

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. 13278
Order No. R-12153

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING 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 May 27, 2004, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 7th day of June, 2004, 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 gas from the Upper Pennsylvanian formation, bearing the designation of Angel Draw-Upper Pennsylvanian Gas Pool (**Pool Code 97343**). The Angel Draw-Upper Pennsylvanian Gas Pool was discovered by the Chi Operating, Inc. USA "9" Federal Well No. 2 (**API No. 30-015-30835**) located in Unit A of Section 9, Township 20 South, Range 28 East, NMPM, which was completed in the Upper Pennsylvanian formation on November 12, 2003. The top of the perforations is at 10,007 feet.

(3) 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 Bitter Lakes-Pennsylvanian Gas Pool (**Pool Code 97347**). The Bitter Lakes-Pennsylvanian Gas Pool was discovered by the Yates Petroleum Corporation

Comanchero "BCZ" Federal Com. Well No. 1 (**API No. 30-005-62113**) located in Unit E of Section 26, Township 10 South, Range 25 East, NMPM, which was completed in the Pennsylvanian formation on March 15, 2004. The top of the perforations is at 5,334 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 China Draw-Wolfcamp Gas Pool (**Pool Code 97342**). The China Draw-Wolfcamp Gas Pool was discovered by the Yates Petroleum Corporation MEC Com Well No. 2 (**API No. 30-005-63501**) located in Lot 6 of Section 6, Township 7 South, Range 23 East, NMPM, which was completed in the Wolfcamp formation on December 15, 2003. The top of the perforations is at 3,511 feet.

(5) There is need for extensions to the Big Sinks-Wolfcamp Gas Pool, the East Carlsbad-Morrow Gas Pool, the Cemetery-Morrow Gas Pool, the Southeast Cemetery-Morrow Gas Pool, the Fren-Cisco-Canyon Pool, the Gopher-Abo Gas Pool, the Happy Valley-Strawn Gas Pool, the Southeast Henshaw-Wolfcamp Pool, the Southwest McMillan-Wolfcamp Pool, the Nash Draw-Delaware Pool, the Southeast Quahada Ridge-Delaware Pool, the Red Lake Shores-Grayburg Pool, the Shugart-Morrow Gas Pool, the North Shugart-Morrow Gas Pool, the Tansill Dam-Atoka Gas Pool, and the Southwest Willow Lake-Delaware Pool, all in Eddy County, New Mexico; and the Foor Ranch-Wolfcamp Gas Pool and the Pecos Slope-Abo Gas Pool, both in Chaves County, New Mexico.

(6) The effective date of this order and all creations and extensions included herein should be June 1, 2004.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Eddy County, New Mexico classified as a gas pool for Upper Pennsylvanian production is hereby created and designated as the Angel Draw-Upper Pennsylvanian Gas Pool (**Pool Code 97343**), consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 9: E/2

(b) A new pool in Chaves County, New Mexico classified as a gas pool for Pennsylvanian production is hereby created and designated as the Bitter Lakes-Pennsylvanian Gas Pool (**Pool Code 97347**), consisting of the following described area:

TOWNSHIP 10 SOUTH, RANGE 25 EAST, NMPM
Section 26: N/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 China Draw-Wolfcamp Gas Pool (**Pool Code 97342**), consisting of the following described area:

TOWNSHIP 7 SOUTH, RANGE 23 EAST, NMPM

Section 6: S/2

(d) The Big Sinks-Wolfcamp Gas Pool (**Pool Code 72122**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 29: S/2

(e) The East Carlsbad-Morrow Gas Pool (**Pool Code 73920**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM

Section 30: W/2

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

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 3: N/2

(g) The Southeast Cemetery-Morrow Gas Pool (**Pool Code 97031**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 11: N/2

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

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM

Section 31: S/2

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM

Section 7: S/2

(i) The Fren-Cisco-Canyon Pool (**Pool Code 97126**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 15: NW/4

Section 16: N/2

Section 17: N/2

(j) The Gopher-Abo Gas Pool (**Pool Code 77660**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 24 EAST, NMPM

Section 31: S/2

(k) The Happy Valley-Strawn Gas Pool (**Pool Code 78070**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM

Section 3: E/2 and NW/4

Section 10: E/2

(l) The Southeast Henshaw-Wolfcamp Pool (**Pool Code 96520**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 16: N/2

Section 17: NE/4

(m) The Southwest McMillan-Wolfcamp Pool (**Pool Code 97104**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM

Section 19: W/2

(n) 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 18: N/2

(o) 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 16: SW/4

Section 17: SE/4

(p) The Southeast Quahada Ridge-Delaware Pool (**Pool Code 50443**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM

Section 25: SW/4

(q) The Red Lake Shores-Grayburg Pool (**Pool Code 97335**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 20: E/2

Section 29: NE/4

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

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 1: E/2

(s) The North Shugart-Morrow Gas Pool (**Pool Code 85305**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 10: W/2

(t) The Tansill Dam-Atoka Gas Pool (**Pool Code 85900**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 8: N/2

Section 9: N/2

(u) The Southwest Willow Lake-Delaware Pool (**Pool Code 96855**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM

Section 3: SE/4

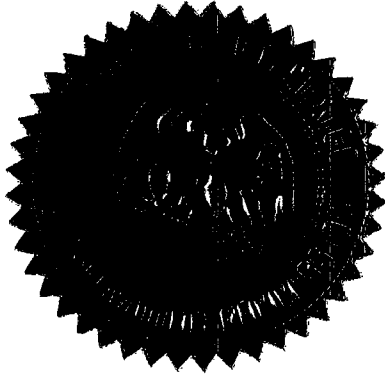
IT IS FURTHER ORDERED THAT:

(1) Pursuant to Section 70-2-18, NMSA, 1978, an operator of any well that, by virtue of any of the above pool extensions, 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 and extensions included herein shall be June 1, 2004.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, PE, JD
Director