

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. 13143
Order No. R-12030

APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING, EXTENDING
VERTICAL AND HORIZONTAL LIMITS, AND
REDESIGNATING 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 September 4, 2003, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 24th day of September, 2003, 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 Chaves County, New Mexico, for the production of gas from the Siluro Devonian formation, bearing the designation of Alkali Draw-Siluro Devonian Gas Pool (Pool Code 97284). The Alkali Draw-Siluro Devonian Gas Pool was discovered by the Yates Petroleum Corporation Bobwhite "BBH" Deep Federal Com. Well No. 1 (API No. 30-005-62135) located in Unit D of Section 3, Township 6 South, Range 26 East, NMPM, which was completed in the Siluro Devonian formation on May 11, 2003. The top of the perforations is at 5,364 feet.

(3) 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 Angel Ranch-Strawn Gas Pool (Pool Code 97278). The Angel Ranch-Strawn Gas

Pool was discovered by the EOG Resources, Inc. Gordon "23" State Com. Well No. 1 (API No. 30-015-32353) located in Unit N of Section 23, Township 19 South, Range 27 East, NMPM, which was completed in the Strawn formation on March 18, 2003. The top of the perforations is at 9,754 feet.

(4) There is need for the creation of a new pool in Chaves County, New Mexico, for the production of gas from the Wolfcamp formation, bearing the designation of South Crockett Draw-Wolfcamp Gas Pool (Pool Code 97285). The South Crockett Draw-Wolfcamp Gas Pool was discovered by the Yates Petroleum Corporation Cottonwood Federal Well No. 5 (API No. 30-005-63448) located in Unit J of Section 26, Township 6 South, Range 25 East, NMPM, which was completed in the Wolfcamp formation on April 10, 2002. The top of the perforations is at 4,900 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Cisco-Canyon formation, bearing the designation of Dog Canyon Draw-Upper Pennsylvanian Pool (Pool Code 97287). The Dog Canyon Draw-Upper Pennsylvanian Pool was discovered by the Yates Petroleum Corporation Gem Dandy "BCG" State Com. Well No. 1 (API No. 30-015-32666) located in Unit L of Section 35, Township 16 South, Range 27 East, NMPM, which was completed in the Cisco-Canyon formation on May 9, 2003. The top of the perforations is at 7,652 feet.

(6) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Wolfcamp formation, bearing the designation of Northwest Empire-Wolfcamp Pool (Pool Code 97286). The Northwest Empire-Wolfcamp Pool was discovered by the Yates Petroleum Corporation Gem Dandy "BCG" State Com. Well No. 1 (API No. 30-015-32666) located in Unit L of Section 35, Township 16 South, Range 27 East, NMPM, which was completed in the Wolfcamp formation on May 13, 2003. The top of the perforations is at 6,064 feet.

(7) 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 South Esperanza-Bone Spring Pool (Pool Code 97277). The South Esperanza-Bone Spring Pool was discovered by the Devon Energy Production Company, L.P. Indian Draw "13" Well No. 1 (API No. 30-015-29714) located in Unit K of Section 13, Township 22 South, Range 27 East, NMPM, which was completed in the Bone Spring formation on March 26, 2003. The top of the perforations is at 7,670 feet.

(8) There is need for the creation of a new pool in Chaves County, New Mexico, for the production of gas from the Wolfcamp formation, bearing the designation of Lost Lake-Wolfcamp Gas Pool (Pool Code 97281). The Lost Lake-Wolfcamp Gas Pool was discovered by the Yates Petroleum Corporation Summers Com. Well No. 2 (API No. 30-005-63469) located in Unit M of Section 25,

Township 9 South, Range 24 East, NMPM, which was completed in the Wolfcamp formation on July 2, 2003. The top of the perforations is at 4,496 feet.

(9) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Bone Spring formation, bearing the designation of Rattlesnake Well-Bone Spring Gas Pool (Pool Code 97279). The Rattlesnake Well-Bone Spring Gas Pool was discovered by the Ocean Energy, Inc. Parkway Well No. 19 (API No. 30-015-32663) located in Unit K of Section 21, Township 19 South, Range 29 East, NMPM, which was completed in the Bone Spring formation on April 11, 2003. The top of the perforations is at 6,810 feet.

