

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. 13892  
Order No. R-12738

THE APPLICATION OF THE OIL CONSERVATION  
DIVISION FOR AN ORDER CREATING AND  
EXTENDING 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 March 15, 2007, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 21<sup>st</sup> day of March, 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 Atoka formation, bearing the designation of Pavo Mesa-Atoka Gas Pool (**Pool Code 97583**). The Pavo Mesa-Atoka Gas Pool was discovered by the Cimarex Energy Company of Colorado Crow Flats 16 State Com. Well No. 1 (**API No. 30-015-21151**) located in Unit G of Section 16, Township 16 South, Range 28 East, NMPM, which was completed in the Atoka formation on November 28, 2006. The top of the perforations is at 9,104 feet.

(3) There is need for extensions to the Cemetery-Morrow Gas Pool, the Chosa Draw-Morrow Gas Pool, the South Corral Canyon-Bone Spring Pool, the Diamond Mound-Morrow Gas Pool, the Southwest Four Mile Draw-Wolfcamp Pool, the Southeast Henshaw-Wolfcamp Pool, the East Hess-Morrow Gas Pool, the Laguna Salado-Bone Spring Pool, the Loco Hills-Glorieta-Yeso Pool, the West Lusk-Morrow Gas Pool, the

McMillan-Seven Rivers-Queen Pool, the Nash Draw-Atoka Gas Pool, the Sage Draw-Wolfcamp Gas Pool, the North Seven Rivers Hills-Atoka Gas Pool, the North Turkey Track-Cisco Gas Pool and the Winchester-Bone Spring 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 Atoka production is hereby created and designated as the Pavo Mesa-Atoka Gas Pool (**Pool Code 97583**), consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM

Section 16: N/2

(b) The Cemetery-Morrow Gas Pool (**Pool Code 74640**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM

Section 22: S/2

Section 27: All

(c) 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 35: E/2

Section 36: W/2

(d) The South Corral Canyon-Bone Spring Pool (**Pool Code 13354**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM

Section 36: S/2

(e) The Diamond Mound-Morrow Gas Pool (**Pool Code 76079**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM

Section 17: E/2

(f) The Southwest Four Mile Draw-Wolfcamp Pool (**Pool Code 97553**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM

Section 5: N/2

Section 6: NE/4

(g) The Southeast Henshaw-Wolfcamp Pool (**Pool Code 96520**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 19: SE/4

(h) The East Hess-Morrow Gas Pool (**Pool Code 78380**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 23 EAST, NMPM

Section 11: W/2

(i) The Laguna Salado-Bone Spring Pool (**Pool Code 96721**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM

Section 22: SW/4

(j) The Loco Hills-Glorieta-Yeso Pool (**Pool Code 96718**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 10: SW/4

(k) The West Lusk-Morrow Gas Pool (**Pool Code 80840**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 22: W/2

(l) The McMillan-Seven Rivers-Queen Pool (**Pool Code 45030**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM

Section 29: SE/4

(m) The Nash Draw-Atoka Gas Pool (**Pool Code 81560**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM

Section 16: N/2

Section 17: N/2

(n) The Sage Draw-Wolfcamp Gas Pool (**Pool Code 84407**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM

Section 17: All

Section 18: NE/4

(o) The North Seven Rivers Hills-Atoka Gas Pool (**Pool Code 97272**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM

Section 17: E/2

Section 20: E/2

(p) The North Turkey Track-Cisco Gas Pool (**Pool Code 86460**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 32: N/2

(q) The Winchester-Bone Spring Pool (**Pool Code 65010**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 5: NW/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 and extensions included herein shall be April 1, 2007.

(3) Jurisdiction of this case is hereby retained for the entry of such further orders as the Division may deem necessary.

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 dark ink, appearing to read "Mark E. Fesmire", written over a horizontal line.

MARK E. FESMIRE, P.E.  
Director

**CASE NO. 13855: Reopened - Continued from the January 18, 2007 Examiner Hearing.**

***Application of Myco Industries, Inc. for compulsory pooling, Chaves County, New Mexico.*** Myco Industries, Inc. seeks an order pooling all mineral interests in the Wolfcamp formation underlying the S/2 of Section 33, Township 15 South, Range 25 East, NMPM, to form a 320-acre gas spacing unit (project area) in the Wolfcamp formation. The unit is to be dedicated to the Milo 33 Fee Well No. 1, a horizontal well which will have an orthodox location within the producing area. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 5 miles west-southwest of Lake Arthur, New Mexico.

**CASE NO. 13853: Continued from the March 1, 2007 Examiner Hearing.**

***Application of Myco Industries, Inc. for compulsory pooling, Chaves County, New Mexico.*** Myco Industries, Inc. seeks an order pooling all mineral interests in the Wolfcamp formation underlying the S/2 of Section 34, Township 15 South, Range 24 East, NMPM, to form a 320-acre gas spacing unit (project area) in the Wolfcamp formation. The unit is to be dedicated to the Starr 34 Fee Well No. 1, a horizontal well which will have an orthodox location within the producing area. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 9-1/2 miles west-southwest of Lake Arthur, New Mexico.

