

CASE NO. 9008

EXHIBIT I

CASE 9008: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Lea and Roosevelt Counties, New Mexico:

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Grayburg production and designated as the Quail-Grayburg Pool. The discovery well is the Fred G. Yates Inc. Reddy-Gulf State Well No. 3 located in Unit E of Section 18, Township 19 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 18: NW/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Tatum-Morrow Gas Pool. The discovery well is the John L. Cox State 26 Well No. 1 located in Unit N of Section 26, Township 12 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 12 SOUTH, RANGE 36 EAST, NMPM
Section 26: S/2

- (c) CREATE a new pool in Roosevelt County, New Mexico, classified as a gas pool for Montoya production and designated as the Tule-Montoya Gas Pool. The discovery well is the Marshall Pipe and Supply Company Wendell Best Well No. 1 located in Unit J of Section 27, Township 2 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 2 SOUTH, RANGE 29 EAST, NMPM
Section 27: S/2

- (d) EXTEND the Buffalo-Yates Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 6: NE/4

- (e) EXTEND the South Corbin-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 21: E/2
Section 22: NW/4

- (f) EXTEND the Central Corbin-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 4: S/2 NE/4

- (g) EXTEND the South Corbin-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 21: NE/4
Section 22: NW/4

- (h) EXTEND the South Double A-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 36: NE/4

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

- (i) EXTEND the Kemnitz-Lower Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
Section 33: NE/4
Section 34: NW/4

- (j) EXTEND the South Kemnitz-Upper Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
Section 33: E/2
Section 34: NW/4

- (k) EXTEND the Northeast Lea-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 35: SE/4

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 2: NE/4

- (l) EXTEND the East Lusk-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 2: NW/4
Section 3: E/2

- (m) EXTEND the Midway-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM
Section 13: NW/4

- (n) EXTEND the Querecho Plains-Upper Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 22: SE/4

- (o) EXTEND the Shipp-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 9: NW/4

- (p) EXTEND the Teas-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM
Section 14: S/2
Section 23: NE/4

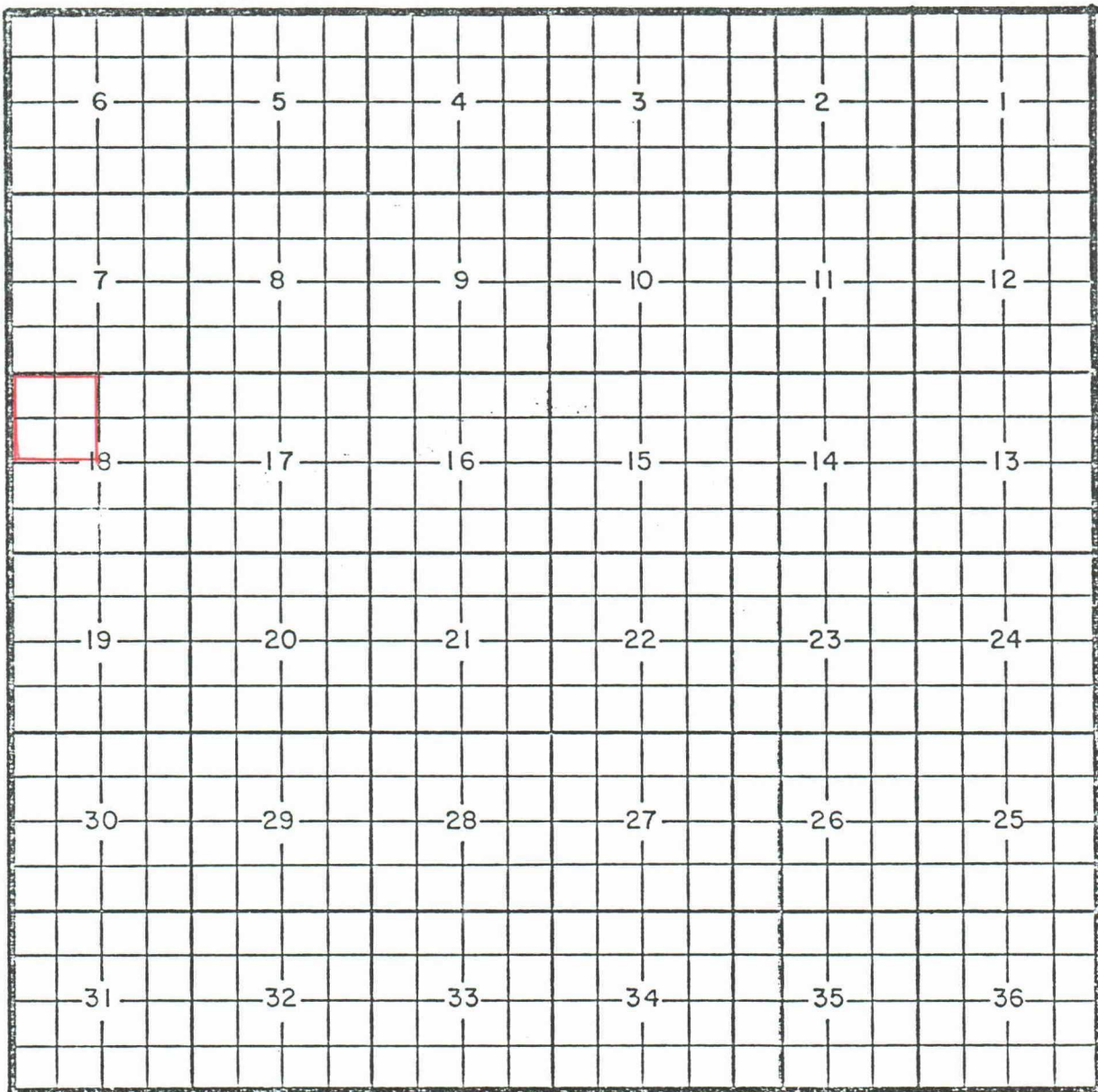
COUNTY LEA

POOL QUAIL-GRAYBURG

TOWNSHIP 19 South

RANGE 35 East

NMPM



PURPOSE: One completed oil well capable of producing.

Fred G. Yates Inc. Reddy Gulf State #3-E in Sec 18, T19S, R35E, completed May 24, 1986, in the Grayburg formation. Top perforations is at 5646 ft.

Proposed pool boundary outlined in red. Section 18: NW/4

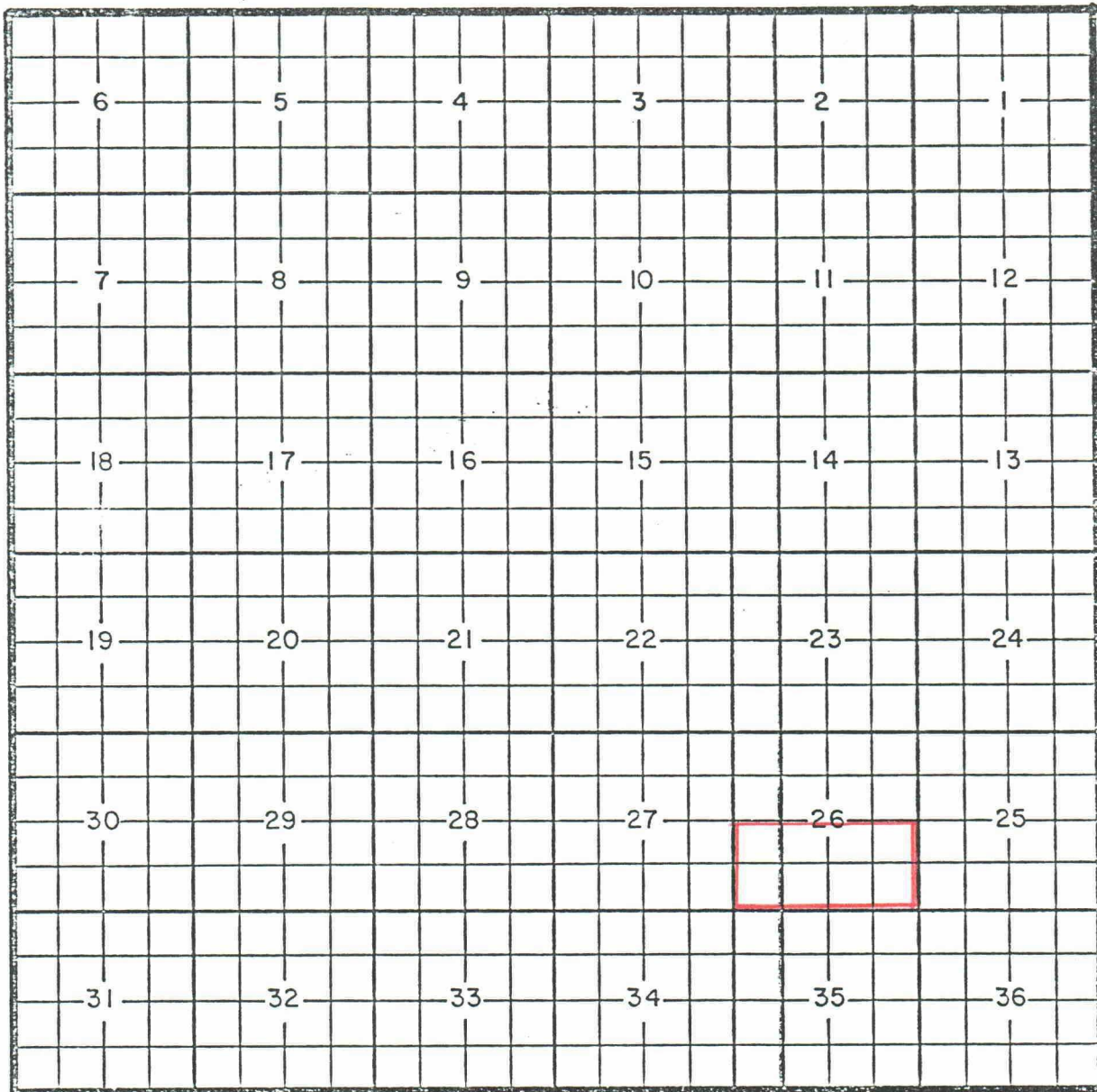
COUNTY LEA

POOL TATUM-MORROW GAS

TOWNSHIP 12 South

RANGE 36 East

NMPM



PURPOSE: One completed gas well capable of producing.

John L. Cox State 26 #1-N in Sec 26, T12S, R36E, completed March 15, 1986, in the Morrow formation. Top perforations is at 12,674 feet.

