

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. 13067
Order No. R-11963

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 8, 2003, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 13th day of May, 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 Bosque-Pennsylvanian Gas Pool (**Pool Code 97263**). The Bosque-Pennsylvanian Gas Pool was discovered by the Yates Petroleum Corporation Buder "ACN" Federal Well No. 2 (**API No. 30-005-63513**) located in Unit K of Section 22, Township 6 South, Range 26 East, NMPM, which was completed in the Pennsylvanian formation on February 27, 2003. The top of the perforations is at 5,310 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 P.O.W.-Atoka Gas Pool (**Pool Code 97264**). The P.O.W.-Atoka Gas Pool was discovered by the Yates Petroleum Corporation State "CK" Com. Well No. 1 (**API**

No. 30-015-10832) located in Unit C of Section 4, Township 17 South, Range 26 East, NMPM, which was completed in the Atoka formation on February 17, 2003. The top of the perforations is at 7,784 feet.

(4) There is need for extensions to the Anderson-Wolfcamp Pool, the Cemetery-Wolfcamp Gas Pool, the North Empire-Atoka Gas Pool, the South Empire-Morrow Gas Pool, the Fenton Draw-Strawn Pool, the North Hackberry-Morrow Gas Pool, the Hart Draw-Atoka Gas Pool, the Loco Hills-Paddock Pool, the Los Medanos-Bone Spring Pool, the Nash Draw-Delaware Pool, the Parkway-Bone Spring Pool, the East Pierce Crossing-Bone Spring Pool, the Red Lake-Queen-Grayburg-San Andres Pool, and the North Turkey Track-Morrow Gas Pool, all in Eddy County, New Mexico; and the Comanche-Wolfcamp Gas Pool, the Coyote Draw-Permo Pennsylvanian Gas Pool, the Foor Ranch-Pre-Permian Gas Pool, and the North Foor Ranch-Pre-Permian Gas 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 Bosque-Pennsylvanian Gas Pool, (Pool Code 97263) consisting of the following described area:

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM
Section 22: S/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 P.O.W.-Atoka Gas Pool (Pool Code 97264), consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 4: N/2

(c) The Anderson-Wolfcamp Pool (Pool Code 96417) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 18: S/2
Section 19: NW/4

(d) The Cemetery-Wolfcamp Gas Pool (Pool Code 74680) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 32: S/2

(e) The Comanche-Wolfcamp Gas Pool (**Pool Code 97120**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM
Section 19: W/2

(f) The Coyote Draw-Permo Pennsylvanian Gas Pool (**Pool Code 97150**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 7 SOUTH, RANGE 25 EAST, NMPM
Section 23: E/2
Section 26: N/2

(g) The North Empire-Atoka Gas Pool (**Pool Code 76377**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 1: W/2
Section 2: E/2

(h) The South Empire-Morrow Gas Pool (**Pool Code 76400**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 1: N/2

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 16: E/2

(i) The Fenton Draw-Strawn Pool (**Pool Code 24340**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM
Section 20: W/2

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

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM
Section 4: E/2
Section 9: E/2

(k) The North Foor Ranch-Pre-Permian Gas Pool (**Pool Code 97094**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 26 EAST, NMPM

Section 3: W/2

(l) The North Hackberry-Morrow Gas Pool (**Pool Code 96785**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 35: N/2

(m) The Hart Draw-Atoka Gas Pool (**Pool Code 78220**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 8: S/2

Section 17: NW/4

(n) 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 23: NW/4

(o) The Los Medanos-Bone Spring Pool (**Pool Code 40295**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM

Section 25: SE/4

Section 36: E/2

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM

Section 1: NE/4

(p) 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: NW/4

(q) The Parkway-Bone Spring Pool (**Pool Code 49622**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 1: N/2 and SE/4

(r) The East Pierce Crossing-Bone Spring Pool (**Pool Code 96473**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 15: NW/4

(s) The Red Lake-Queen-Grayburg-San Andres Pool (Pool Code 51300) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 24: S/2 SW/4
Section 25: NW/4
Section 26: NE/4 and N/2 SE/4

(t) The North Turkey Track-Morrow Gas Pool (Pool Code 86500) in Eddy County, New Mexico is hereby extended to include:

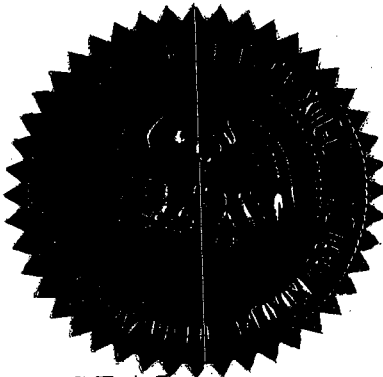
TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 30: W/2

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.

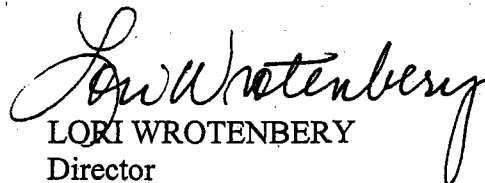
(2) The effective date of this order and all creations and extensions included herein shall be June 1, 2003.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY
Director