

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:

NOMENCLATURE
CASE NO. 15430
ORDER NO. R-14185

APPLICATION OF CIMAREX ENERGY CO. OF COLORADO TO CHANGE THE SETBACK REQUIRMENTS IN THE WOLFCAMP FORMATION WITHIN TOWNSHIPS 24 SOUTH, 25 SOUTH, 26 SOUTH AND RANGES 25 EAST, 26 EAST, AND 27 EAST, NMPM, EDDY COUNTY, NEW MEXICO, TO EXPAND POOL BOUNDARIES, AND TO ESTABLISH THE CROOKED CREEK WOLFCAMP, EAST (GAS) POOL, THE BLACK RIVER WOLFCAMP, SOUTHWEST (GAS) POOL, THE WELCH WOLFCAMP (GAS) POOL, THE MILEPOST WOLFCAMP (GAS) POOL, AND THE MILEPOST WOLFCAMP, NORTHEAST (GAS) POOL 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 7, 2016, at Santa Fe, New Mexico, before Examiner Phillip R. Goetze.

NOW, on this 24th day of June, 2016, 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 the subject matter.
- (2) Cimarex Energy Co. of Colorado (the "Applicant" or "Cimarex") seeks an order:
 - (a) authorizing the reduction of the 660-foot spacing setback requirements for all established and proposed Wolfcamp gas pools located in Township 24 South, Range 25 East, NMPM; Township 24 South, Range 26 East, NMPM; Township 24 South, Range 27 East, NMPM;

Township 25 South, Range 25 East, NMPM; Township 25 South, Range 26 East, NMPM; Township 25 South, Range 27 East, NMPM; Township 26 South, Range 25 East, NMPM; Township 26 South, Range 26 East, NMPM; Township 26 South, Range 27 East, NMPM; with all referenced townships (collectively referred to as the "Application Area") being located in Eddy County, New Mexico.

(b) expanding the boundaries for the following Wolfcamp gas pools:

- (i) Black River; Wolfcamp (Gas) Pool (Pool Code 72240);
- (ii) Black River; Wolfcamp, East (Gas) Pool (Pool Code 97442);
- (iii) Sage Draw; Wolfcamp (Gas) Pool (Pool Code 84407);
- (iv) Sage Draw; Wolfcamp, East (Gas) Pool (Pool Code 96890);
- (v) Sulfate Draw; Wolfcamp (Gas) Pool (Pool Code 85780);
- (vi) White City; Wolfcamp, South (Gas) Pool (Pool Code 97592); and
- (vii) White City; Wolfcamp, Southwest (Gas) Pool (Pool Code 97766).

(c) creating the following Wolfcamp gas pools:

- (i) Black River; Wolfcamp, Southwest (Gas) Pool (Pool Code 97693);
- (ii) Crooked Creek; Wolfcamp, East (Gas) Pool (Pool Code 98200);
- (iii) Milepost; Wolfcamp (Gas) Pool (Pool Code 97950);
- (iv) Milepost; Wolfcamp, Northeast (Gas) Pool (Pool Code 97882); and
- (v) Welch; Wolfcamp (Gas) Pool (Pool Code 98017).

(3) Applicant appeared at hearing through counsel and presented the following land and engineering testimony:

(a) Applicant has pursued exploration and development of hydrocarbons in the Application Area for the last two years with approximately 30 horizontal wells completed in the Wolfcamp formation.

(b) Applicant has identified the target interval for development as approximately 1440 feet of the Wolfcamp formation; the upper contact located between the Bone Spring formation and the lower contact located at the base of the Wolfcamp "E" marker bed.

(c) The target interval did not have conventional reservoirs with existing permeability characteristics that could be enhanced through minimal stimulation, but instead consisted of unconventional "source rock" reservoirs with very low permeability requiring the application of extensive stimulation programs to enable the hydrocarbon content to be released for production.

(d) The geologic reservoir study of the Application Area identified a primary objective of approximately 200 feet of the target interval for development with horizontal wells and that the occurrence of this primary objective was consistent throughout the Application Area.