Proposed pool boundary outlined in red. Section 26: S/2

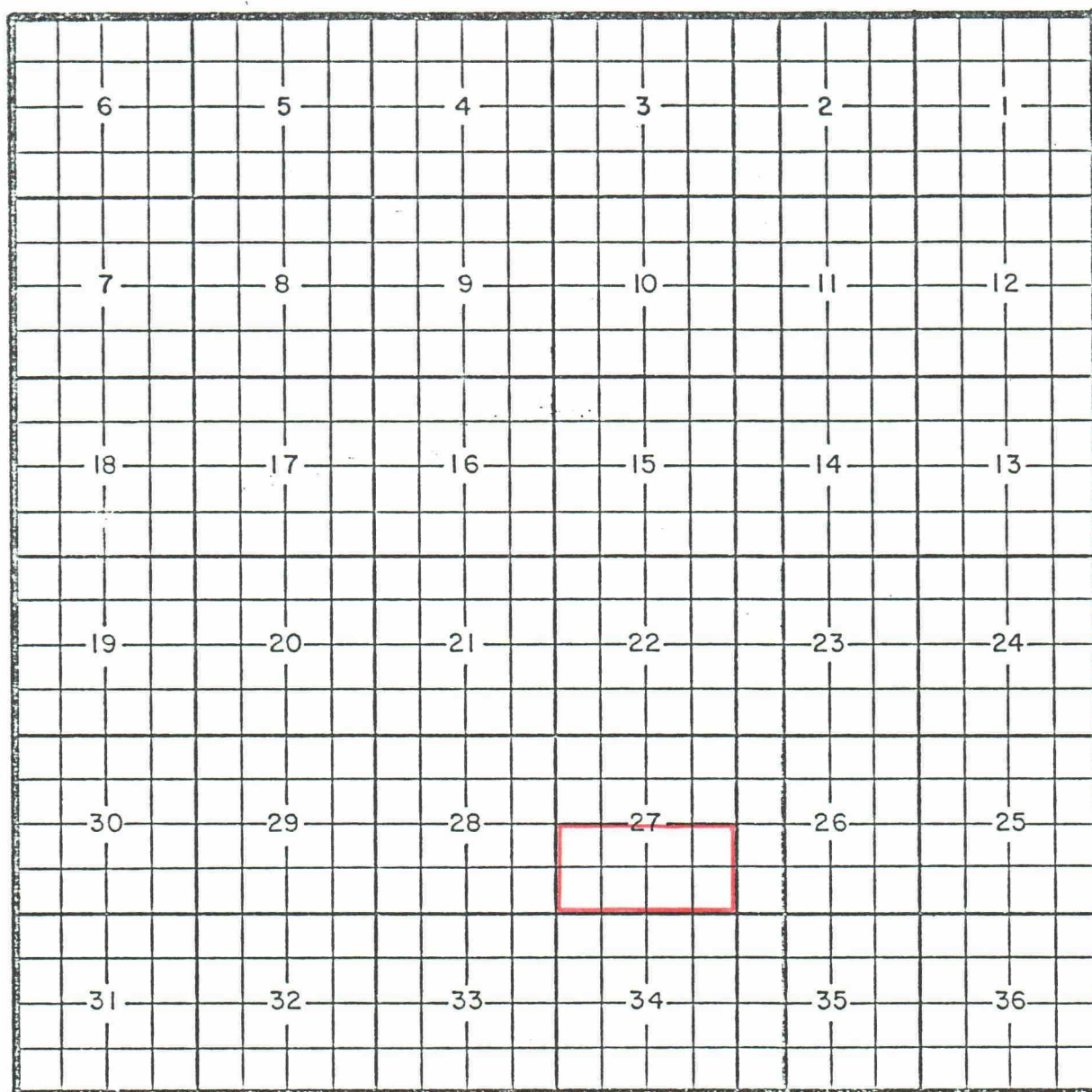
COUNTY ROOSEVELT

POOL TULE-MONTOYA GAS

TOWNSHIP 2 South

RANGE 29 East

NMPM



PURPOSE: One completed gas well capable of producing.

Marshall Pipe & Supply Company Wendell Best #1-J in Sec 27, T2S, R29E, completed May 20, 1986, in the Montoya formation. Top perforations is at 7006 feet.

Proposed pool boundary outlined in red. Section 27: S/2

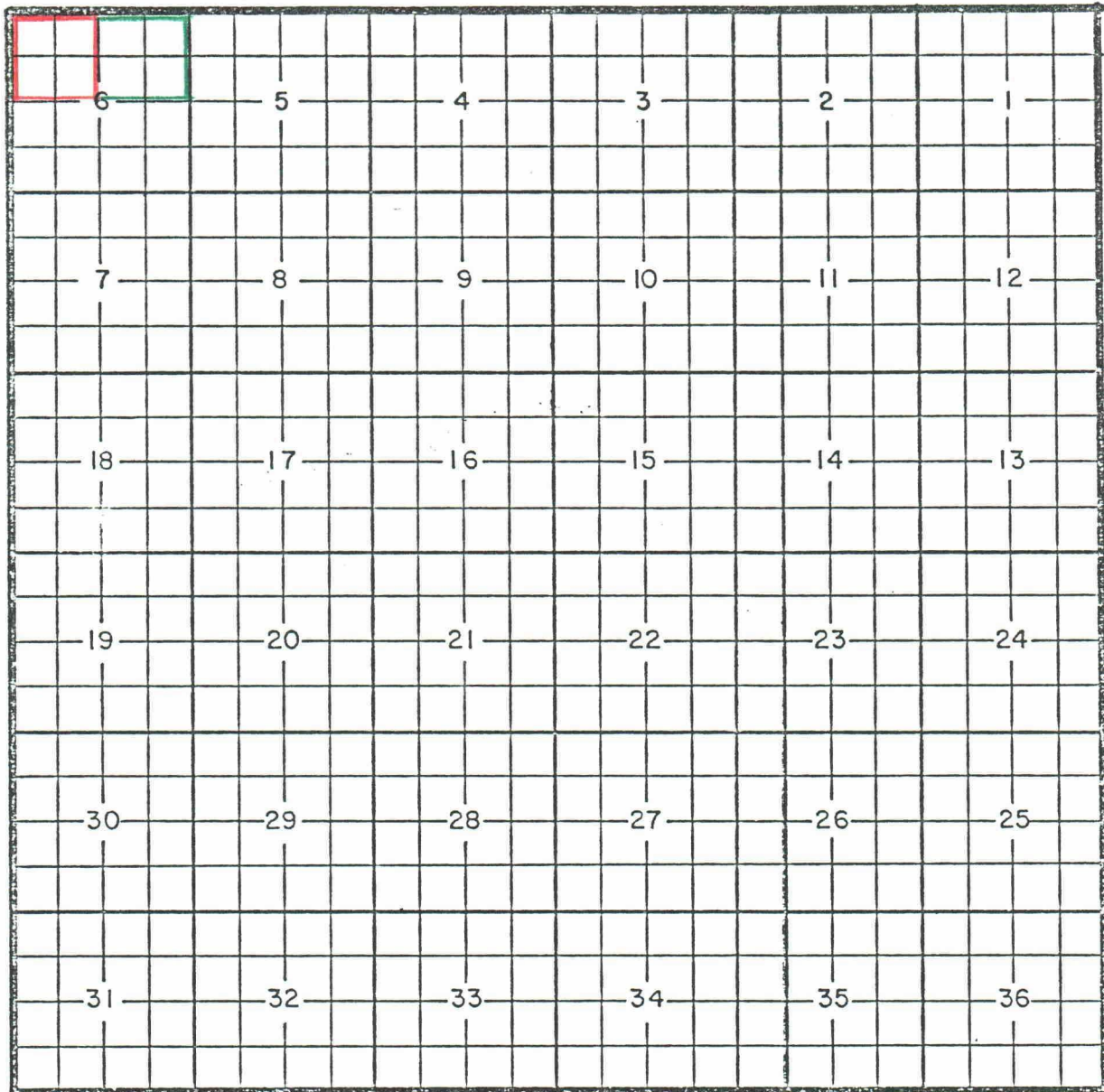
COUNTY LEA

POOL BUFFALO-YATES

TOWNSHIP 19 South

RANGE 33 East

NMPM



PURPOSE: One completed oil well capable of producing.

Amoco Production Company Nellis Federal #4-G in Sec. 6, T19S, R33E, completed June 21, 1986, in the Yates formation. Top perforations is at 3485 feet.

Pool boundary outlined in red.

