

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. 14897
Order No. R-13623

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING, RECLASSIFYING,
REDESIGNATING AND EXTENDING HORIZONTAL
LIMITS OF CERTAIN POOLS IN CHAVES, LEA AND
ROOSEVELT COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on September 6, 2012, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 10th day of September, 2012, 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 Lea County, New Mexico for the production of gas from the San Andres formation, bearing the designation of North Anderson Ranch-San Andres Gas Pool (**Pool Code: 97679**). The North Anderson Ranch-San Andres Gas Pool was discovered by the Mack Energy Corporation Granite State Well No. 1 (**API No. 30-025-29036**), located in Lot 8 of Section 2, Township 16 South, Range 32 East, NMPM, which was completed in the San Andres formation on February 6, 2008. The top of the perforations is at 4,598 feet.

(3) There is need for the creation of a new pool in Roosevelt County, New Mexico for the production of oil from the Upper Pennsylvanian formation, bearing the designation of North Bluit-Upper Pennsylvanian Pool (**Pool Code: 97734**). The North Bluit-Upper Pennsylvanian Pool was discovered by the H L Brown Operating LLC. Federal 27 Well No. 1 (**API No. 30-041-20818**), located in Unit E of Section 27,

Township 7 South, Range 37 East, NMPM, which was completed in the Upper Pennsylvanian formation on November 14, 2008. The top of the perforations is at 8,548 feet.

(4) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Fusselman formation, bearing the designation of Southeast Brunson-Fusselman Pool (**Pool Code: 97705**). The Southeast Brunson-Fusselman Pool was discovered by the Apache Corporation State 36 Well No. 1 (**API No. 30-025-38840**), located in Unit N of Section 36, Township 22 South, Range 37 East, NMPM, which was completed in the Fusselman formation on July 17, 2008. The top of the perforations is at 7,307 feet.

(5) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Morrow formation, bearing the designation of North Caprock-Morrow Gas Pool (**Pool Code: 97690**). The North Caprock-Morrow Gas Pool was discovered by the Yates Petroleum Corporation Lucille BKU State Com Well No. 1 (**API No. 30-025-38593**), located in Unit B of Section 5, Township 12 South, Range 32 East, NMPM, which was completed in the Morrow formation on May 1, 2008. The top of the perforations is at 11,123 feet.

(6) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Morrow formation, bearing the designation of North Cooper-Morrow Gas Pool (**Pool Code: 97702**). The North Cooper-Morrow Gas Pool was discovered by the Lone Star Oil & Gas, Inc. Pevehouse 8 Well No. 1 (**API No. 30-025-38571**), located in Unit P of Section 8, Township 24 South, Range 36 East, NMPM, which was completed in the Morrow formation on June 20, 2008. The top of the perforations is at 12,556 feet.

(7) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Abo formation, bearing the designation of North Hightower-Abo Gas Pool (**Pool Code: 97659**). The North Hightower-Abo Gas Pool was discovered by the Samson Resources Company State BD Well No. 4 (**API No. 30-025-35662**), located in Unit H of Section 2, Township 12 South, Range 33 East, NMPM, which was completed in the Abo formation on October 6, 2006. The top of the perforations is at 8,528 feet.

(8) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the San Andres formation, bearing the designation of South House-San Andres Pool (**Pool Code: 97694**). The South House-San Andres Pool was discovered by the Chesapeake Operating, Inc. Federal 24 Well No. 4 (**API No. 30-025-34104**), located in Unit P of Section 24, Township 20 South, Range 38 East, NMPM, which was completed in the San Andres formation on April 21, 2008. The top of the perforations is at 4,326 feet.

(9) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Mississippian formation, bearing the designation of

Jenkins-Mississippian Pool (**Pool Code: 97676**). The Jenkins-Mississippian Pool was discovered by the Yates Petroleum Corporation Vince BGH Well No. 1 (**API No. 30-025-37104**), located in Unit J of Section 30, Township 9 South, Range 35 East, NMPM, which was completed in the Mississippian formation on February 1, 2008. The top of the perforations is at 12,534 feet.