(e) Applicant provided retrograde gas pressure-volume-temperature (PVT) fluid studies for three horizontal wells completed in the upper Wolfcamp formation and located either within the Application Area or adjacent to the Application Area. These examples included the following:

- (i) Cottonwood Draw 22 Federal No. 1H (API No. 30-015-36592): the PVT analysis indicated a retrograde dew point of 5457 pounds per square inch-gauge (psig) and concluded that the reservoir fluid existed as saturated gas and condensed retrograde liquid at the static reservoir conditions of 3500 psig and 165 degrees Fahrenheit (°F).
- (ii) Seldom Seen 15 Federal No. 1H (API No. 30-015-37714): the PVT analysis indicated a retrograde dew point of 4503 psig and concluded that the reservoir fluid existed as undersaturated (single-phase) gas at the static reservoir conditions of 6700 psig and 165 °F.
- (iii) Cimarex Well in the West Ford (Wolfcamp) field, Culberson, Texas: the PVT analysis indicated a retrograde dew point of 4560 psig and concluded that the reservoir fluid existed as undersaturated (single-phase) gas at static reservoir conditions of 6800 psig and 170 °F.

(f) Based on the PVT fluid studies for the Wolfcamp wells and comparison of fluid analyses for Bone Spring formations, Applicant contended that primary occurrences of hydrocarbons in the target interval, following the completions of horizontal wells, will be retrograde gas condensate reservoirs.

(g) The target interval being retrograde gas condensate reservoirs with low existing permeability, along with Applicant's experience in fracturing of the horizontal wells in the White City area, resulted in undeveloped hydrocarbon resources remaining within a 660-foot setback.

(h) The revision of setback requirements to the 330-foot distance for Wolfcamp gas pools in the Application Area, along with the pool creations and expansions, would reduce the unnecessary drilling of additional wells, prevent waste and protect correlative rights.

(i) Applicant proposed the reduction of the 660-foot setback to a 330-foot setback for four additional existing Wolfcamp gas pools in the Application Area: the Hay Hollow-Wolfcamp Gas Pool (Pool Code 96607), the West Hay Hollow-Wolfcamp Gas Pool (Pool Code 97625), the Northeast Sulfate Draw-Wolfcamp Gas Pool (Pool Code 96333), and the White City-Wolfcamp Gas Pool (Pool Code 87285).

(j) The pools proposed for creation or expansion in the Application Area were originally developed by the Division's District I geologist for management of spacing and proration units and have been reviewed by the Division's District I geologist.

(4) No other party appeared at the hearing or otherwise opposed this application.

(5) Notice was provided in this Case as required by Division Rules.

The Division concludes as follows:

(6) The Wolfcamp formation within the Application Area has substantial source rock intervals, or unconventional reservoirs, which contain significant hydrocarbon resources with extremely low permeability. The pressure-decay analysis indicated the permeability in this unconventional interval of the formation range from one to three nano-Darcy.

(7) By virtue of these reservoir characteristics, the Wolfcamp formation in this area must be developed by horizontal wells with intricate fracturing programs to be successful.

(8) The Applicant presented evidence to substantiate its assertion that approval of a decreased setback requirement for Wolfcamp gas pools will not detrimentally impact correlative rights while providing opportunity to develop hydrocarbon resources that would otherwise remain in the reservoir.

(9) The Division's District I geologist has reviewed and concurred with the proposed pool creations, the proposed pool expansions and proposed modification of the setback requirements.

(10) Approval of this application will provide the Applicant an opportunity to produce the Wolfcamp formation in an efficient manner that will not cause waste and will protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of Cimarex Energy Co. of Colorado, Inc., a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production, is hereby created and designated the **Southwest Black River-Wolfcamp Gas Pool (Pool Code 97693)**. The Southwest Black River-Wolfcamp Gas Pool shall initially comprise the following described area:

TOWNSHIP 24 SOUTH, RANGE 25 EAST, NMPM

Section 25: E/2

Section 36: E/2

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM

Section 14: W/2

Section 22: E/2

Section 23: NW/4

Section 27: W/2 and NE/4

Section 28: S/2

Section 29: S/2

Section 30: All

Section 32: S/2 and NW/4

(2) "*Special Pool Rules for the Southwest Black River-Wolfcamp Gas Pool*" are hereby established as follows:

**SPECIAL POOL RULES
FOR THE
SOUTHWEST BLACK RIVER-WOLFCAMP GAS POOL**

Rule 1. Each horizontal well completed or recompleted in the Wolfcamp formation within the horizontal boundaries of the Southwest Black River-Wolfcamp Gas Pool, or within one mile of the outer boundaries of said pool and not nearer to or within the limits of another Wolfcamp pool, shall be drilled,

spaced, operated, and produced in accordance with the Special Rules hereinafter set forth.