Proposed pool extension outlined in green. Section 6: NE/4

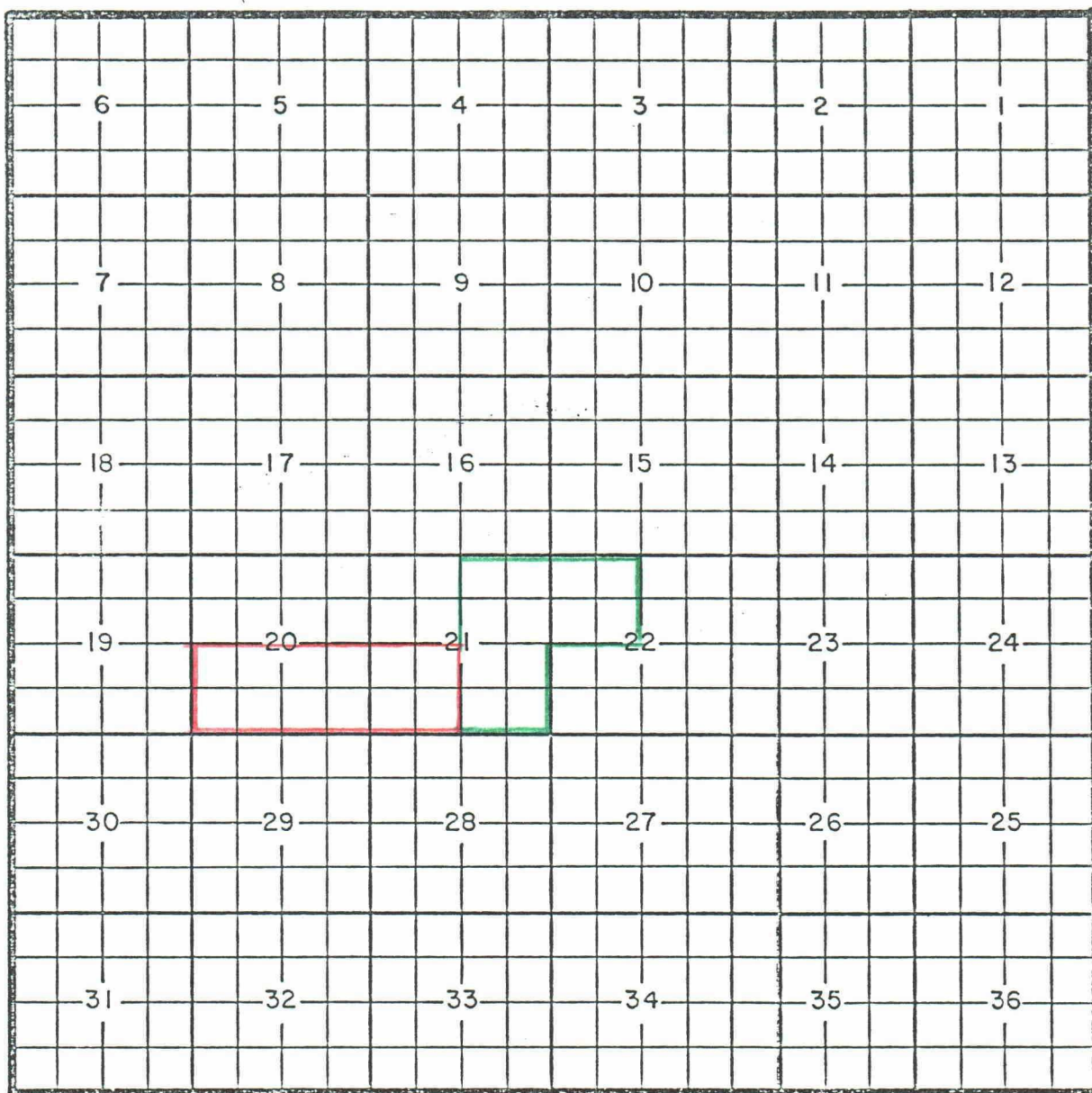
COUNTY LEA

POOL SOUTH CORBIN-BONE SPRING

TOWNSHIP 18 South

RANGE 33 East

NMPM



PURPOSE: One completed oil well capable of producing.

Southland Royalty Company Aztec 22 Federal #1-F in Sec 22, T18S, R33E, completed March 22, 1986, in the Bone Spring formation. Top perforations is at 8927 feet.

Pool boundary outlined in red.

Proposed pool extension outlined in green. Section 21: E/2

Section 22: NW/4

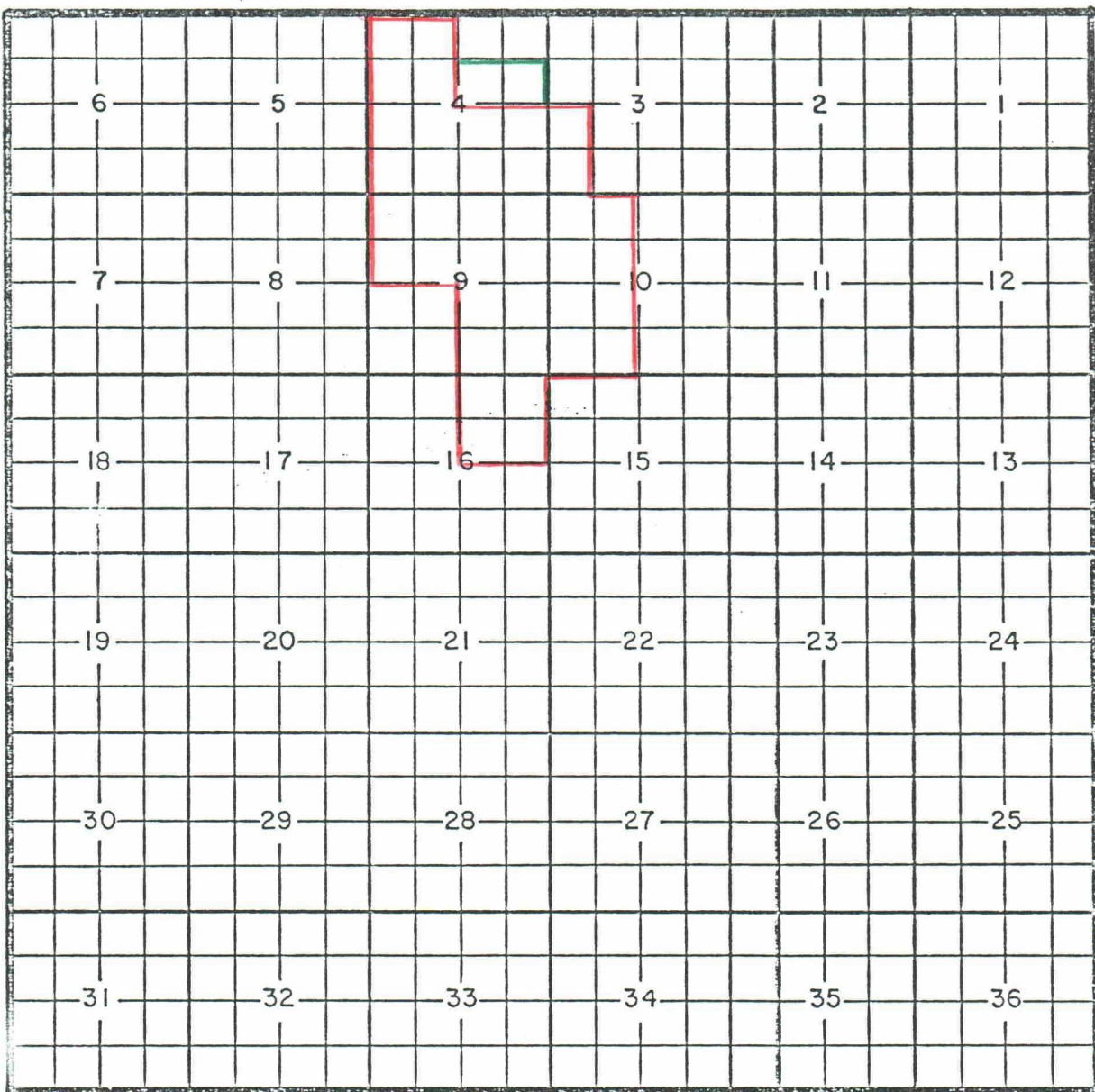
COUNTY LEA

POOL CENTRAL CORBIN-QUEEN

TOWNSHIP 18 South

RANGE 33 East

NMPM



PURPOSE: One completed oil well capable of producing.

Dallas McCasland Corbin A #3-G in Sec 4, T18S, R33E, completed July 5, 1986,
in the Queen formation. Top perforations is at 4163 feet.

Pool boundary outlined in red.

Proposed pool extension outlined in green. Section 4: S/2 NE/4

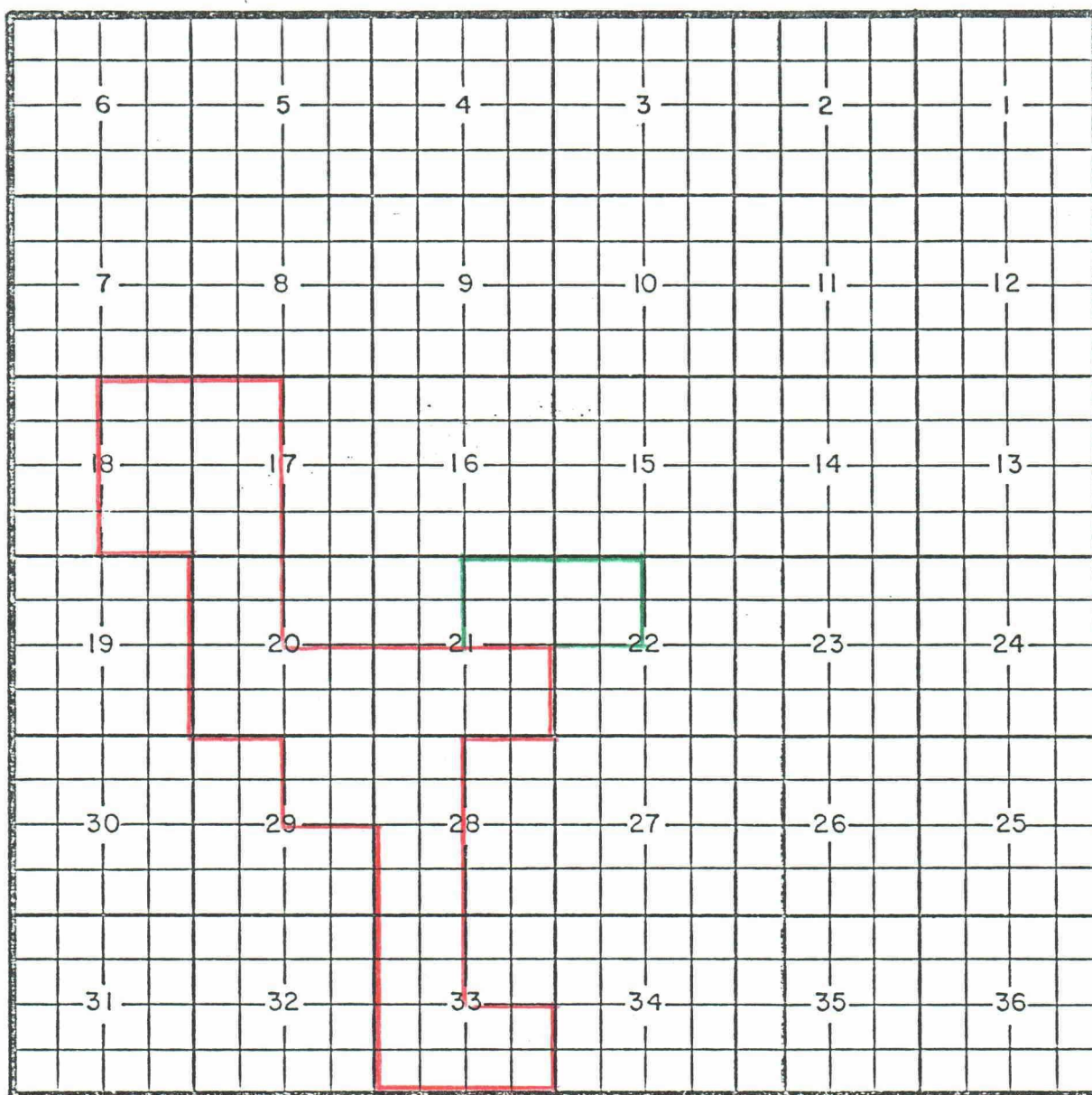
COUNTY LEA

POOL SOUTH CORBIN-WOLFCAMP

TOWNSHIP 18 South

RANGE 33 East

NMPM



PURPOSE: One completed oil well capable of producing.