(10) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Upper Bone Spring Shale formation, bearing the designation of Jennings-Upper Bone Spring Shale Pool (**Pool Code: 97838**). The Jennings-Upper Bone Spring Shale Pool was discovered by the Mewbourne Oil Company Red Hills West 8 Federal Well No. 1H (**API No. 30-025-39902**), located in Unit P of Section 8, Township 26 South, Range 32 East, NMPM, which was completed in the Upper Bone Spring Shale formation on December 28, 2010. The top of the perforations is at 8,953 TVD feet.

(11) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Yates formation, bearing the designation of Northeast Nadine-Yates Gas Pool (**Pool Code: 97697**). The Northeast Nadine-Yates Gas Pool was discovered by the Trilogy Operating, Inc. Natalie Federal Well No. 1 (**API No. 30-025-37736**), located in Unit K of Section 7, Township 19 South, Range 39 East, NMPM, which was completed in the Yates formation on July 25, 2007. The top of the perforations is at 2,930 feet.

(12) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Strawn formation, bearing the designation of Northwest Pitchfork Ranch-Strawn Gas Pool (**Pool Code: 97678**). The Northwest Pitchfork Ranch-Strawn Gas Pool was discovered by the EOG Resources Inc. Vaca Ridge 20 Federal Well No. 1 (**API No. 30-025-28534**), located in Unit O of Section 20, Township 24 South, Range 34 East, NMPM, which was completed in the Strawn formation on February 2, 2008. The top of the perforations is at 13,316 feet.

(13) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Upper Bone Spring Shale formation, bearing the designation of Red Hills-Upper Bone Spring Shale Pool (**Pool Code: 97900**). The Red Hills-Upper Bone Spring Shale Pool was discovered by the EOG Resources Inc. Caballo 23 Federal Well No. 4H (**API No. 30-025-40053**), located in Unit A of Section 23, Township 25 South, Range 33 East, NMPM, which was completed in the Upper Bone Spring Shale formation on November 17, 2011. The top of the perforations is at 9,804 feet.

(14) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Delaware formation, bearing the designation of Rock Lake-Delaware Pool (**Pool Code: 97663**). The Rock Lake-Delaware Pool was discovered by the Devon Energy Production Company LP. Keller 4 State Well No. 1 (**API No. 30-025-36643**), located in Unit K of Section 4, Township 23 South, Range 35 East, NMPM,

which was completed in the Delaware formation on November 6, 2007. The top of the perforations is at 8,584 feet.

(15) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Abo formation, bearing the designation of South Sand Springs-Abo Pool (**Pool Code: 97698**). The South Sand Springs-Abo Pool was discovered by the Yates Petroleum Corporation Boots State Unit Well No. 3 (**API No. 30-025-38752**), located in Unit N of Section 17, Township 11 South, Range 35 East, NMPM, which was completed in the Abo formation on June 3, 2008. The top of the perforations is at 9,285 feet.

(16) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Bone Spring formation, bearing the designation of North Wilson-Bone Spring Pool (**Pool Code: 97704**). The North Wilson-Bone Spring Pool was discovered by the Nearburg Producing Company Packer 18 State Well No. 1 (**API No. 30-025-35108**), located in Unit A of Section 18, Township 21 South, Range 35 East, NMPM, which was completed in the Bone Spring formation on January 15, 2008. The top of the perforations is at 7,990 feet.

(17) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Wolfcamp formation, bearing the designation of West Wilson-Wolfcamp Gas Pool (**Pool Code: 97677**). The West Wilson-Wolfcamp Gas Pool was discovered by the Devon Energy Production Company LP. Outland State Unit Well No. 3 (**API No. 30-025-35243**), located in Unit P of Section 11, Township 21 South, Range 34 East, NMPM, which was completed in the Wolfcamp formation on December 18, 2007. The top of the perforations is at 11,352 feet.

(18) There is need to reclassify the Falsey Draw-Mississippian Gas Pool (**Pool Code: 97322**) from a gas pool to an oil pool and for the redesignation of the Falsey Draw-Mississippian Gas Pool as the Falsey Draw-Mississippian Pool (**Pool Code: 97322**).