Rule 2. A horizontal well may be drilled provided that no portion of the completed interval is closer than 330 feet to the outer boundary of its project area unless otherwise approved by the Division pursuant to Division Rule 19.15.15.13 NMAC.

Rule 3. In all other respects such wells shall remain subject to statewide rules including Division Rule 19.15.16.15 NMAC.

(3) A new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production, is hereby created and designated the **East Crooked Creek-Wolfcamp Gas Pool (Pool Code 98200)**. The East Crooked Creek-Wolfcamp Gas Pool shall initially comprise the following described area:

TOWNSHIP 24 SOUTH, RANGE 25 EAST, NMPM
Section 5: N/2

(4) "Special Pool Rules for the East Crooked Creek-Wolfcamp Gas Pool" are hereby established as follows:

SPECIAL POOL RULES
FOR THE
EAST CROOKED CREEK-WOLFCAMP GAS POOL

Rule 1. Each horizontal well completed or recompleted in the Wolfcamp formation within the horizontal boundaries of the East Crooked Creek-Wolfcamp Gas Pool, or within one mile of the outer boundaries of said pool and not nearer to or within the limits of another Wolfcamp pool, shall be drilled, spaced, operated, and produced in accordance with the Special Rules hereinafter set forth.

Rule 2. A horizontal well may be drilled provided that no portion of the completed interval is closer than 330 feet to the outer boundary of its project area unless otherwise approved by the Division pursuant to Division Rule 19.15.15.13 NMAC.

Rule 3. In all other respects such wells shall remain subject to statewide rules including Division Rule 19.15.16.15 NMAC.

(5) A new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production, is hereby created and designated the Milepost-Wolfcamp Gas Pool (**Pool Code 97950**). The Milepost-Wolfcamp Gas Pool shall initially comprise the following described area:

TOWNSHIP 26 SOUTH, RANGE 25 EAST, NMPM
Section 29: W/2

(6) "Special Pool Rules for the Milepost-Wolfcamp Gas Pool" are hereby established as follows:

SPECIAL POOL RULES
FOR THE
MILEPOST-WOLFCAMP GAS POOL

Rule 1. Each horizontal well completed or recompleted in the Wolfcamp formation within the horizontal boundaries of the Milepost-Wolfcamp Gas Pool, or within one mile of the outer boundaries of said pool and not nearer to or within the limits of another Wolfcamp pool, shall be drilled, spaced, operated, and produced in accordance with the Special Rules hereinafter set forth.

Rule 2. A horizontal well may be drilled provided that no portion of the completed interval is closer than 330 feet to the outer boundary of its project area unless otherwise approved by the Division pursuant to Division Rule 19.15.15.13 NMAC.

Rule 3. In all other respects such wells shall remain subject to statewide rules including Division Rule 19.15.16.15 NMAC.

(7) A new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production, is hereby created and designated the Northeast Milepost-Wolfcamp Gas Pool (**Pool Code 97882**). The Northeast Milepost-Wolfcamp Gas Pool shall initially comprise the following described area:

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

(8) "Special Pool Rules for the Northeast Milepost-Wolfcamp Gas Pool" are hereby established as follows:

SPECIAL POOL RULES
FOR THE
NORTHEAST MILEPOST-WOLFCAMP GAS POOL

Rule 1. Each horizontal well completed or recompleted in the Wolfcamp formation within the horizontal boundaries of the Northeast Milepost-Wolfcamp Gas Pool, or within one mile of the outer boundaries of said pool and not nearer to or within the limits of another Wolfcamp pool, shall be drilled, spaced, operated, and produced in accordance with the Special Rules hereinafter set forth.

Rule 2. A horizontal well may be drilled provided that no portion of the completed interval is closer than 330 feet to the outer boundary of its project area unless otherwise approved by the Division pursuant to Division Rule 19.15.15.13 NMAC.

Rule 3. In all other respects such wells shall remain subject to statewide rules including Division Rule 19.15.16.15 NMAC.