Southland Royalty Company Aztec 22 Federal #1-F in Sec 22, T18S, R33E,
completed March 22, 1986, in the Wolfcamp formation. Top perforations
is at 10,745 feet.

Pool boundary outlined in red.

Proposed pool extension outlined in green. Section 21: NE/4

Section 22: NW/4

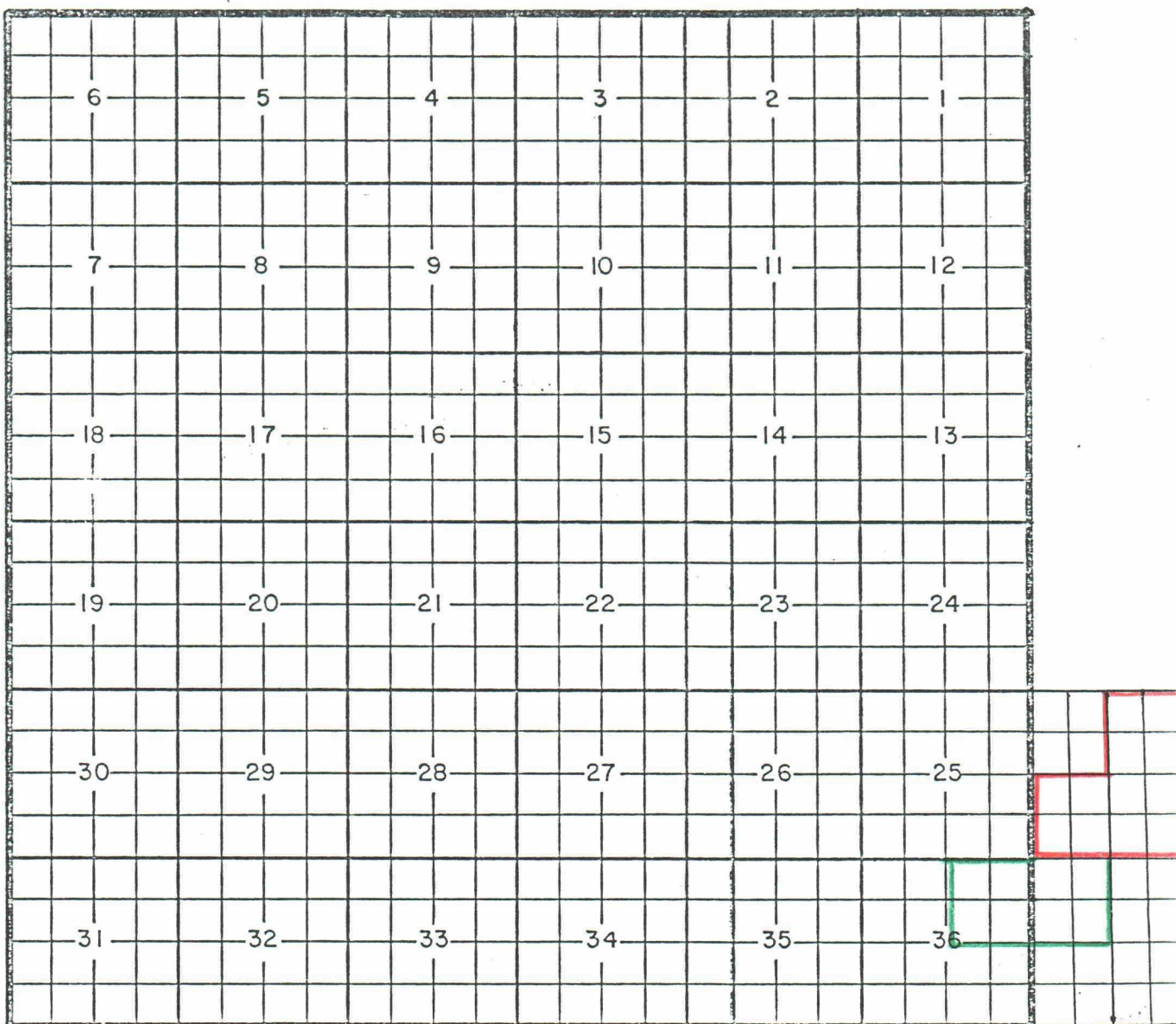
COUNTY LEA

POOL SOUTH DOUBLE A-ABO

TOWNSHIP 17 South

RANGE 35 East

NMPM



PURPOSE: One completed oil well capable of producing.

BTA Oil Producers Buckeye B 8601 JV-P #1-A in Sec 36, T17S, R35E, completed September 5, 1986, in the Abo formation. Top perforations is at 9326 feet.

Pool boundary outlined in red.

Proposed pool extension outlined in green. Section 36: NE/4

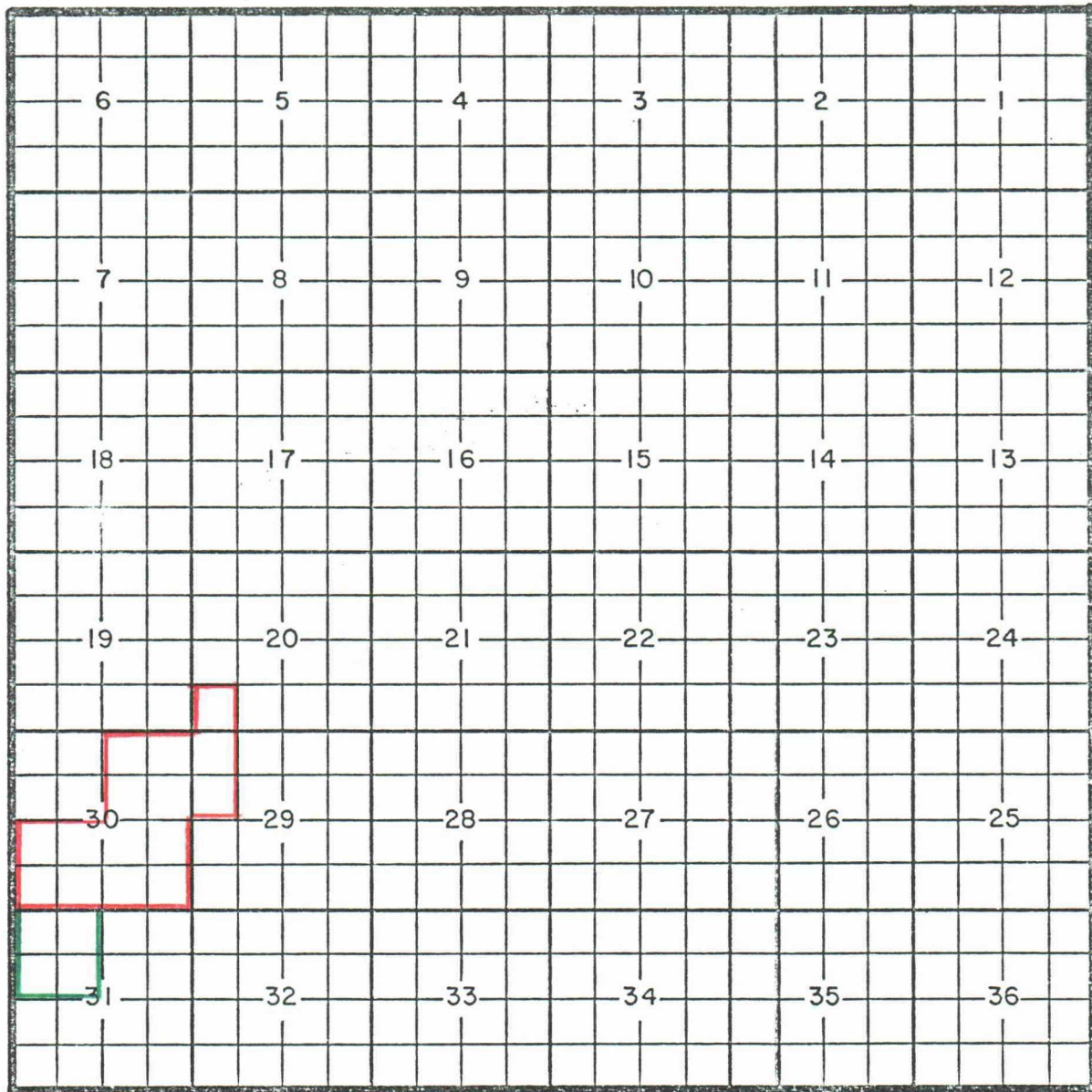
COUNTY LEA

POOL SOUTH DOUBLE A-ABO

TOWNSHIP 17 South

RANGE 36 East

NMPM



PURPOSE: One completed oil well capable of producing.

Pool boundary outlined in red.

