

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. 13005
Order No. R-11908

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING , CONTRACTING,
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 February 6, 2003, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 12th day of February, 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 Pennsylvanian formation, bearing the designation of Alkali Draw-Pennsylvanian Gas Pool (**Pool Code 97244**). The Alkali Draw-Pennsylvanian Gas Pool was discovered by the Yates Petroleum Corporation Grynberg "LZ" State Well No. 1 (**API No. 30-005-60602**) located in Unit I of Section 36, Township 5 South, Range 24 East, NMPM, which was completed in the Pennsylvanian formation on September 4, 2002. The top of the perforations is at 4,878 feet.

(3) 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 High Lonesome-Atoka Gas Pool (**Pool Code 97248**). The High Lonesome-Atoka Gas Pool was discovered by the Dominion Oklahoma Texas Exploration &

Production Company Grizzly Adams "13" Federal Com. Well No. 1 (**API No. 30-015-32290**) located in Unit A of Section 13, Township 16 South, Range 29 East, NMPM, which was completed in the Atoka formation on November 9, 2002. The top of the perforations is at 10,236 feet.

(4) There is need for the contraction of the Tamano-San Andres Pool (**Pool Code 58060**) in Eddy County, New Mexico in order to correct nomenclature. The deleted acreage should be placed in the Maljamar-Grayburg-San Andres Pool (**Pool Code 43329**).

(5) There is need for extensions to the Boyd-Morrow Gas Pool, the North Cedar Lake-Morrow Gas Pool, the Cedar Lake-Yeso Pool, the Eagle Creek-Strawn Gas Pool, the Grayburg-Atoka Gas Pool, the Loco Hills-Paddock Pool, the Lost Tank-Delaware Pool, the Maljamar-Grayburg-San Andres Pool, the Nash Draw-Delaware Pool, the North Parkway-Wolfcamp Pool, the Seven Rivers Hills-Atoka Gas Pool, and the Shugart-Strawn Pool, all in Eddy County, New Mexico; and the Foor Ranch-Pre-Permian Gas Pool, the Foor Ranch-Wolfcamp Gas Pool, the Milner Lake-Pennsylvanian Gas Pool, the Pecos Slope-Abo Gas Pool, and the Southeast Race Track-Devonian Pool, all 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 Pennsylvanian production is hereby created and designated as the Alkali Draw-Pennsylvanian Gas Pool (**Pool Code 97244**), consisting of the following described area:

TOWNSHIP 5 SOUTH, RANGE 24 EAST, NMPM
Section 36: E/2

(b) A new pool in Eddy County, New Mexico classified as a gas pool for Atoka production is hereby created and designated as the High Lonesome-Atoka Gas Pool (**Pool Code 97248**), consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM
Section 13: E/2

(c) The Tamano-San Andres Pool (**Pool Code 58060**) in Eddy County, New Mexico is hereby contracted by the deletion of the following described area:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 36: SW/4

(d) The Maljamar-Grayburg-San Andres Pool (**Pool Code 43329**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 36: W/2

(e) The Boyd-Morrow Gas Pool (**Pool Code 72840**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM

Section 33: E/2

Section 36: N/2

(f) The North Cedar Lake-Morrow Gas Pool (**Pool Code 74600**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 21: W/2

(g) The Cedar Lake-Yeso Pool (**Pool Code 96831**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 13: SW/4

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 17: SW/4

(h) The Eagle Creek-Strawn Gas Pool (**Pool Code 76320**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM

Section 7: W/2

Section 18: N/2

(i) The Foor Ranch-Pre-Permian Gas Pool (**Pool Code 76730**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM

Section 20: E/2

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM

Section 32: NW/4

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM

Section 3: S/2

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

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM

Section 11: E/2

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM

Section 3: S/2

(k) The Grayburg-Atoka Gas Pool (**Pool Code 77720**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 34: W/2

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

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 15: NE/4

(m) The Lost Tank-Delaware Pool (**Pool Code 40299**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 31 EAST, NMPM

Section 34: NE/4

(n) The Milner Lake-Pennsylvanian Gas Pool (**Pool Code 97115**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 25 EAST, NMPM

Section 15: N/2

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

TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMPM

Section 7: NE/4

(p) The North Parkway-Wolfcamp Pool (**Pool Code 96517**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 10: SE/4

Section 15: NE/4

(q) 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 3: S/2 and NE/4

(r) The Southeast Race Track-Devonian Pool (**Pool Code 96811**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM

Section 25: SE/4

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NMPM

Section 30: S/2

(s) The Seven Rivers Hills-Atoka Gas Pool (**Pool Code 96714**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 4: Lots 9 through 16 and SE/4

Section 9: E/2

(t) The Shugart-Strawn Pool (**Pool Code 97239**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

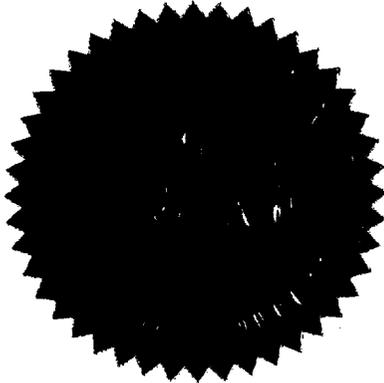
Section 8: NW/4

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, contractions, and extensions included herein shall be March 1, 2003.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director