(9) A new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production, is hereby created and designated the Welch-Wolfcamp Gas Pool (**Pool Code 98017**). The Welch-Wolfcamp Gas Pool shall initially comprise the following described area:

TOWNSHIP 26 SOUTH, RANGE 27 EAST, NMPM

Section 26: All
Section 27: All
Section 28: All
Section 29: All
Section 32: All
Section 33: All
Section 34: All
Section 35: All

(10) "Special Pool Rules for the Welch-Wolfcamp Gas Pool" are hereby established as follows:

SPECIAL POOL RULES
FOR THE
WELCH-WOLFCAMP GAS POOL

Rule 1. Each horizontal well completed or recompleted in the Wolfcamp formation within the horizontal boundaries of the Welch-Wolfcamp Gas Pool, or within one mile of the outer boundaries of said pool and not nearer to or within the limits of another Wolfcamp pool, shall be drilled, spaced, operated, and produced in accordance with the Special Rules hereinafter set forth.

Rule 2. A horizontal well may be drilled provided that no portion of the completed interval is closer than 330 feet to the outer boundary of its project area unless otherwise approved by the Division pursuant to Division Rule 19.15.15.13 NMAC.

Rule 3. In all other respects such wells shall remain subject to statewide rules including Division Rule 19.15.16.15 NMAC.

(11) The Black River-Wolfcamp Gas Pool (**Pool Code 72240**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM

Section 5: S/2
Section 6: SE/4
Section 17: E/2 and NW/4

Section 18: N/2

(12) "Special Pool Rules for the Black River-Wolfcamp Gas Pool" are hereby established as follows:

**SPECIAL POOL RULES
FOR THE
BLACK RIVER-WOLFCAMP GAS POOL**

Rule 1. Each horizontal well completed or recompleted in the Wolfcamp formation within the horizontal boundaries of the Black River-Wolfcamp Gas Pool or within one mile of the outer boundaries of said pool and not nearer to or within the limits of another Wolfcamp pool, shall be drilled, spaced, operated, and produced in accordance with the Special Rules hereinafter set forth.

Rule 2. A horizontal well may be drilled provided that no portion of the completed interval is closer than 330 feet to the outer boundary of its project area unless otherwise approved by the Division pursuant to Division Rule 19.15.15.13 NMAC.

Rule 3. In all other respects such wells shall remain subject to statewide rules including Division Rule 19.15.16.15 NMAC.

(13) The East Black River-Wolfcamp Gas Pool (**Pool Code 97442**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM
Section 1: S/2

(14) "Special Pool Rules for the East Black River-Wolfcamp Gas Pool" are hereby established as follows:

**SPECIAL POOL RULES
FOR THE
EAST BLACK RIVER-WOLFCAMP GAS POOL**

Rule 1. Each horizontal well completed or recompleted in the Wolfcamp formation within the horizontal boundaries of the East Black River-Wolfcamp Gas Pool, or within one mile of the outer boundaries of said pool and not nearer to or within the limits of another Wolfcamp pool, shall be drilled, spaced, operated, and produced in accordance with the Special Rules hereinafter set forth.

Rule 2. A horizontal well may be drilled provided that no portion of the completed interval is closer than 330 feet to the outer boundary of its project area unless otherwise approved by the Division pursuant to Division Rule 19.15.15.13 NMAC.

Rule 3. In all other respects such wells shall remain subject to statewide rules including Division Rule 19.15.16.15 NMAC.

(15) 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 20: All
Section 21: W/2
Section 29: N/2

(16) The East Sage Draw-Wolfcamp Gas Pool (**Pool Code 96890**) in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM

Section 1: All
Section 3: S/2
Section 10: All
Section 13: All
Section 14: W/2
Section 15: All
Section 22: All
Section 23: All
Section 24: All
Section 25: NE/4
Section 27: All
Section 34: N/2 and SE/4

TOWNSHIP 25 SOUTH, RANGE 27 EAST, NMPM

Section 30: W/2
Section 31: N/2 and SW/4
Section 32: W/2

TOWNSHIP 26 SOUTH, RANGE 26 EAST, NMPM

Section 3: E/2

(17) "*Special Pool Rules for the Sage Draw-Wolfcamp and the East Sage Draw-Wolfcamp Gas Pools*" are hereby established as follows:

**SPECIAL POOL RULES
FOR THE
SAGE DRAW-WOLFCAMP AND THE EAST SAGE DRAW-WOLFCAMP GAS
POOLS**

Rule 1. Each horizontal well completed or recompleted in the Wolfcamp formation within the horizontal boundaries of the Sage Draw-Wolfcamp and the

East Sage Draw-Wolfcamp Gas Pools, or within one mile of the outer boundaries of said pool and not nearer to or within the limits of another Wolfcamp pool, shall be drilled, spaced, operated, and produced in accordance with the Special Rules hereinafter set forth.

