

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. 12833
Order No. R-11745

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 March 7, 2002, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 13th day of March, 2002, 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 oil from the Wolfcamp formation, bearing the designation of North Anderson-Wolfcamp Pool. The North Anderson-Wolfcamp Pool was discovered by the Murchison Oil and Gas, Inc. Big Cat State Com. Well No. 1 located in Unit G of Section 11, Township 17 South, Range 28 East, NMPM, which was completed in the Wolfcamp formation on January 14, 2002. The top of the perforations is at 7,528 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 West Little Box Canyon-Atoka Gas Pool. The West Little Box Canyon-Atoka Gas Pool was discovered by the Yates Petroleum Corporation Echo "AWF" Federal Well

No. 1 located in Unit C of Section 15, Township 21 South, Range 21 East, NMPM, which was completed in the Atoka formation on May 10, 2001. The top of the perforations is at 7,342 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 Northeast Rock Schoolhouse-Wolfcamp Gas Pool. The Northeast Rock Schoolhouse-Wolfcamp Gas Pool was discovered by the Yates Petroleum Corporation Byers "ZV" Well No. 1 located in Unit N of Section 8, Township 8 South, Range 26 East, NMPM, which was completed in the Wolfcamp formation on April 16, 2001. The top of the perforations is at 5,128 feet.

(5) There is need for the contraction of the Cottonwood Ranch-Pennsylvanian Gas Pool in Chaves County, New Mexico, in order to correct nomenclature.

(6) There is need for certain extensions to the Antelope Sink-Upper Pennsylvanian Gas Pool, the Baldrige Canyon-Morrow Gas Pool, the Bunting Ranch-Morrow Gas Pool, the Cedar Lake-Yeso Pool, the Cemetery-Morrow Gas Pool, the Southeast Crow Flats-Morrow Gas Pool, the East Eagle Creek-Atoka-Morrow Gas Pool, the North Hackberry-Morrow Gas Pool, the Southwest Henshaw-Morrow Gas Pool, the Ingle Wells-Delaware Pool, the Little Box Canyon-Morrow Gas Pool, the Penasco Draw Permo-Pennsylvanian Gas Pool, the West Sand Dunes-Atoka Gas Pool, and the Sand Tank-Morrow Gas Pool, all in Eddy County, New Mexico; and the Comanche-Wolfcamp Gas Pool, the Comanche Spring-Pre-Permian Gas Pool, the Foor Ranch-Pre-Permian Gas Pool, the Foor Ranch-Wolfcamp Gas Pool, the North Foor Ranch-Wolfcamp Gas Pool, and the Pecos Slope-Abo Gas Pool, all in Chaves County, New Mexico.

IT IS THEREFORE ORDERED THAT:

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

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 11: NE/4

(b) A new pool in Eddy County, New Mexico classified as a gas pool for Atoka production is hereby created and designated as the West Little Box Canyon-Atoka Gas Pool, consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 21 EAST, NMPM
Section 15: W/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 Northeast Rock Schoolhouse-Wolfcamp Gas Pool, consisting of the following described area:

TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM
Section 8: S/2

(d) The Antelope Sink-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 5: W/2
Section 6: S/2

(e) The Baldrige Canyon-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM
Section 29: S/2
Section 30: SE/4

(f) The Bunting Ranch-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 21 EAST, NMPM
Section 25: E/2

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

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 13: NE/4

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

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 20: N/2

(i) The Comanche-Wolfcamp Gas Pool in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM
Section 31: NE/4

(j) The Comanche Spring-Pre-Permian Gas Pool in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM
Section 36: E/2

(k) The Cottonwood Ranch-Pennsylvanian Gas Pool in Chaves County, New Mexico is hereby contracted by the deletion of the following described area:

TOWNSHIP 6 SOUTH, RANGE 25 EAST, NMPM
Section 26: W/2 and SE/4

(l) The Southeast Crow Flats-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM
Section 35: S/2

(m) The East Eagle Creek-Atoka-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
Section 27: N/2

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

TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM
Section 25: All

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM
Section 9: E/2
Section 10: W/2
Section 27: N/2
Section 28: N/2
Section 29: N/2

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

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM
Section 4: E/2
Section 8: E/2

(p) The North Foor Ranch-Wolfcamp Gas Pool in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM
Section 28: NW/4

(q) The North Hackberry-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 7: N/2

(r) The Southwest Henshaw-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM
Section 25: N/2

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM
Section 30: W/2

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

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 13: NW/4
Section 14: SE/4

(t) The Little Box Canyon-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 21 EAST, NMPM
Section 14: S/2
Section 15: W/2 and SE/4

(u) The Pecos Slope-Abo Gas Pool in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM
Section 30: N/2

(v) The Penasco Draw Permo-Pennsylvanian Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
Section 21: E/2

(w) The West Sand Dunes-Atoka Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 21: S/2

(x) The Sand Tank-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

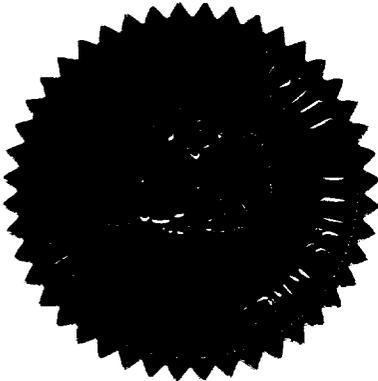
TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 30: SE/4

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 and contractions, 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 April 1, 2002.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrottenbery
LORI WROTENBERY
Director