(19) There is need for extensions to the Airstrip-San Andres Pool, East Anderson Ranch-Pennsylvanian Pool, Apache Ridge-Bone Spring Pool, Arkansas Junction-San Andres Pool, South Bell Lake-Delaware Pool, Blinebry Oil and Gas Pool, North Bluit-Siluro-Devonian Pool, Buffalo-Pennsylvanian Gas Pool, Caudill-Atoka Gas Pool, West Corbin-Delaware Pool, Denton-Wolfcamp Pool, Southwest Diamondtail-Delaware Pool, Dickinson-Pennsylvanian Pool, Eight Mile Draw-Abo Pool, Eight Mile Draw-Atoka Gas Pool, Northwest Eight Mile Draw-Atoka Gas Pool, Northwest Eight Mile Draw-Morrow Gas Pool, E-K-Delaware Pool, Southwest Eunice-San Andres Pool, South Flying "M"-Atoka Gas Pool, North Four Lakes-Atoka Gas Pool, East Gem-Strawn Pool, North Hardy-San Andres Pool, North Hardy-Tubb-Drinkard Pool, North Hightower-Wolfcamp Pool, Jenkins-Devonian Pool, Laguna Valley-Morrow Gas Pool, Southeast Lane-Abo Pool, Lea-Bone Spring Pool, Lea-Pennsylvanian Gas Pool, Lovington-Queen Gas Pool, North Lovington-Queen Pool, Lovington-Upper Pennsylvanian Pool, North Lusk-Bone Spring Pool, North Lusk-Delaware Pool, Lusk-

Strawn Pool, West Maljamar-Yeso Pool, Osudo-Morrow Gas Pool, South Osudo-Morrow Gas Pool, Paddock Pool, North Pearl-Barnett Gas Pool, Pearl-Bone Spring Pool, North Pearl-Morrow Gas Pool, Penrose Skelly-Grayburg Pool, South Quail Ridge-Bone Spring Pool, South Ranger Lake-Austin Gas Pool, Salt Lake-Delaware Pool, San Simon-Wolfcamp Pool, Sand Springs-Atoka-Morrow Gas Pool, Sawyer-Devonian Pool, Scharb-Bone Spring Pool, and Scharb-Wolfcamp Pool, all in Lea County, New Mexico and the Bluit-San Andres Associated Pool in Roosevelt County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Lea County, New Mexico classified as a gas pool for San Andres production is hereby created and designated as the North Anderson Ranch-San Andres Gas Pool (**Pool Code: 97679**), consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
Section 2: Lots 1, 2, 7 and 8

(b) A new pool in Roosevelt County, New Mexico classified as an oil pool for Upper Pennsylvanian production is hereby created and designated as the North Bluit-Upper Pennsylvanian Pool (**Pool Code: 97734**), consisting of the following described area:

TOWNSHIP 7 SOUTH, RANGE 37 EAST, NMPM
Section 27: NW/4

(c) A new pool in Lea County, New Mexico classified as an oil pool for Fusselman production is hereby created and designated as the Southeast Brunson-Fusselman Pool (**Pool Code: 97705**), consisting of the following described area:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 36: SW/4

(d) A new pool in Lea County, New Mexico classified as a gas pool for Morrow production is hereby created and designated as the North Caprock-Morrow Gas Pool (**Pool Code: 97690**), consisting of the following described area:

TOWNSHIP 11 SOUTH, RANGE 32 EAST, NMPM
Section 32: S/2

TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM
Section 5: N/2

(e) A new pool in Lea County, New Mexico classified as a gas pool for Morrow production is hereby created and designated as the North Cooper-Morrow Gas Pool (**Pool Code: 97702**), consisting of the following described area:

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM

Section 8: S/2

(f) A new pool in Lea County, New Mexico classified as a gas pool for Abo production is hereby created and designated as the North Hightower-Abo Gas Pool (**Pool Code: 97659**), consisting of the following described area:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM

Section 2: NE/4

(g) A new pool in Lea County, New Mexico classified as an oil pool for San Andres production is hereby created and designated as the South House-San Andres Pool (**Pool Code: 97694**), consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 24: SE/4

(h) A new pool in Lea County, New Mexico classified as an oil pool for Mississippian production is hereby created and designated as the Jenkins-Mississippian Pool (**Pool Code: 97676**), consisting of the following described area:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM

