

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. 13338
Order No. R-12208

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 September 2, 2004, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 8th day of September, 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 Abo formation, bearing the designation of East Cottonwood Creek-Abo Gas Pool (**Pool Code 97373**). The East Cottonwood Creek-Abo Gas Pool was discovered by the Perenco LLC Thames "31" Federal Well No. 1 (**API No. 30-015-33139**) located in Unit A of Section 31, Township 16 South, Range 25 East, NMPM, which was completed in the Abo formation on March 7, 2004. The top of the perforations is at 5,091 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 East Tansill Dam-Atoka Gas Pool (**Pool Code 97372**). The East Tansill Dam-Atoka Gas Pool was discovered by the Mewbourne Oil Company Otis "1" Well No. 2 (**API No. 30-015-32888**) located in Unit K of Section 1, Township 22 South, Range

27 East, NMPM, which was completed in the Atoka formation on April 9, 2004. The top of the perforations is at 11,166 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Mississippian formation, bearing the designation of Walters Lake-Mississippian Gas Pool (**Pool Code 97370**). The Walters Lake-Mississippian Gas Pool was discovered by the Pecos Production Company Arnold Federal Well No. 1 (**API No. 30-015-23988**) located in Unit G of Section 34, Township 17 South, Range 30 East, NMPM, which was completed in the Mississippian formation on May 4, 2004. The top of the perforations is at 11,468 feet.

(5) There is need for extensions to the Burton Flat-Morrow Gas Pool, the Cabin Lake-Delaware Pool, the Canyon-Wolfcamp Pool, the South Carlsbad-Morrow Gas Pool, the Happy Valley-Morrow Gas Pool, the North Illinois Camp-Morrow Gas Pool, the Southwest Indian Basin-Morrow Gas Pool, the Ingle Wells-Delaware Pool, the Little Box Canyon-Morrow Gas Pool, the McKittrick Hills-Upper Pennsylvanian Gas Pool, the Northeast Red Lake-Glorieta-Yeso Pool, the Red Lake Shores-Grayburg Pool, the Runyan Ranch-Abo Gas Pool, the Tamano-Bone Spring Pool, the Turkey Track-Atoka Gas Pool, and the White City-Wolfcamp Gas Pool, all in Eddy County, New Mexico; and the North Foor Ranch-Pre-Permian Gas Pool, the Foor Ranch-Wolfcamp Gas Pool, and the Springer Basin-Strawn Gas Pool, all in Chaves County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Eddy County, New Mexico classified as a gas pool for Abo production is hereby created and designated as the East Cottonwood Creek-Abo Gas Pool (**Pool Code 97373**), consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 25 EAST, NMPM
Section 31: E/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 East Tansill Dam-Atoka Gas Pool (**Pool Code 97372**), consisting of the following described area:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 1: S/2

(c) A new pool in Eddy County, New Mexico classified as a gas pool for Mississippian production is hereby created and designated as the Walters Lake-Mississippian Gas Pool (**Pool Code 97370**), consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 34: N/2

(d) The Burton Flat-Morrow Gas Pool (Pool Code 73280) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 1: S/2

(e) The Cabin Lake-Delaware Pool (Pool Code 8435) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM

Section 7: SW/4

(f) The Canyon-Wolfcamp Pool (Pool Code 8450) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM

Section 25: SW/4

(g) The South Carlsbad-Morrow Gas Pool (Pool Code 73960) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM

Section 14: NW/4

Section 15: N/2

(h) 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 5: E/2

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

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM

Section 9: SW/4

Section 16: W/2

(j) The Happy Valley-Morrow Gas Pool (Pool Code 78060) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM

Section 3: S/2

Section 4: SE/4

(k) The North Illinois Camp-Morrow Gas Pool (Pool Code 78890) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 30: N/2

(l) The Southwest Indian Basin-Morrow Gas Pool (Pool Code 79030) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM

Section 13: W/2 and SE/4

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM

Section 18: SW/4

(m) The Ingle Wells-Delaware Pool (Pool Code 33745) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 22: SE/4

(n) The Little Box Canyon-Morrow Gas Pool (Pool Code 80240) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 23 EAST, NMPM

Section 32: W/2

(o) The McKittrick Hills-Upper Pennsylvanian Gas Pool (Pool Code 81160) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 24 EAST, NMPM

Section 12: N/2

Section 13: N/2

(p) The Northeast Red Lake-Glorieta-Yeso Pool (Pool Code 96836) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 3: NE/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, NMPPM
Section 21: SW/4

(r) The Runyan Ranch-Abo Gas Pool (Pool Code 84340) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPPM
Section 6: SE/4
Section 7: NE/4

(s) The Springer Basin-Strawn Gas Pool (Pool Code 96216) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 14 SOUTH, RANGE 27 EAST, NMPPM
Section 14: NW/4
Section 15: E/2

(t) The Tamano-Bone Spring Pool (Pool Code 58040) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPPM
Section 15: NE/4

(u) The Turkey Track-Atoka Gas Pool (Pool Code 86445) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPPM
Section 6: W/2

(v) The White City-Wolfcamp Gas Pool (Pool Code 87285) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 25 EAST, NMPPM
Section 11: W/2

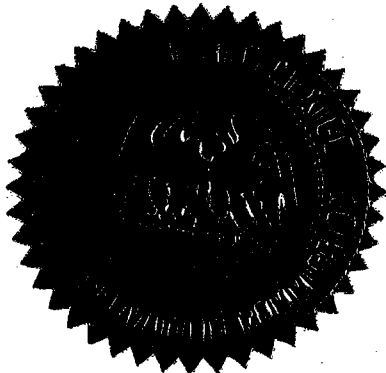
IT IS FURTHER ORDERED THAT:

(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 October 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, P.E.
Director