Proposed pool extension outlined in green. Section 31: NW/4

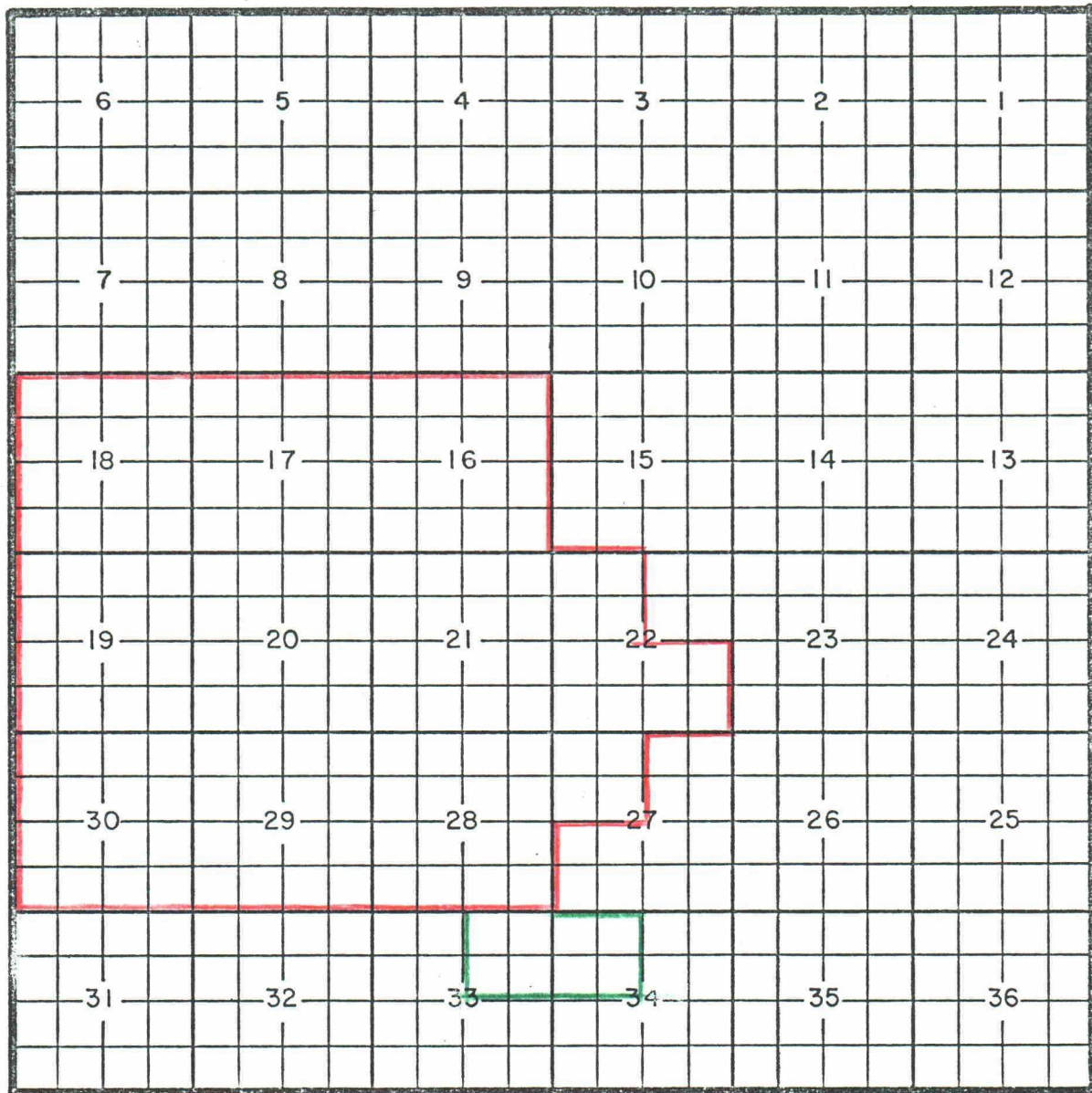
COUNTY LEA

POOL KEMNITZ-LOWER WOLFCAMP

TOWNSHIP 16 South

RANGE 34 East

NMPM



PURPOSE: One completed oil well capable of producing.

Yates Petroleum Corporation Vacuum North ADJ State Com #1-D in Sec 34, T16S, R34E, completed March 20, 1986, in the Lower Wolfcamp formation. Top perforations is at 10,713 feet.

Pool bounday outlined in red.

Proposed pool extension outlined in green. Section 33: NE/4

Section 34: NW/4

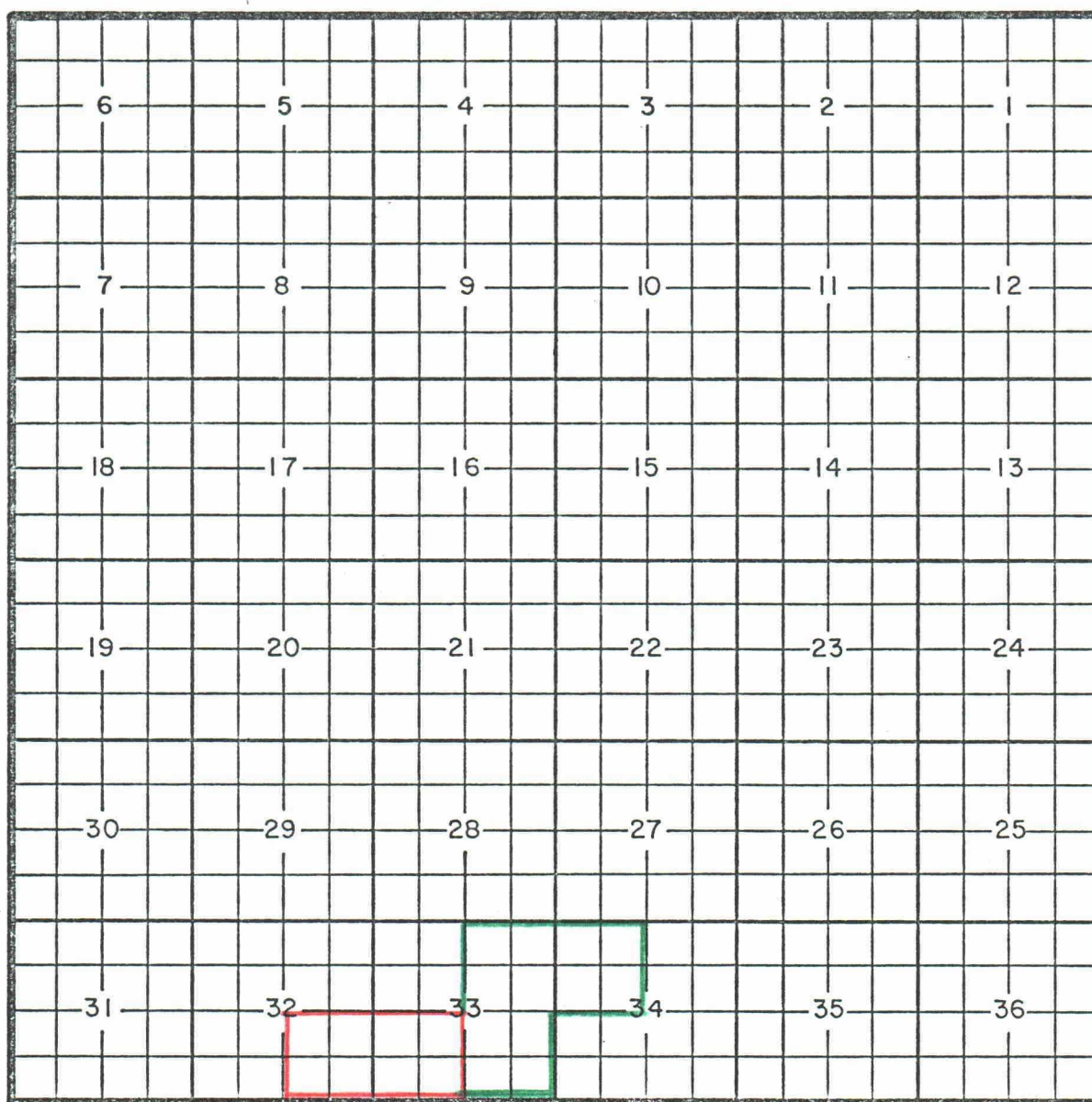
COUNTY LEA

POOL SOUTH KEMNITZ-UPPER WOLFCAMP

TOWNSHIP 16 South

RANGE 34 East

NMPM



PURPOSE: One completed oil well capable of producing.

Yates Petroleum Corporation Vacuum ADJ State Com #1-D in Sec 34, T16S, R34E, completed March 20, 1986, in the Upper Wolfcamp formation. Top perforations is at 10,185 feet.

Pool boundary outlined in red.

Proposed pool extension outlined in green. Section 33: E/2

Section 34: NW/4

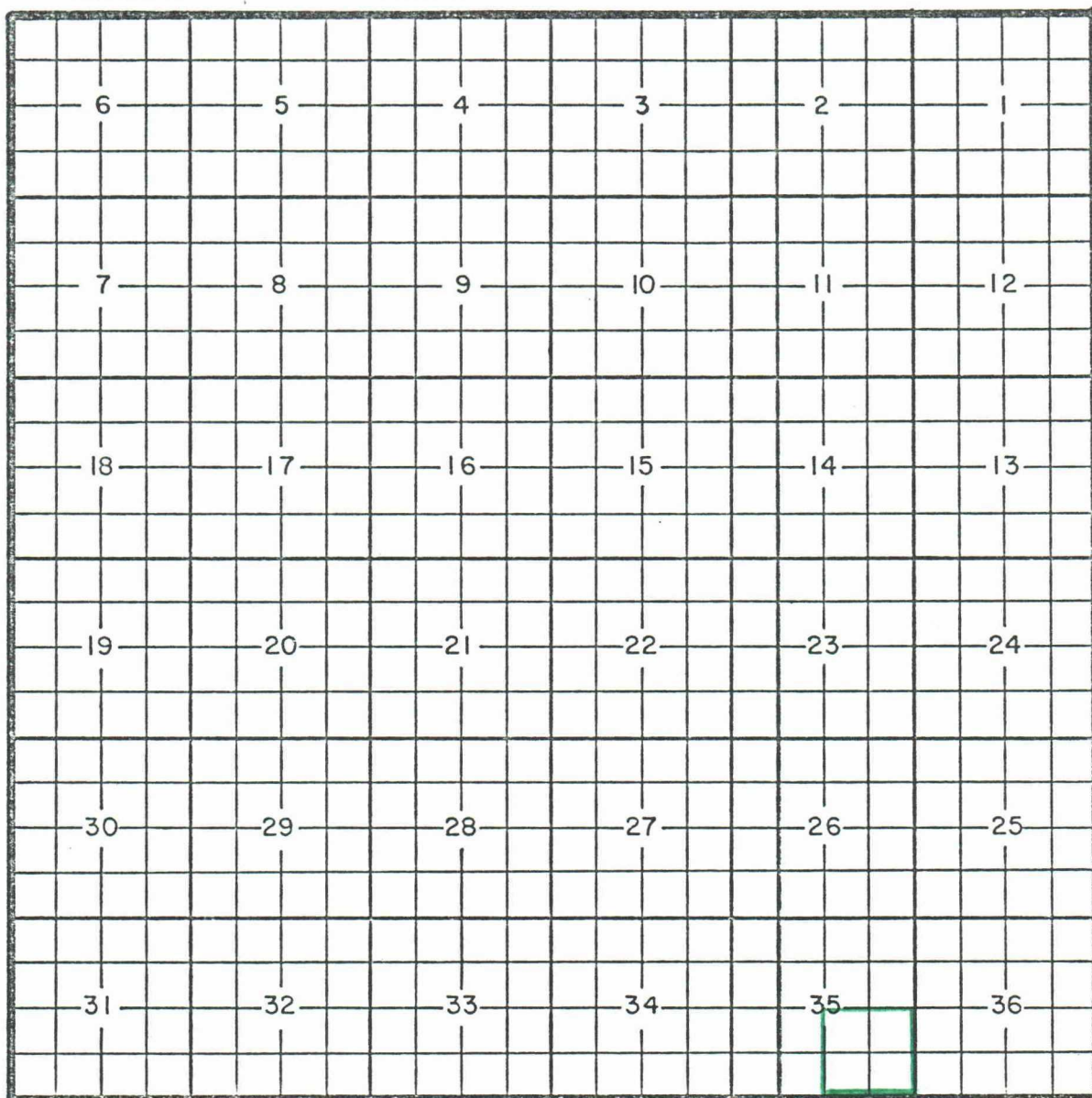
COUNTY LEA

POOL NORTHEAST LEA-DELAWARE

TOWNSHIP 19 South

RANGE 34 East

NMPM



PURPOSE: One completed oil well capable of producing.

