E/2

(i) The Crow Flats-Morrow Gas Pool (Pool Code 75720) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 29: E/2

(j) The South Empire-Morrow Gas Pool (Pool Code 76400) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 6: S/2

(k) The Foor Ranch-Pre-Permian Gas Pool (Pool Code 76730) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM
Section 5: N/2

(l) The West Four Mile Draw-Atoka Gas Pool (Pool Code 76950) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM

Section 32: S/2

Section 33: S/2

(m) The North Hackberry-Bone Spring Pool (Pool Code 97056) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 7: N/2

(n) The North Illinois Camp-Morrow Gas Pool (Pool Code 78890) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 30: S/2

(o) The South Leslie Spring-Wolfcamp Gas Pool (Pool Code 97110) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM

Section 5: E/2

(p) The Little Box Canyon-Morrow Gas Pool (Pool Code 80240) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 23 EAST, NMPM

Section 31: S/2

(q) The Lost Tank-Delaware Pool (Pool Code 40299) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 31 EAST, NMPM

Section 35: NE/4

(r) The Southeast Loving-Atoka Gas Pool (Pool Code 80705) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM

Section 6: NW/4

(s) The North Loving-Morrow Gas Pool (Pool Code 80695) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM

Section 1: All

(t) The McKittrick Hills-Upper Pennsylvanian Gas Pool (Pool Code 81160) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 24 EAST, NMPM

Section 13: S/2

Section 24: N/2

(u) The West Pecos Slope-Abo Gas Pool (Pool Code 82740) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 22 EAST, NMPM

Section 33: W/2

TOWNSHIP 9 SOUTH, RANGE 22 EAST, NMPM

Section 4: W/2

(v) The Southeast Quahada Ridge-Delaware Pool (Pool Code 50443) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM

Section 24: SW/4

(w) The Strychnine Draw-Atoka Gas Pool (Pool Code 97121) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 23 EAST, NMPM

Section 29: W/2

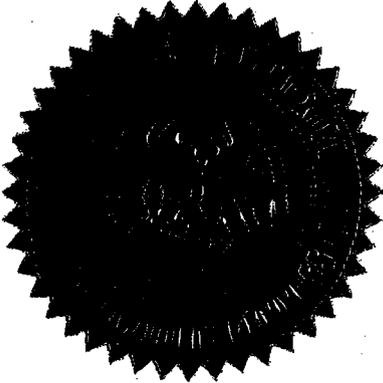
Section 32: W/2

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, abolishments, and extensions included herein shall be June 1, 2005.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

MARK E. FESMIRE, P.E.
Director