(10) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Strawn formation, bearing the designation of Rattlesnake Well-Strawn Pool (Pool Code 97280). The Rattlesnake Well-Strawn Pool was discovered by the OXY USA, Inc. OXY Pearl State Well No. 2 (API No. 30-015-30851) located in Unit A of Section 32, Township 19 South, Range 29 East, NMPM, which was completed in the Strawn formation on April 14, 2000. The top of the perforations is at 10,315 feet.

(11) There is need for the creation of a new pool in Chaves County, New Mexico, for the production of gas from the Atoka formation, bearing the designation of Windmill-Atoka Gas Pool (Pool Code 97289). The Windmill-Atoka Gas Pool was discovered by the Yates Petroleum Corporation Ten Mile Unit Well No. 1 (API No. 30-005-63509) located in Unit G of Section 33, Township 14 South, Range 28 East, NMPM, which was completed in the Atoka formation on March 1, 2003. The top of the perforations is at 8,549 feet.

(12) There is need for the creation of a new pool in Chaves County, New Mexico, for the production of gas from the Strawn formation, bearing the designation of Windmill-Strawn Gas Pool (Pool Code 97288). The Windmill-Strawn Gas Pool was discovered by the Yates Petroleum Corporation Ten Mile Unit Well No. 1 (API No. 30-005-63509) located in Unit G of Section 33, Township 14 South, Range 28 East, NMPM, which was completed in the Strawn formation on March 15, 2003. The top of the perforations is at 8,424 feet.

(13) There is need for the extension of the vertical limits of the Clayton Basin-Seven Rivers Pool (Pool Code 97238) in Eddy County, New Mexico, to include the Yates formation and the redesignation of the pool as the Clayton Basin-Yates-Seven Rivers Pool.

(14) There is need for extensions to the Burton Flat-Morrow Gas Pool, the East Carlsbad-Morrow Gas Pool, the Cedar Canyon-Delaware Pool, the Cemetery-Morrow Gas Pool, the Clayton Basin-Yates-Seven Rivers Pool, the Crow Flats-Morrow Gas Pool, the Happy Valley-Delaware Pool, the Ingle Wells-Delaware Pool, the Laguna Salado-Bone Spring Pool, the Loco Hills-Wolfcamp Pool, the South Los Medanos-Wolfcamp Pool, the North McMillan-Morrow Gas Pool, the Otis-Morrow

Gas Pool, the Owen Mesa-Wolfcamp Gas Pool, the Runyan Ranch-Abo Gas Pool, the South Sand Dunes-Delaware Pool, the North Seven Rivers Hills-Atoka Gas Pool, and the Shugart-Morrow Gas Pool, all in Eddy County, New Mexico; and the North Foor Ranch-Pre-Permian Gas Pool and the Foor Ranch-Wolfcamp Gas Pool, both in Chaves County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Chaves County, New Mexico classified as a gas pool for Siluro Devonian production is hereby created and designated as the Alkali Draw-Siluro Devonian Gas Pool (Pool Code 97284), consisting of the following described area:

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM
Section 3: All

(b) A new pool in Eddy County, New Mexico classified as a gas pool for Strawn production is hereby created and designated as the Angel Ranch-Strawn Gas Pool (Pool Code 97278), consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 23: S/2

(c) A new pool in Chaves County, New Mexico classified as a gas pool for Wolfcamp production is hereby created and designated as the South Crockett Draw-Wolfcamp Gas Pool (Pool Code 97285), consisting of the following described area:

TOWNSHIP 6 SOUTH, RANGE 25 EAST, NMPM
Section 26: E/2

(d) A new pool in Eddy County, New Mexico classified as an oil pool for Cisco-Canyon production is hereby created and designated as the Dog Canyon Draw-Upper Pennsylvanian Pool (Pool Code 97287), consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 35: SW/4

(e) A new pool in Eddy County, New Mexico classified as an oil pool for Wolfcamp production is hereby created and designated as the Northwest Empire-Wolfcamp Pool (Pool Code 97286), consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 35: SW/4