Section 30: SE/4

(i) A new pool in Lea County, New Mexico classified as an oil pool for Upper Bone Spring Shale production is hereby created and designated as the Jennings-Upper Bone Spring Shale Pool (**Pool Code: 97838**), consisting of the following described area:

TOWNSHIP 25 SOUTH, RANGE 32 EAST, NMPM

Section 32: W/2

TOWNSHIP 26 SOUTH, RANGE 32 EAST, NMPM

Sections 2 through 5: All

Sections 8 through 10: All

Sections 16 and 17: All

Section 21: All

Section 28: All

(j) A new pool in Lea County, New Mexico classified as a gas pool for Yates production is hereby created and designated as the Northeast Nadine-Yates Gas Pool (**Pool Code: 97697**), consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 39 EAST, NMPM

Section 7: SW/4

(k) A new pool in Lea County, New Mexico classified as a gas pool for Strawn production is hereby created and designated as the Northwest Pitchfork Ranch-Strawn Gas Pool (**Pool Code: 97678**), consisting of the following described area:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM
Section 20: S/2

(l) A new pool in Lea County, New Mexico classified as an oil pool for Upper Bone Spring Shale production is hereby created and designated as the Red Hills-Upper Bone Spring Shale Pool (**Pool Code: 97900**), consisting of the following described area:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 35: All

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM
Section 2: All
Sections 11 through 14: All
Sections 23 through 26: All
Sections 34 and 35: All

TOWNSHIP 25 SOUTH, RANGE 34 EAST, NMPM
Sections 7 through 9: All
Sections 16 through 20: All
Sections 29 and 30: All

TOWNSHIP 26 SOUTH, RANGE 33 EAST, NMPM
Section 3: All
Section 10: All

(m) A new pool in Lea County, New Mexico classified as an oil pool for Delaware production is hereby created and designated as the Rock Lake-Delaware Pool (**Pool Code: 97663**), consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 35 EAST, NMPM
Section 4: SW/4

(n) A new pool in Lea County, New Mexico classified as an oil pool for Abo production is hereby created and designated as the South Sand Springs-Abo Pool (**Pool Code: 97698**), consisting of the following described area:

TOWNSHIP 11 SOUTH, RANGE 35 EAST, NMPM
Section 17: SW/4

(o) A new pool in Lea County, New Mexico classified as an oil pool for Bone Spring production is hereby created and designated as the North Wilson-Bone Spring Pool (**Pool Code: 97704**), consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM

Section 7: SE/4 and W/2

Section 17: NW/4 and S/2

Section 18: NE/4

(p) A new pool in Lea County, New Mexico classified as a gas pool for Wolfcamp production is hereby created and designated as the West Wilson-Wolfcamp Gas Pool (**Pool Code: 97677**), consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM

Section 11: S/2

(q) The Falsey Draw-Mississippian Gas Pool (**Pool Code: 97322**) in Chaves County, New Mexico is hereby reclassified from a gas pool to an oil pool and redesignated as the Falsey Draw-Mississippian Pool (**Pool Code: 97322**).

(r) The Airstrip-San Andres Pool (**Pool Code: 968**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 34: E/2

Section 35: NW/4

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 3: N/2

(s) The East Anderson Ranch-Pennsylvanian Pool (**Pool Code: 1720**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM

Section 2: SW/4

Section 11: NW/4

(t) The Apache Ridge-Bone Spring Pool (**Pool Code: 2260**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM

Section 25: SE/4

Section 36: NE/4 and SW/4

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 30: SW/4

Section 31: SE/4

Section 32: NE/4 and S/2

(u) The Arkansas Junction-San Andres Pool (**Pool Code: 2500**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM

Section 25: N/2 and SW/4

Section 26: SE/4

Section 35: NE/4

TOWNSHIP 18 SOUTH, RANGE 37 EAST, NMPM

Section 30: NE/4

(v) The South Bell Lake-Delaware Pool (**Pool Code: 97051**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM

Section 12: NE/4

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM

Section 4: SW/4

Section 5: S/2

Section 6: SE/4

Section 7: N/2

(w) The Blinebry Oil and Gas Pool (**Pool Code: Oil - 6660 Gas - 72480**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 38 EAST, NMPM