**CASE NO. 13856: Continued from the March 1, 2007 Examiner Hearing.**

***Application of Myco Industries, Inc. for compulsory pooling, Chaves County, New Mexico.*** Myco Industries, Inc. seeks an order pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 34, Township 15 South, Range 24 East, NMPM, to form a 320-acre gas spacing unit (project area) in the Wolfcamp formation. This unit is to be dedicated to the Starr 34 Fee Well No. 2, a horizontal well which will have an orthodox location within the producing area. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 9-1/2 miles west-southwest of Lake Arthur, New Mexico.

**CASE NO. 13877: Continued from the March 1, 2007 Examiner Hearing.**

***Application of Bold Energy, LP for approval of an application for permit to drill and to allow two operators on a well unit, Eddy County, New Mexico.*** Applicant seeks approval of an application for permit to drill its OXY Checker State Well No. 2 in the W/2 of Section 8, Township 19 South, Range 29 East, NMPM. The W/2 of Section 8 will be simultaneously dedicated to the proposed well, located in the SW/4 NW/4 of Section 8, to be operated by applicant, and to the existing OXY Checker State Well No. 1, located in the NW/4 SW/4 of Section 8, operated by OXY USA WTP Limited Partnership. The well unit is located approximately 12 miles southwest of Loco Hills, New Mexico.

**CASE NO. 13892: In the matter of the hearing called by the Oil Conservation Division for an order creating and extending certain pools in Eddy County, New Mexico.**

(a) CREATE a new pool in Eddy County, New Mexico for the production of gas from the Atoka formation and designated as the Pavo Mesa-Atoka Gas Pool (**Pool Code 97583**). The discovery well is the Cimarex Energy Company of Colorado Crow Flats 16 State Com. Well No. 1 (**API No. 30-015-21151**) located in Unit G of Section 16, Township 16 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM  
Section 16: N/2

(b) EXTEND the Cemetery-Morrow Gas Pool (**Pool Code 74640**) in Eddy County, New Mexico to include:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM  
Section 22: S/2  
Section 27: All

(c) EXTEND the Chosa Draw-Morrow Gas Pool (**Pool Code 74900**) in Eddy County, New Mexico to include:

TOWNSHIP 24 SOUTH, RANGE 25 EAST, NMPM

Section 35: E.2

Section 36: W/2

- (d) EXTEND the South Corral Canyon-Bone Spring Pool (**Pool Code 13354**) in Eddy County, New Mexico to include:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM

Section 36: S/2

- (e) EXTEND the Diamond Mound-Morrow Gas Pool (**Pool Code 76079**) in Eddy County, New Mexico to include:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM

Section 17: E/2

- (f) EXTEND the Southwest Four Mile Draw-Wolfcamp Pool (**Pool Code 97553**) in Eddy County, New Mexico to include:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM

Section 5: N/2

Section 6: NE/4

- (g) EXTEND the Southeast Henshaw-Wolfcamp Pool (**Pool Code 96520**) in Eddy County, New Mexico to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 19: SE/4

- (h) EXTEND the East Hess-Morrow Gas Pool (**Pool Code 78380**) in Eddy County, New Mexico to include:

TOWNSHIP 24 SOUTH, RANGE 23 EAST, NMPM

Section 11: W/2

- (i) EXTEND the Laguna Salado-Bone Spring Pool (**Pool Code 96721**) in Eddy County, New Mexico to include:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM

Section 22: SW/4

- (j) EXTEND the Loco Hills-Glorieta-Yeso Pool (**Pool Code 96718**) in Eddy County, New Mexico to include:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 10: SW/4

- (k) EXTEND the West Lusk-Morrow Gas Pool (**Pool Code 80840**) in Eddy County, New Mexico to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 22: W/2

- (l) EXTEND the McMillan-Seven Rivers-Queen Pool (**Pool Code 45030**) in Eddy County, New Mexico to include:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM

Section 29: SE/4

- (m) EXTEND the Nash Draw-Atoka Gas Pool (**Pool Code 81560**) in Eddy County, New Mexico to include:

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM

Section 16: N/2

Section 17: N/2

- (n) EXTEND the Sage Draw-Wolfcamp Gas Pool (**Pool Code 84407**) in Eddy County, New Mexico to include:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM

Section 17: All

Section 18: NE/4

- (o) EXTEND the North Seven Rivers Hills-Atoka Gas Pool (**Pool Code 97272**) in Eddy County, New Mexico to include:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM

Section 17: E/2

Section 20: E/2

- (p) EXTEND the North Turkey Track-Cisco Gas Pool (**Pool Code 86460**) in Eddy County, New Mexico to include:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 32: N/2

- (q) EXTEND the Winchester-Bone Spring Pool (**Pool Code 65010**) in Eddy County, New Mexico to include:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 5: NW/4

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.