

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. 13699
Order No. R-12548

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 April 27, 2006, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 8th day of May, 2006, 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 Wolfcamp formation, bearing the designation of Rio Penasco-Wolfcamp Gas Pool (**Pool Code 97512**). The Rio Penasco-Wolfcamp Gas Pool was discovered by the Mack Energy Corporation Brazos State Well No. 1 (**API No. 30-015-34165**) located in Unit D of Section 18, Township 18 South, Range 24 East, NMPM, which was completed in the Wolfcamp formation on December 14, 2005. The top of the perforations is at 5,479 feet.

(3) There is need for extensions to the East Black River-Wolfcamp Gas Pool, the Cabin Lake-Delaware Pool, the Cemetery-Wolfcamp Gas Pool, the Cottonwood Creek-Wolfcamp Gas Pool, the Southeast Crow Flats-Morrow Gas Pool, the Four Mile Draw-Morrow Gas Pool, the Fren-Paddock Pool, the Happy Valley-Morrow Gas Pool, the Malaga-Morrow Gas Pool, the Nash Draw-Delaware/Bone Spring(Avalon Sand)

Pool, the West Parkway-Atoka Gas Pool, the Penasco Draw-Morrow Gas Pool, and the Sulphate Draw-Wolfcamp Gas Pool, all in Eddy County, New Mexico; and the Buffalo Valley-Pennsylvanian Gas Pool, the Coyote-Wolfcamp Gas Pool, and the Northwest Floor Ranch-Wolfcamp Gas Pool, all in Chaves County, New Mexico.

(4) The effective date of this order and all creations and extensions included herein should be May 1, 2006.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Eddy County, New Mexico classified as a gas pool for Wolfcamp production is hereby created and designated as the Rio Penasco-Wolfcamp Gas Pool (**Pool Code 97512**), consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
Section 18: W/2

(b) The East Black River-Wolfcamp Gas Pool (**Pool Code 97442**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 35: E/2

TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM
Section 2: E/2
Section 11: NE/4

(c) The Buffalo Valley-Pennsylvanian Gas Pool (**Pool Code 73080**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 14 SOUTH, RANGE 28 EAST, NMPM
Section 30: S/2

(d) The Cabin Lake-Delaware Pool (**Pool Code 8435**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM
Section 7: SE/4

(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 29: N/2

(f) The Cottonwood Creek-Wolfcamp Gas Pool (**Pool Code 75250**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 25 EAST, NMPM

Section 22: N/2

Section 31: W/2

(g) The Coyote-Wolfcamp Gas Pool (**Pool Code 97361**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 11 SOUTH, RANGE 26 EAST, NMPM

Section 24: SE/4

Section 25: E/2

Section 36: N/2

TOWNSHIP 11 SOUTH, RANGE 27 EAST, NMPM

Section 19: SW/4

(h) The Southeast Crow Flats-Morrow Gas Pool (**Pool Code 96840**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 8: S/2

(i) The Northwest Foor Ranch-Wolfcamp Gas Pool (**Pool Code 97066**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM

Section 27: E/2

(j) The Four Mile Draw-Morrow Gas Pool (**Pool Code 76960**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 26 EAST, NMPM

Section 24: W/2

(k) The Fren-Paddock Pool (**Pool Code 26770**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 14: SW/4

Section 15: S/2

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

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 15: S/2

(m) The Malaga-Morrow Gas Pool (**Pool Code 80920**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 21: W/2

(n) The Nash Draw-Delaware/Bone Spring (Avalon Sand) Pool (**Pool Code 47545**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 36: NE/4

(o) The West Parkway-Atoka Gas Pool (**Pool Code 82560**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 32: W/2

(p) The Penasco Draw-Morrow Gas Pool (**Pool Code 82770**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
Section 35: N/2

(q) The Sulphate Draw-Wolfcamp Gas Pool (**Pool Code 85780**) in Eddy County, New Mexico is hereby extended to include:

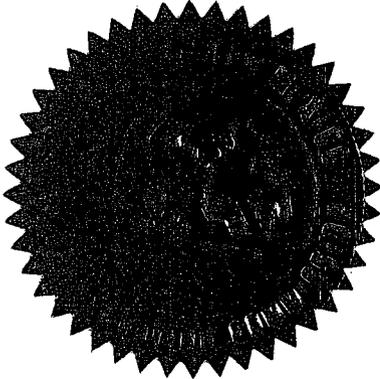
TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM
Section 26: E/2

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 May 1, 2006.

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