Section 7: SW/4

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 17: SW/4

Section 18: SE/4

Section 19: E/2

Section 20: All

Section 21: NW/4

Section 28: NW/4 NW/4

Section 29: N/2

Section 30: NE/4

(x) The Bluitt-San Andres Associated Pool (**Pool Code: 6880**) in Roosevelt County, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 37 EAST, NMPM

Section 2: W/2

(y) The North Bluiti-Siluro-Devonian Pool (**Pool Code: 6910**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 7 SOUTH, RANGE 37 EAST, NMPM

Section 27: SW/4

(z) The Buffalo-Pennsylvanian Gas Pool (**Pool Code: 73000**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 13: E/2

(aa) The Caudill-Atoka Gas Pool (**Pool Code: 96231**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 36 EAST, NMPM

Section 8: SE/4

Section 17: N/2

(bb) The West Corbin-Delaware Pool (**Pool Code: 13195**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 23: S/2

(cc) The Denton-Wolfcamp Pool (**Pool Code: 17290**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 14 SOUTH, RANGE 38 EAST, NMPM

Section 31: SW/4

TOWNSHIP 15 SOUTH, RANGE 37 EAST, NMPM

Section 23: NE/4

Section 24: W/2

TOWNSHIP 15 SOUTH, RANGE 38 EAST, NMPM

Section 6: N/2 and SW/4

Section 7: SW/4

(dd) The Southwest Diamondtail-Delaware Pool (**Pool Code: 96916**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM

Section 8: SE/4

Section 9: SW/4

(ee) The Dickinson-Pennsylvanian Pool (**Pool Code: 17860**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 36 EAST, NMPM

Section 27: W/2

Section 34: NW/4

(ff) The Eight Mile Draw-Abo Pool (**Pool Code: 21450**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM

Section 25: SW/4

(gg) The Eight Mile Draw-Atoka Gas Pool (**Pool Code: 96997**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM

Section 25: S/2

(hh) The Northwest Eight Mile Draw-Atoka Gas Pool (**Pool Code: 97028**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM

Section 13: N/2

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM

Section 18: N/2

(ii) The Northwest Eight Mile Draw-Morrow Gas Pool (**Pool Code: 97190**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM

Section 13: N/2

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM

Section 14: W/2

Section 18: N/2

Section 22: W/2

(jj) The E-K-Delaware Pool (**Pool Code: 21655**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 25: SE/4
Section 26: SE/4 and W/2
Section 27: SE/4

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 19: NE/4
Section 29: SW/4
Section 30: SW/4

(kk) The Southwest Eunice-San Andres Pool (**Pool Code: 24180**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM

Section 36: SE/4

TOWNSHIP 22 SOUTH, RANGE 36 EAST, NMPM

Section 1: NE/4

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 6: NW/4
Section 9: NE/4

(ll) The South Flying "M"-Atoka Gas Pool (**Pool Code: 76720**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM

Section 1: All
Section 2: S/2

(mm) The North Four Lakes-Atoka Gas Pool (**Pool Code: 76880**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM

Section 23: S/2

(nn) The East Gem-Strawn Pool (**Pool Code: 96244**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM

Section 24: S/2
Section 25: NE/4
Section 36: NE/4

(oo) The North Hardy-San Andres Pool (**Pool Code: 96393**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 36: NE/4

(pp) The North Hardy-Tubb-Drinkard Pool (**Pool Code: 96356**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 24: NW/4

(qq) The North Hightower-Wolfcamp Pool (**Pool Code: 97432**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM

Section 2: SE/4

Section 11: N/2

(rr) The Jenkins-Devonian Pool (**Pool Code: 33930**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM

Section 30: SE/4

(ss) The Laguna Valley-Morrow Gas Pool (**Pool Code: 79900**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM

Section 15: W/2

Section 16: All

(tt) The Southeast Lane-Abo (**Pool Code: 36676**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM

Section 9: W/2

Section 13: SW/4

(uu) The Lea-Bone Spring Pool (**Pool Code: 37570**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 35: W/2

