

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. 13575
Order No. R-12447

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 October 6, 2005, at Santa Fe, New Mexico, before Examiner Richard Ezeanyim.

NOW, on this 27th day of October, 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 Strawn formation, bearing the designation of West Crow Flats-Strawn Gas Pool (**Pool Code 97476**). The West Crow Flats-Strawn Gas Pool was discovered by the Yates Petroleum Corporation Bleu "BBP" Federal Com. Well No. 1 (**API No. 30-015-33276**) located in Unit D of Section 34, Township 16 South, Range 27 East, NMPM, which was completed in the Strawn formation on July 5, 2005. The top of the perforations is at 8,132 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 North Hackberry Draw-Morrow Gas Pool (**Pool Code 97474**). The North Hackberry Draw-Morrow Gas Pool was discovered by the Yates Petroleum Corporation Pardon "BGM" State Com. Well No. 1 (**API No. 30-015-33959**) located in Unit C of Section 9,

Township 25 South, Range 27 East, NMPM, which was completed in the Morrow formation on July 1, 2005. The top of the perforations is at 11,952 feet.

(4) There is need for extensions to the Angell Ranch-Atoka-Morrow Gas Pool, the Box Canyon-Strawn Gas Pool, the Cemetery-Wolfcamp Gas Pool, the Chosa Draw-Morrow Gas Pool, the Collins Ranch-Wolfcamp Gas Pool, the Dog Canyon-Wolfcamp Pool, the South Empire-Morrow Gas Pool, the Esperanza-Delaware Pool, the Happy Valley-Morrow Gas Pool, the East Illinois Camp-Bone Spring Pool, the Ingle Wells-Delaware Pool, the North Loving-Atoka Gas Pool, the McMillan-Atoka Gas Pool, the Nash Draw-Delaware Pool, the Power-Grayburg-San Andres Pool, and the Rocky Arroyo-Morrow Gas Pool, all in Eddy County, New Mexico; and the Comanche Spring-Pre-Permian Gas Pool, the Foor Ranch-Wolfcamp Gas Pool, the South Leslie Spring-Wolfcamp Gas Pool and the 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 Strawn production is hereby created and designated as the West Crow Flats-Strawn Gas Pool (**Pool Code 97476**), consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 34: W/2

(b) A new pool in Eddy County, New Mexico classified as a gas pool for Morrow production is hereby created and designated as the North Hackberry Draw-Morrow Gas Pool (**Pool Code 97474**), consisting of the following described area:

TOWNSHIP 25 SOUTH, RANGE 27 EAST, NMPM
Section 9: W/2

(c) The Angell Ranch-Atoka-Morrow Gas Pool (**Pool Code 70310**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 11: N/2

(d) The Box Canyon-Strawn Gas Pool (**Pool Code 96640**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 21 EAST, NMPM
Section 13: S/2
Section 14: S/2
Section 24: N/2

(e) The Cemetery-Wolfcamp Gas Pool (**Pool Code 74680**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM

Section 33: N/2

(f) The Chosa Draw-Morrow Gas Pool (**Pool Code 74900**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 25 EAST, NMPM

Section 36: E/2

TOWNSHIP 25 SOUTH, RANGE 25 EAST, NMPM

Section 1: E/2

Section 12: E/2

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM

Section 7: W/2

(g) 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: E/2

(h) The Comanche Spring-Pre-Permian Gas Pool (**Pool Code 75015**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM

Section 26: All

(i) The Dog Canyon-Wolfcamp Pool (**Pool Code 17970**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM

Section 31: N/2

Section 32: N/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 28 EAST, NMPM

Section 12: SW/4

(k) The Esperanza-Delaware Pool (**Pool Code 22640**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPPM

Section 9: NE/4

(l) The Foor Ranch-Wolfcamp Gas Pool (**Pool Code 76750**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPPM

Section 15: S/2

Section 16: SE/4

(m) The Happy Valley-Morrow Gas Pool (**Pool Code 78060**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPPM

Section 13: N/2

Section 25: N/2

Section 26: E/2

(n) The East Illinois Camp-Bone Spring Pool (**Pool Code 96632**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPPM

Section 14: SE/4

Section 23: E/2

Section 26: NE/4

(o) The Ingle Wells-Delaware Pool (**Pool Code 33745**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPPM

Section 15: NW/4

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

TOWNSHIP 7 SOUTH, RANGE 26 EAST, NMPPM

Section 32: S/2

Section 33: S/2

Section 34: SW/4

(q) The North Loving-Atoka Gas Pool (**Pool Code 80694**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPPM

Section 6: S/2

(r) The McMillan-Atoka Gas Pool (**Pool Code 81210**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 20: SE/4
Section 29: E/2

(s) The Nash Draw-Delaware Pool (**Pool Code 47545**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM
Section 29: SW/4

TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMPM
Section 19: SE/4

(t) The Pecos Slope-Abo Gas Pool (**Pool Code 82730**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM
Section 4: All
Section 17: W/2
Section 18: All

(u) The Power-Grayburg-San Andres Pool (**Pool Code 50385**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 5: E/2 NW/4 and SW/4 NW/4

(v) The Rocky Arroyo-Morrow Gas Pool (**Pool Code 84160**) in Eddy County, New Mexico is hereby extended to include:

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

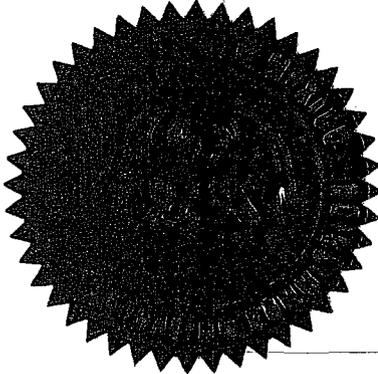
IT IS FURTHER ORDERED THAT:

(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 November 1, 2005.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire", written over the printed name.

MARK E. FESMIRE, P.E.
Director