Pennzoil Company Mescalero Ridge Unit #3-P in Sec 35, T19S, R34E, completed August 17, 1986, in the Delaware formation. Top perforations is at 5780 feet.

Pool boundary outlined in red.

Proposed pool extension outlined in green. Section 35: SE/4

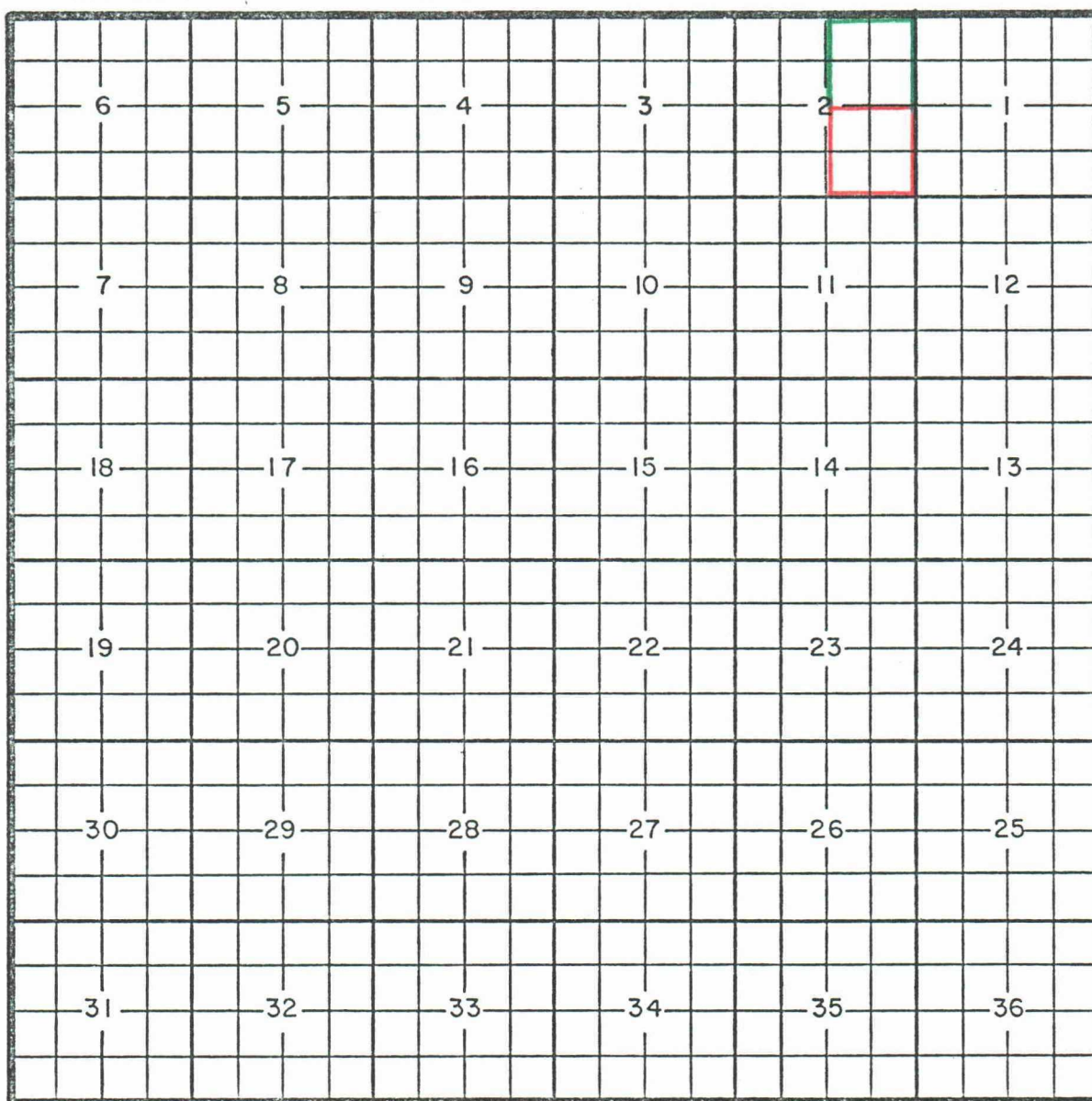
COUNTY LEA

POOL NORTHEAST LEA-DELAWARE

TOWNSHIP 20 South

RANGE 34 East

NMPM



PURPOSE: One completed oil well capable of producing.

Pool boundary outlined in red.

Proposed pool extension outlined in green. Section 2: NE/4

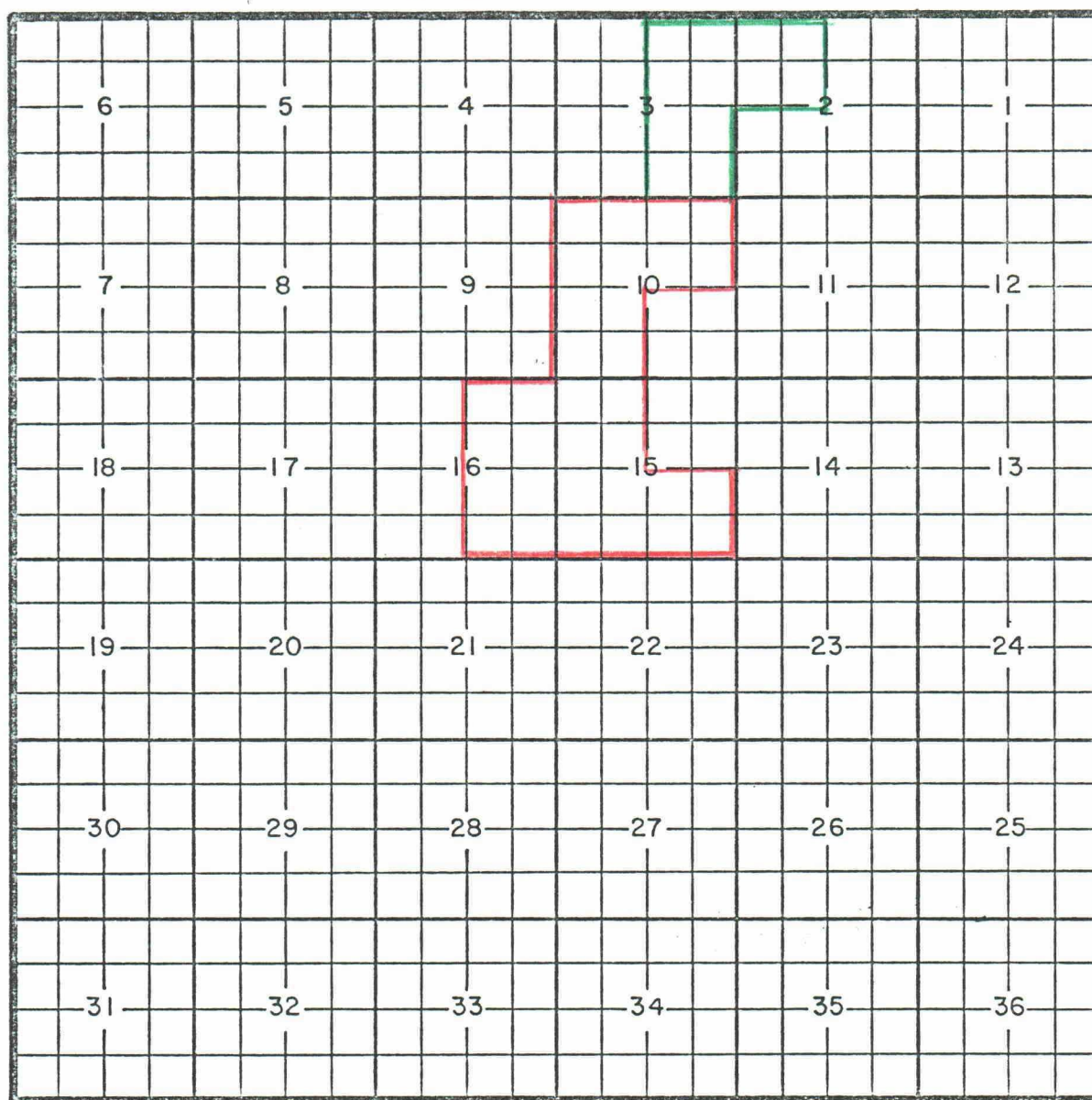
COUNTY LEA

POOL EAST LUSK-WOLFCAMP

TOWNSHIP 19 South

RANGE 32 East

NMPM



PURPOSE: One completed oil well capable of producing.

Phillips Petroleum Company State 1-2 #1-E, in Sec 2, T19S, R32E, completed July 23, 1986, in the Wolfcamp formation. Top perforations is at 10,546 feet.

Pool bounday outlined in red.