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM

Section 2: SW/4

Section 12: NE/4

(vv) The Lea-Pennsylvanian Gas Pool (**Pool Code: 80040**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 2: SW/4

(ww) The Lovington-Upper Pennsylvanian Pool (**Pool Code: 40710**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 23: SE/4
Section 26: NE/4

(xx) The Lovington-Queen Gas Pool (**Pool Code: 80720**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 6: W/2

(yy) The North Lovington-Queen Pool (**Pool Code: 40780**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 26: SE/4
Section 35: N/2 and SW/4

(zz) The North Lusk-Bone Spring Pool (**Pool Code: 41450**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 31: S/2

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 4: NE/4 and S/2
Section 8: E/2
Section 9: NW/4
Section 17: E/2

(aaa) The North Lusk-Delaware Pool (**Pool Code: 41545**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 22: N/2

(bbb) The Lusk-Strawn Pool (**Pool Code: 41589**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 9: NW/4

(ccc) The West Maljamar-Yeso Pool (**Pool Code: 44500**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM

Section 9: E/2
Section 10: W/2
Section 16: All
Section 17: N/2
Section 18: All
Section 20: SE/4
Section 22: SE/4
Section 30: NE/4

(ddd) The Osudo-Morrow Gas Pool (**Pool Code: 82120**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM

Section 8: NE/4

(eee) The South Osudo-Morrow Gas Pool (**Pool Code: 82200**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM

Section 28: W/2
Section 32: E/2
Section 33: W/2

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM

Section 3: Lots 1, 2, 3, 4, 5, 6, 7 and 8
Section 4: Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13,
14, 15 and 16
Section 22: W/2

(fff) The Paddock Pool (**Pool Code: 49210**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Section 21: NE/4 and NE/4 SE/4

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM

Section 18: NE/4

(ggg) The North Pearl-Barnett Gas Pool (**Pool Code: 97623**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 23: S/2

(hhh) The Pearl-Bone Spring Pool (**Pool Code: 49680**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 22: SW/4
Section 23: S/2
Section 26: S/2
Section 27: NW/4 and SE/4

(iii) The North Pearl-Morrow Gas Pool (**Pool Code: 82680**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 26: N/2

(jjj) The Penrose Skelly-Grayburg Pool (**Pool Code: 50350**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 5: SE/4
Section 22: SE/4

(kkk) The South Quail Ridge-Bone Spring Pool (**Pool Code: 50461**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 29: SW/4
Section 34: SE/4 and N/2

(lll) The South Ranger Lake-Austin Gas Pool (**Pool Code: 97231**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 12 SOUTH, RANGE 35 EAST, NMPM
Section 31: W/2

(mmm) The Salt Lake-Delaware Pool (**Pool Code: 53565**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 32 EAST, NMPM

Section 14: NE/4

Section 15: E/2

(nnn) The San Simon-Wolfcamp Pool (**Pool Code: 53690**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM

Section 31: E/2

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM

Section 4: NW/4

Section 7: NW/4

(ooo) The Sand Springs-Atoka-Morrow Gas Pool (**Pool Code: 84871**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM

Section 33: N/2

Section 35: W/2

(ppp) The Sawyer-Devonian Pool (**Pool Code: 55290**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM

Section 13: N/2

(qqq) The Scharb-Bone Spring Pool (**Pool Code: 55610**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 1: N/2

Section 2: N/2

Section 3: NW/4

(rrr) The Sharb-Wolfcamp Pool (**Pool Code: 55640**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM

Section 5: NW/4

Section 6: NE/4

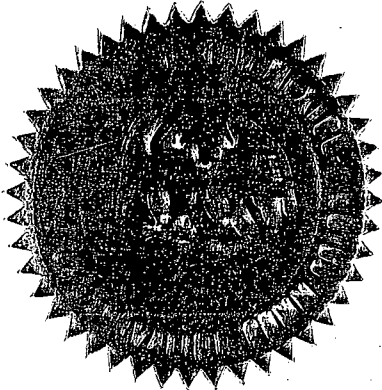
IT IS FURTHER ORDERED THAT:

(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, reclassifications, redesignations and extensions of horizontal limits included herein shall be October 1, 2012.

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 "Jami Bailey".

JAMI BAILEY
Director