Rule 2. A horizontal well may be drilled provided that no portion of the completed interval is closer than 330 feet to the outer boundary of its project area unless otherwise approved by the Division pursuant to Division Rule 19.15.15.13 NMAC.

Rule 3. In all other respects such wells shall remain subject to statewide rules including Division Rule 19.15.16.15 NMAC.

(18) The Sulfate Draw-Wolfcamp Gas Pool (**Pool Code 85780**) in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM

Section 26: SW/4
Section 27: S/2
Section 28: NW/4 and S/2
Section 29: N/2
Section 34: W/2

(19) “*Special Pool Rules for the Sulfate Draw-Wolfcamp Gas Pool*” are hereby established as follows:

SPECIAL POOL RULES
FOR THE
SULFATE DRAW-WOLFCAMP GAS POOL

Rule 1. Each horizontal well completed or recompleted in the Wolfcamp formation within the horizontal boundaries of the Sulfate Draw-Wolfcamp Gas Pool, or within one mile of the outer boundaries of said pool and not nearer to or within the limits of another Wolfcamp pool, shall be drilled, spaced, operated, and produced in accordance with the Special Rules hereinafter set forth.

Rule 2. A horizontal well may be drilled provided that no portion of the completed interval is closer than 330 feet to the outer boundary of its project area unless otherwise approved by the Division pursuant to Division Rule 19.15.15.13 NMAC.

Rule 3. In all other respects such wells shall remain subject to statewide rules including Division Rule 19.15.16.15 NMAC.

(20) The South White City-Wolfcamp Gas Pool (**Pool Code 97592**) in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 25 EAST, NMPM

Section 34: E/2
Section 35: S/2
Section 36: N/2 and SW/4

(21) "*Special Pool Rules for the South White City-Wolfcamp Gas Pool*" are hereby established as follows:

SPECIAL POOL RULES
FOR THE
SOUTH WHITE CITY-WOLFCAMP GAS POOL

Rule 1. Each horizontal well completed or recompleted in the Wolfcamp formation within the horizontal boundaries of the South White City-Wolfcamp Gas Pool, or within one mile of the outer boundaries of said pool and not nearer to or within the limits of another Wolfcamp pool, shall be drilled, spaced, operated, and produced in accordance with the Special Rules hereinafter set forth.

Rule 2. A horizontal well may be drilled provided that no portion of the completed interval is closer than 330 feet to the outer boundary of its project area unless otherwise approved by the Division pursuant to Division Rule 19.15.15.13 NMAC.

Rule 3. In all other respects such wells shall remain subject to statewide rules including Division Rule 19.15.16.15 NMAC.

(22) The Southwest White City-Wolfcamp Gas Pool (**Pool Code 97766**) in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 25 EAST, NMPM

Section 29: S/2

(23) "*Special Pool Rules for the Southwest White City-Wolfcamp Gas Pool*" are hereby established as follows:

SPECIAL POOL RULES
FOR THE
SOUTHWEST WHITE CITY-WOLFCAMP GAS POOL

Rule 1. Each horizontal well completed or recompleted in the Wolfcamp formation within the horizontal boundaries of the Southwest White City-Wolfcamp Gas Pool, or within one mile of the outer boundaries of said pool and not nearer to or within the limits of another Wolfcamp gas pool, shall be drilled, spaced, operated, and produced in accordance with the Special Rules hereinafter set forth.

Rule 2. A horizontal well may be drilled provided that no portion of the completed interval is closer than 330 feet to the outer boundary of its project area unless otherwise approved by the Division pursuant to Division Rule 19.15.15.13 NMAC.

Rule 3. In all other respects such wells shall remain subject to statewide rules.

(24) For the Hay Hollow-Wolfcamp Gas Pool created by Division Order No. R-10680, "*Special Pool Rules for the Hay Hollow-Wolfcamp Gas Pool*" are hereby established as follows:

SPECIAL POOL RULES
FOR THE
HAY HOLLOW-WOLFCAMP GAS POOL

Rule 1. Each horizontal well completed or recompleted in the Wolfcamp formation within the horizontal boundaries of the Hay Hollow-Wolfcamp Gas Pool, or within one mile of the outer boundaries of said pool and not nearer to or within the limits of another Wolfcamp gas pool, shall be drilled, spaced, operated, and produced in accordance with the Special Rules hereinafter set forth.