Proposed pool extension outlined in green. Section 2: NW/4

Section 3: E/2

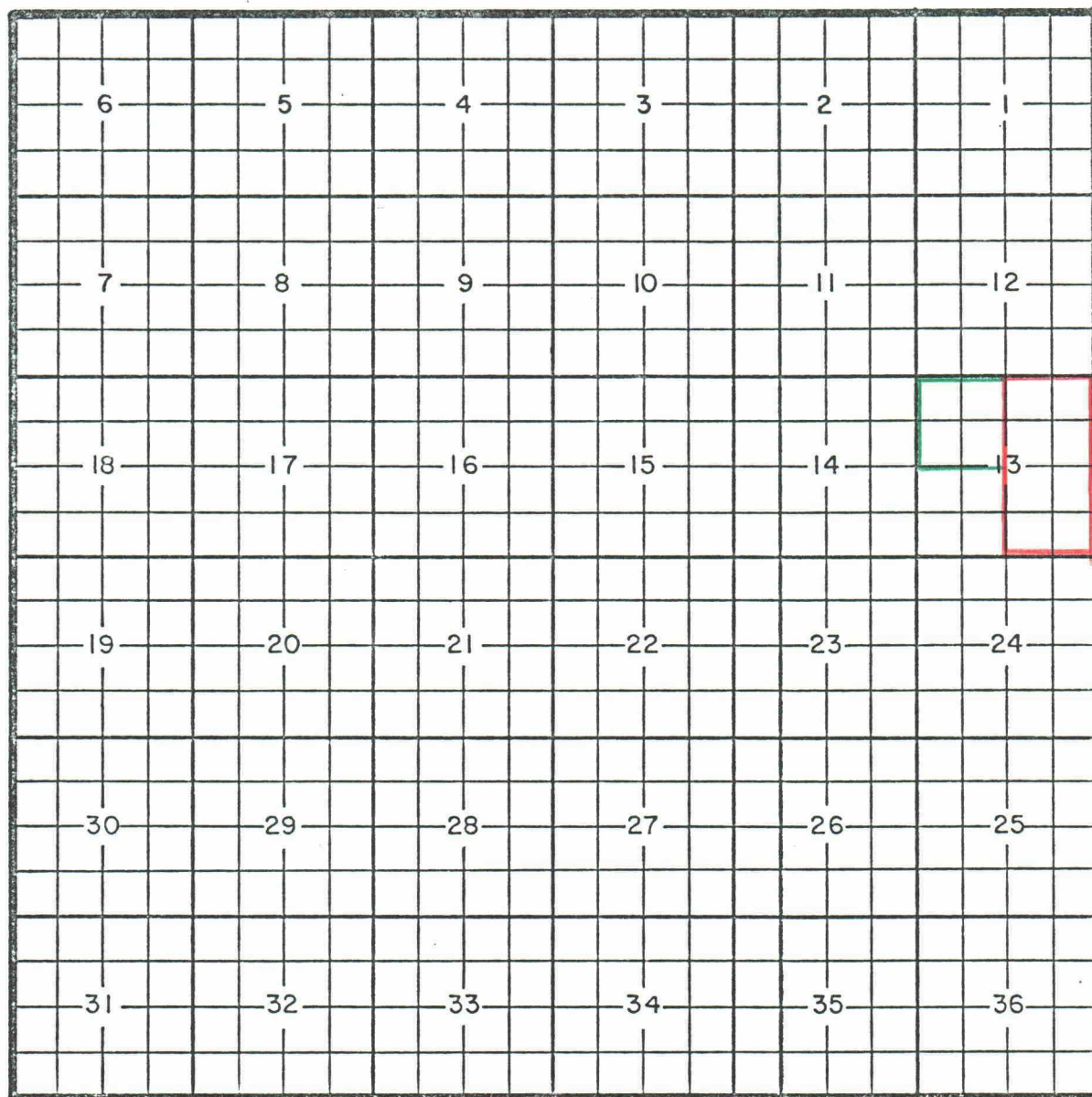
COUNTY LEA

POOL MIDWAY-ABO

TOWNSHIP 17 South

RANGE 36 East

NMPM



PURPOSE: One completed oil well capable of producing.

BTA Oil Producers Midway B 8408 JV-P #1-F in Sec 13, T17S, R36E, completed
September 15, 1986, in the Abo formation. Top perforations is at 8954 feet.

Pool boundary outlined in red.

Proposed pool extension outlined in green. Section 13: NW/4

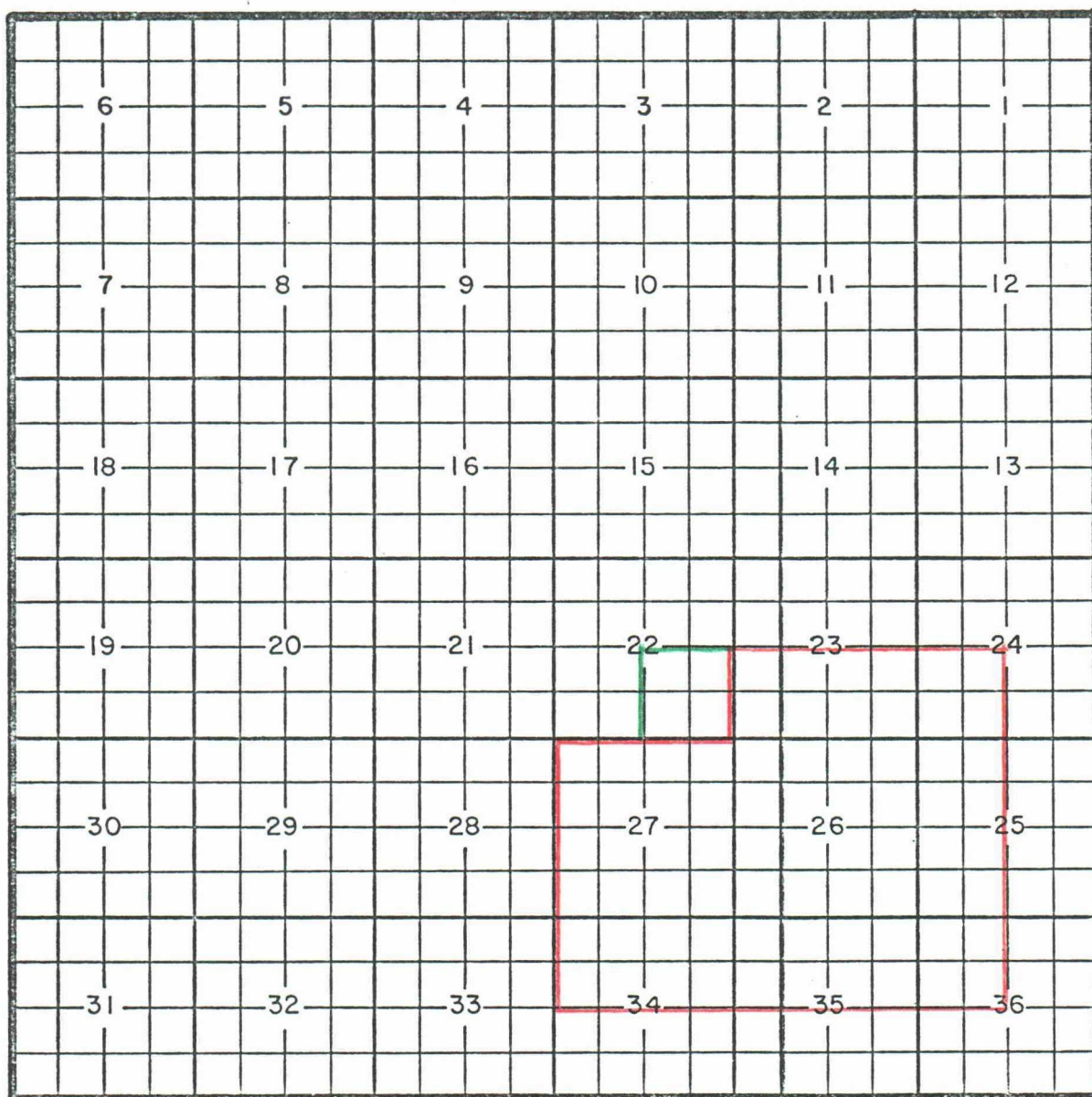
COUNTY LEA

POOL QUERECHO PLAINS-UPPER BONE SPRING

TOWNSHIP 18 South

RANGE 32 East

NMPM



PURPOSE: One completed oil well capable of producing.

Mewbourne Oil Company Federal "H" #2-P in Sec 22, T18S, R32E, completed April 5, 1986, in the Bone Spring formation. Top perforations is at 8396 feet.

Pool boundary outlined in red.

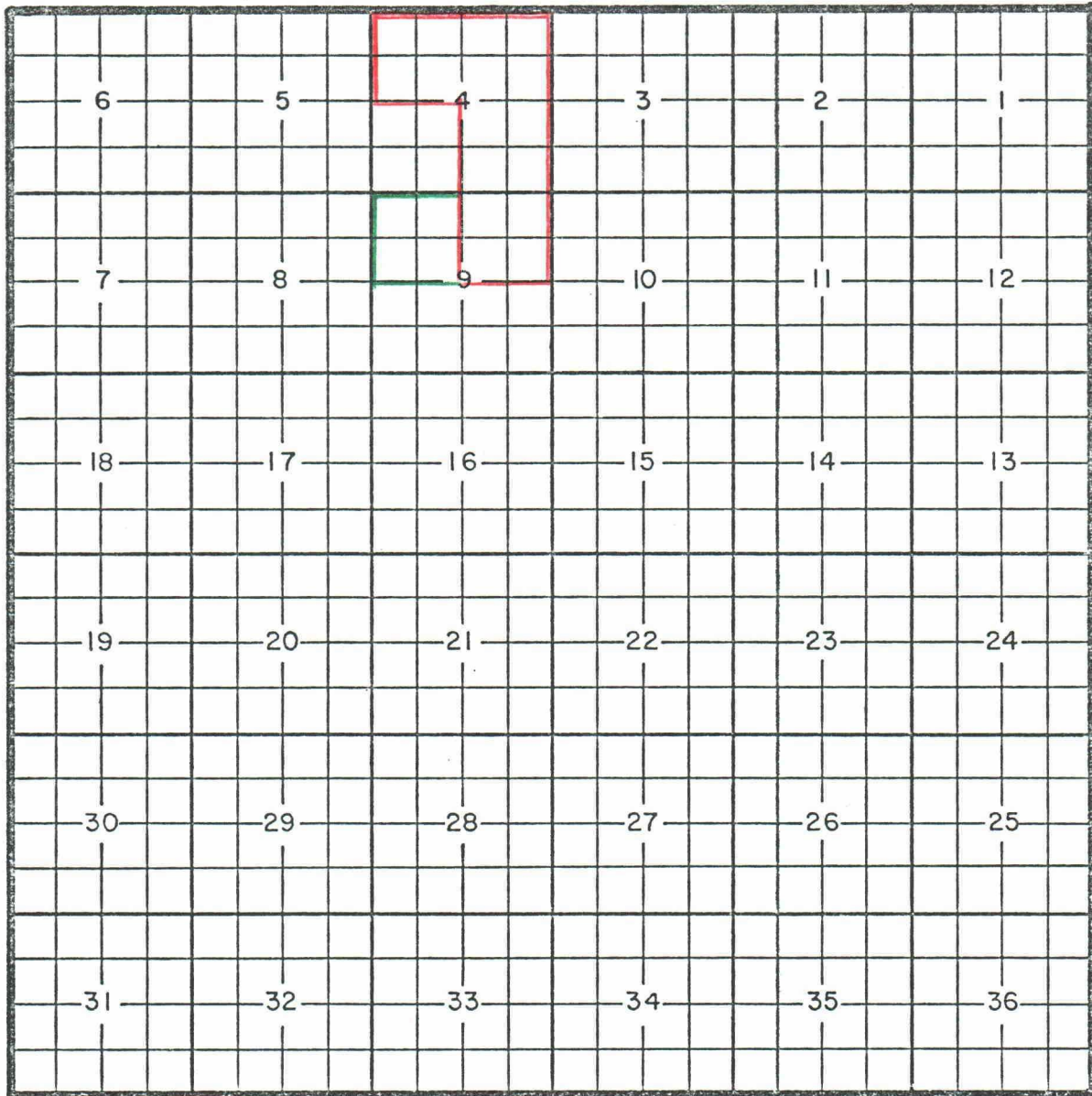
Proposed pool extension outlined in green. Section 22: SE/4

COUNTY LEA

POOL SHIPP-STRAWN

TOWNSHIP 17 South RANGE 37 East

NMPM



PURPOSE: One completed oil well capable of producing.

