

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. 13857
Order No. R-12699

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING, EXTENDING
VERTICAL AND HORIZONTAL LIMITS, AND
REDESIGNATING CERTAIN POOLS IN EDDY
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on January 4, 2007, at Santa Fe, New Mexico before Examiner David R. Catanach.

NOW, on this 18th day of January, 2007, 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 Bond Draw-Strawn Gas Pool (**Pool Code 97567**). The Bond Draw-Strawn Gas Pool was discovered by the Yates Petroleum Corporation Humidor State Unit Well No. 3 (**API No. 30-015-23599**) located in Unit E of Section 14, Township 24 South, Range 27 East, NMPM, which was completed in the Strawn formation on September 10, 2006. The top of the perforations is at 11,352 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Atoka formation, bearing the designation of South Red Tank-Atoka Gas Pool (**Pool Code 97563**). The South Red Tank-Atoka Gas Pool was discovered by the Samson Resources Company Livingston Ridge 36 State Well No. 1

(**API No. 30-015-34644**) located in Unit O of Section 36, Township 22 South, Range 31 East, NMPM, which was completed in the Atoka formation on August 29, 2006. The top of the perforations is at 13,686 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Glorieta-Yeso formation, bearing the designation of North Seven Rivers-Glorieta-Yeso Pool (**Pool Code 97565**). The North Seven Rivers-Glorieta-Yeso Pool was discovered by the Nearburg Producing Company South Boyd 27 Well No. 6 (**API No. 30-015-28588**) located in Unit D of Section 27, Township 19 South, Range 25 East, NMPM, which was completed in the Glorieta-Yeso formation on May 12, 2006. The top of the perforations is at 2,372 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Upper Pennsylvanian formation, bearing the designation of Walnut Canyon-Upper Pennsylvanian Gas Pool (**Pool Code 97566**). The Walnut Canyon-Upper Pennsylvanian Gas Pool was discovered by the Cimarex Company of Colorado Walnut Canyon State Com. Well No. 1 (**API No. 30-015-34423**) located in Unit A of Section 2, Township 25 South, Range 25 East, NMPM, which was completed in the Upper Pennsylvanian formation on August 13, 2006. The top of the perforations is at 9,792 feet.

(6) 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 West Winchester-Bone Spring Pool (**Pool Code 97569**). The West Winchester-Bone Spring Pool was discovered by the Yates Drilling Company Hubble State Com. Well No. 1 (**API No. 30-015-30782**) located in Unit E of Section 28, Township 19 South, Range 28 East, NMPM, which was completed in the Bone Spring formation on July 18, 2006. The top of the perforations is at 7,496 feet.

(7) There is need for the extension of the vertical limits of the Empire-Yeso Pool (**Pool Code 96210**) in Eddy County, New Mexico to include the top of the Glorieta formation down to the top of the Abo formation and the redesignation of the pool as the Empire-Glorieta-Yeso Pool (**Pool Code 96210**).

(8) There is need for the extension of the vertical limits of the East Empire-Yeso Pool (**Pool Code 96610**) in Eddy County, New Mexico to include the top of the Glorieta formation down to the top of the Abo formation and the redesignation of the pool as the East Empire-Glorieta-Yeso Pool (**Pool Code 96610**).

(9) There is need for extensions to the North Anderson-Wolfcamp Pool, the Avalon-Morrow Gas Pool, the South Carlsbad-Atoka Gas Pool, the South Carlsbad-Morrow Gas Pool, the Cedar Canyon-Bone Spring Pool, the Chosa Draw-Morrow Gas Pool, the Northwest Corral Canyon-Delaware Pool, the Dublin Ranch-Morrow Gas Pool, the North Hackberry Draw-Morrow Gas Pool, the East Happy Valley-Bone Spring Pool, the Indian Basin-Upper Pennsylvanian Associated Pool, the Nash Draw-Delaware/Bone Spring (Avalon Sand) Pool, the Otis-Morrow Gas Pool, the Pecos River-Morrow Gas

Pool, the West Salt Draw-Morrow Gas Pool, the West Sand Dunes-Delaware Pool, the North Willow Lake-Delaware Pool, and the Southwest Willow Lake-Delaware Pool, all in Eddy 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 Bond Draw-Strawn Gas Pool (**Pool Code 97567**), consisting of the following described area:

TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM
Section 14: N/2

(b) A new pool in Eddy County, New Mexico classified as an oil pool for Atoka production is hereby created and designated as the South Red Tank-Atoka Gas Pool (**Pool Code 97563**), consisting of the following described area:

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM
Section 36: E/2

(c) A new pool in Eddy County, New Mexico classified as an oil pool for Glorieta-Yeso production is hereby created and designated as the North Seven Rivers-Glorieta-Yeso Pool (**Pool Code 97565**), consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 27: NW/4

(d) A new pool in Eddy County, New Mexico classified as a gas pool for Upper Pennsylvanian production is hereby created and designated as the Walnut Canyon-Upper Pennsylvanian Gas Pool (**Pool Code 97566**), consisting of the following described area:

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

(e) A new pool in Eddy County, New Mexico classified as an oil pool for Bone Spring production is hereby created and designated as the West Winchester-Bone Spring Pool (**Pool Code 97569**), consisting of the following described area:

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

(f) The North Anderson-Wolfcamp Pool (**Pool Code 97183**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 11: W/2

(g) The Avalon-Morrow Gas Pool (**Pool Code 70920**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 7: All

(h) The South Carlsbad-Atoka Gas Pool (**Pool Code 73800**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
Section 8: SE/4
Section 9: S/2
Section 10: SW/4
Section 17: E/2

(i) The South Carlsbad-Morrow Gas Pool (**Pool Code 73960**) in Eddy County, New Mexico is hereby extended to include:

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

(j) The Cedar Canyon-Bone Spring Pool (**Pool Code 11520**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM
Section 34: S/2

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

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 8: SE/4
Section 9: S/2

(l) The Northwest Corral Canyon-Delaware Pool (**Pool Code 96464**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM
Section 2: W/2

(m) The Dublin Ranch-Morrow Gas Pool (**Pool Code 76140**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 25: N/2

(n) The vertical limits of the Empire-Yeso Pool (**Pool Code 96210**) in Eddy County, New Mexico are hereby extended to include the top of the Glorieta formation down to the top of the Abo formation, and the pool is hereby redesignated as the Empire-Glorieta-Yeso Pool (**Pool Code 96210**).

(o) The vertical limits of the East Empire-Yeso Pool (**Pool Code 96610**) in Eddy County, New Mexico are hereby extended to include the top of the Glorieta formation down to the top of the Abo formation, and the pool is hereby redesignated as the East Empire-Glorieta-Yeso Pool (**Pool Code 96610**).

(p) The North Hackberry Draw-Morrow Gas Pool (**Pool Code 97474**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 27 EAST, NMPM
Section 5: S/2
Section 8: E/2

(q) The East Happy Valley-Bone Spring Pool (**Pool Code 97541**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 10: E/2

(r) The Indian Basin-Upper Pennsylvanian Associated Pool (**Pool Code 33685**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM
Section 36: W/2

(s) 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 30 EAST, NMPM
Section 20: S/2
Section 21: S/2

(t) The Otis-Morrow Gas Pool (**Pool Code 82360**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 23: All

(u) The Pecos River-Morrow Gas Pool (**Pool Code 97375**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 26 EAST, NMPM
Section 13: N/2

(v) The West Salt Draw-Morrow Gas Pool (**Pool Code 96819**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM
Section 8: N/2

(w) The West Sand Dunes-Delaware Pool (**Pool Code 53815**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM
Section 8: NE/4

(x) The North Willow Lake-Delaware Pool (**Pool code 64455**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 20: W/2
Section 29: NW/4

(y) The Southwest Willow Lake-Delaware Pool (**Pool Code 96855**) in Eddy County, New Mexico is hereby extended to include:

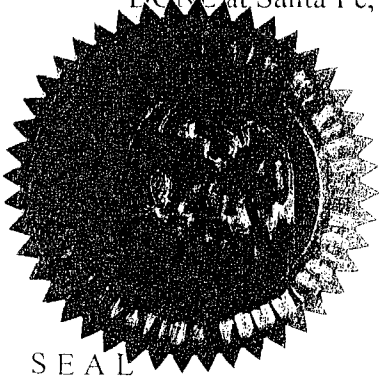
TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM
Section 4: NE/4

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, extensions of vertical and horizontal limits, and redesignations included herein shall be February 1, 2007.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

MARK E. FESMIRE, P.E.
Director