Rule 2. A horizontal well may be drilled provided that no portion of the completed interval is closer than 330 feet to the outer boundary of its project area unless otherwise approved by the Division pursuant to Division Rule 19.15.15.13 NMAC.

Rule 3. In all other respects such wells shall remain subject to statewide rules including Division Rule 19.15.16.15 NMAC.

(25) For the West Hay Hollow-Wolfcamp Gas Pool created by Division Order No. R-12831, "*Special Pool Rules for the West Hay Hollow-Wolfcamp Gas Pool*" are hereby established as follows:

SPECIAL POOL RULES
FOR THE
WEST HAY HOLLOW-WOLFCAMP GAS POOL

Rule 1. Each horizontal well completed or recompleted in the Wolfcamp formation within the horizontal boundaries of the West Hay Hollow-Wolfcamp Gas Pool, or within one mile of the outer boundaries of said pool and not nearer to or within the limits of another Wolfcamp gas pool, shall be drilled, spaced, operated, and produced in accordance with the Special Rules hereinafter set forth.

Rule 2. A horizontal well may be drilled provided that no portion of the completed interval is closer than 330 feet to the outer boundary of its project area

unless otherwise approved by the Division pursuant to Division Rule 19.15.15.13 NMAC.

Rule 3. In all other respects such wells shall remain subject to statewide rules including Division Rule 19.15.16.15 NMAC.

(26) For the Northwest Sulfate Draw-Wolfcamp Gas Pool created by Division Order No. R-10187, "*Special Pool Rules for the Northwest Sulfate Draw-Wolfcamp Gas Pool*" are hereby established as follows:

SPECIAL POOL RULES
FOR THE
NORTHWEST SULFATE DRAW-WOLFCAMP GAS POOL

Rule 1. Each horizontal well completed or recompleted in the Wolfcamp formation within the horizontal boundaries of the Northwest Sulfate Draw-Wolfcamp Gas Pool, or within one mile of the outer boundaries of said pool and not nearer to or within the limits of another Wolfcamp gas pool, shall be drilled, spaced, operated, and produced in accordance with the Special Rules hereinafter set forth.

Rule 2. A horizontal well may be drilled provided that no portion of the completed interval is closer than 330 feet to the outer boundary of its project area unless otherwise approved by the Division pursuant to Division Rule 19.15.15.13 NMAC.

Rule 3. In all other respects such wells shall remain subject to statewide rules including Division Rule 19.15.16.15 NMAC.

(27) For the White City-Wolfcamp Gas Pool created by Division Order No. R-7222, "*Special Pool Rules for the White City-Wolfcamp Gas Pool*" are hereby established as follows:

SPECIAL POOL RULES
FOR THE
WHITE CITY-WOLFCAMP GAS POOL

Rule 1. Each horizontal well completed or recompleted in the Wolfcamp formation within the horizontal boundaries of the White City-Wolfcamp Gas Pool, or within one mile of the outer boundaries of said pool and not nearer to or within the limits of another Wolfcamp gas pool, shall be drilled, spaced, operated, and produced in accordance with the Special Rules hereinafter set forth.

Rule 2. A horizontal well may be drilled provided that no portion of the completed interval is closer than 330 feet to the outer boundary of its project area

unless otherwise approved by the Division pursuant to Division Rule 19.15.15.13 NMAC.

Rule 3. In all other respects such wells shall remain subject to statewide rules including Division Rule 19.15.16.15 NMAC.

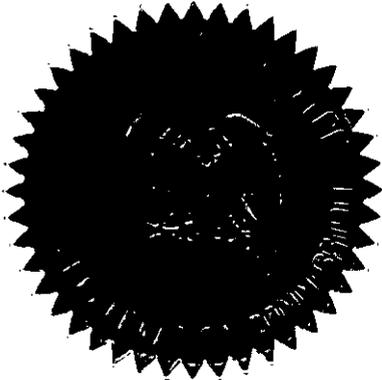
IT IS FURTHER ORDERED THAT:

(28) 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 Division Form C-102 dedicating additional acreage to that well or to obtain a non-standard unit approved by the Division. If a non-standard unit is approved, it shall receive the 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 the 60-day period shall subject the well to cancellation of the allowable.

(29) The effective date of this order and all creations and extensions included herein shall be July 1, 2016.

(30) Jurisdiction of this case is 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

DAVID R. CATANACH
Director