Barbara Fasken Consolidated State #3-C in Sec 9, T17S, R37E, completed September 4, 1986, in the Strawn formation. Top perforations is at 10,944 feet.

Pool boundary outlined in red.

Proposed pool extension outlined in green. Section 9: NW/4

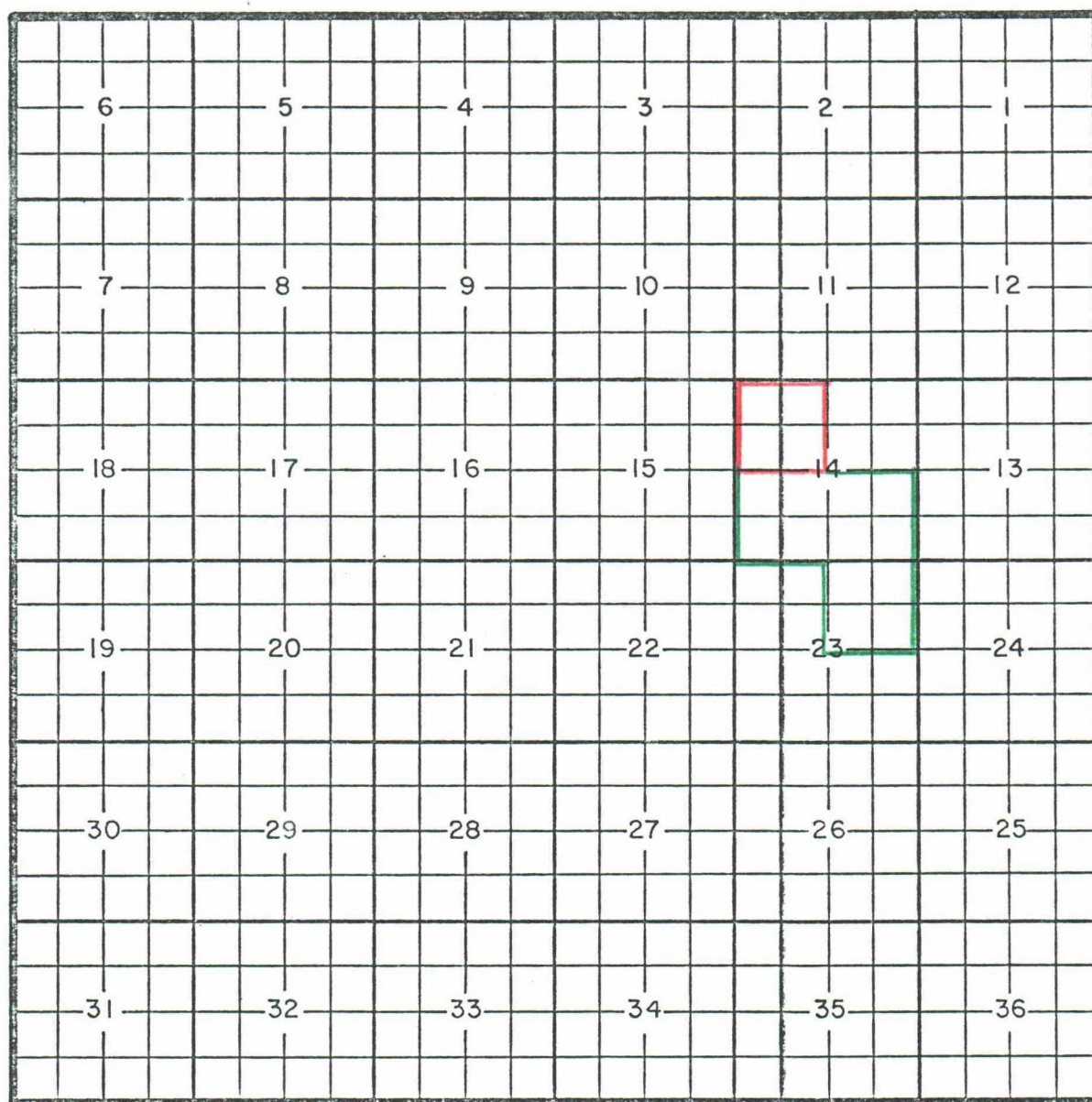
COUNTY LEA

POOL TEAS-BONE SPRING

TOWNSHIP 20 South

RANGE 33 East

NMPM



PURPOSE: One completed oil well capable of producing.

Julian Ard South Teas Fed #1-G in Sec 23, T20S, R33E, completed May 30, 1985,
in the Bone Spring formation. Top perforations is at 8420 feet.

Pool boundary outlined in red.

Proposed pool extension outlined in green. Section 23: NE/4

Section 14: S/2

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9008
Order No. R-8340

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN
ORDER CREATING AND EXTENDING CERTAIN
POOLS IN LEA AND ROOSEVELT COUNTIES,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 22, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 3rd day of November, 1986, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) There is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Grayburg formation, said pool to bear the designation of Quail-Grayburg Pool. Said Quail-Grayburg Pool was discovered by the Fred G. Yates Reddy-Gulf State Well No. 3 located in Unit E of Section 18, Township 19 South, Range 35 East, NMPM. It was completed in the Grayburg formation on May 24, 1986. The top of the perforations is at 5,646 feet.

(3) There is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the Morrow formation, said pool to bear the designation of Tatum-Morrow Gas Pool. Said Tatum-Morrow Gas Pool was discovered by the John L. Cox State 26 Well No. 1 located in Unit N of Section 26, Township 12 South, Range 36 East, NMPM. It was completed in the Morrow formation on March 15, 1986. The top of the perforations is at 12,674 feet.

(4) There is need for the creation of a new pool in Roosevelt County, New Mexico, for the production of gas from the Montoya formation, said pool to bear the designation of Tule-Montoya Gas Pool. Said Tule-Montoya Gas Pool was discovered by the Marshall Pipe & Supply Company Wendell Best Well No. 1 located in Unit J of Section 27, Township 2 South, Range 29 East, NMPM. It was completed in the Montoya formation on May 20, 1986. The top of the perforations is at 7,006 feet.

(5) There is need for certain extensions to the Buffalo-Yates Pool, the South Corbin-Bone Spring Pool, the Central Corbin-Queen Pool, the South Corbin-Wolfcamp Pool, the South Double A-Abo Pool, the Kemnitz-Lower Wolfcamp Pool, the South Kemnitz-Upper Wolfcamp Pool, the Northeast Lea-Delaware Pool, the East Lusk-Wolfcamp Pool, the Midway-Abo Pool, the Querecho Plains-Upper Bone Spring Pool, the Shipp-Strawn Pool, and the Teas-Bone Spring Pool, all in Lea County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Lea County, New Mexico, classified as an oil pool for Grayburg production is hereby created and designated as the Quail-Grayburg Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 18: NW/4

(b) A new pool in Lea County, New Mexico, classified as a gas pool for Morrow production is hereby created and designated as the Tatum-Morrow Gas Pool, consisting of the following described area:

TOWNSHIP 12 SOUTH, RANGE 36 EAST, NMPM
Section 26: S/2

(c) A new pool in Roosevelt County, New Mexico, classified as a gas pool for Montoya production is hereby created and designated as the Tule-Montoya Gas Pool, consisting of the following described area:

TOWNSHIP 2 SOUTH, RANGE 29 EAST, NMPM
Section 27: S/2

(d) The Buffalo-Yates Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 6: NE/4

(e) The South Corbin-Bone Spring Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 21: E/2
Section 22: NW/4

(f) The Central Corbin-Queen Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 4: S/2 NE/4

(g) The South Corbin-Wolfcamp Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 21: NE/4
Section 22: NW/4

(h) The South Double A-Abo Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 36: NE/4

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

(i) The Kemnitz-Lower Wolfcamp Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
Section 33: NE/4
Section 34: NW/4

(j) The South Kemnitz-Upper Wolfcamp Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
Section 33: E/2
Section 34: NW/4

(k) The Northeast Lea-Delaware Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 35: SE/4

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 2: NE/4

(l) The East Lusk-Wolfcamp Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 2: NW/4
Section 3: E/2

(m) The Midway-Abo Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM
Section 13: NW/4

(n) The Querecho Plains-Upper Bone Spring Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 22: SE/4

(o) The Shipp-Strawn Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 9: NW/4

(p) The Teas-Bone Spring Pool in Lea County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM

Section 14: S/2

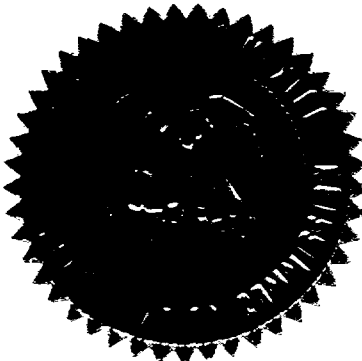
Section 23: NE/4

IT IS FURTHER ORDERED THAT:

(1) Pursuant to Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said 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 shall subject the well to cancellation of allowable.

(2) The effective date of this order and all creations and extensions included herein shall be November 1, 1986.

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "R. L. Stamets".

RICHARD L. STAMETS
Director

fd/