(f) A new pool in Eddy County, New Mexico classified as an oil pool for Bone Spring production is hereby created and designated as the South Esperanza-Bone Spring Pool (Pool Code 97277), consisting of the following described area:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 13: SW/4

(g) A new pool in Chaves County, New Mexico classified as a gas pool for Wolfcamp production is hereby created and designated as the Lost Lake-Wolfcamp Gas Pool (Pool Code 97281), consisting of the following described area:

TOWNSHIP 9 SOUTH, RANGE 24 EAST, NMPM
Section 25: S/2

(h) A new pool in Eddy County, New Mexico classified as a gas pool for Bone Spring production is hereby created and designated as the Rattlesnake Well-Bone Spring Gas Pool (Pool Code 97279), consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 21: SW/4

(i) A new pool in Eddy County, New Mexico classified as an oil pool for Strawn production is hereby created and designated as the Rattlesnake Well-Strawn Pool (Pool Code 97280), consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 32: NE/4

(j) A new pool in Chaves County, New Mexico classified as a gas pool for Atoka production is hereby created and designated as the Windmill-Atoka Gas Pool (Pool Code 97289), consisting of the following described area:

TOWNSHIP 14 SOUTH, RANGE 28 EAST, NMPM
Section 33: E/2

(k) A new pool in Chaves County, New Mexico classified as a gas pool for Strawn production is hereby created and designated as the Windmill-Strawn Gas Pool (Pool Code 97288), consisting of the following described area:

TOWNSHIP 14 SOUTH, RANGE 28 EAST, NMPM
Section 33: E/2

(l) The Burton Flat-Morrow Gas Pool (Pool Code 73280) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 25: E/2

(m) 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 1: S/2

(n) The Cedar Canyon-Delaware Pool (Pool Code 11540) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 11: SE/4

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

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 33: N/2

(p) The vertical limits of the Clayton Basin-Seven Rivers Pool (Pool Code 97238) in Eddy County, New Mexico are hereby extended to include the Yates formation and the pool is redesignated as the Clayton Basin-Yates-Seven Rivers Pool. The horizontal limits of the Clayton Basin-Yates-Seven Rivers Pool are hereby extended to include:

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

(q) 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 27: All
Section 34: W/2

(r) The North Foor Ranch-Pre-Permian Gas Pool (Pool Code 97094) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM
Section 14: SW/4
Section 23: W/2

(s) 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, NMPM

Section 6: N/2

(t) The Happy Valley-Delaware Pool (Pool Code 29665) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM

Section 22: S/2

Section 27: W/2

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

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 23: SW/4

(v) 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 16: SW/4

Section 17: S/2

(w) The Loco Hills-Wolfcamp Pool (Pool Code 39990) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 16: SW/4

Section 21: NW/4

(x) The South Los Medanos-Wolfcamp Pool (Pool Code 96336) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM

Section 25: SE/4

(y) The North McMillan-Morrow Gas Pool (Pool Code 81240) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM

Section 32: E/2

(z) 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 14: E/2

(aa) The Owen Mesa-Wolfcamp Gas Pool (Pool Code 97045) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 25: S/2

Section 26: SE/4

(bb) The Runyan Ranch-Abo Gas Pool (Pool Code 84340) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM

Section 9: SE/4

(cc) The South Sand Dunes-Delaware Pool (Pool Code 53818) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 8: SW/4

(dd) 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 29: SW/4

Section 31: S/2

Section 32: W/2

(ee) The Shugart-Morrow Gas Pool (Pool Code 85300) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 32: E/2

Section 33: W/2

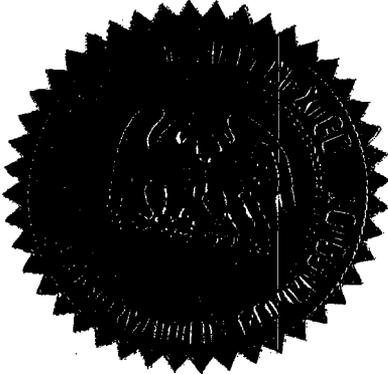
IT IS FURTHER ORDERED THAT:

(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, redesignations of pools, and extensions of vertical and horizontal limits included herein shall be October 1, 2003.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenberg
LORI WROTENBERY
Director