

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. 13518
Order No. R-12387

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING AND
EXTENDING CERTAIN POOLS IN 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 June 30, 2005, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 14th day of July, 2005, 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 Devonian formation, bearing the designation of North Antelope Ridge-Devonian Gas Pool (**Pool Code 97436**). The North Antelope Ridge-Devonian Gas Pool was discovered by the Devon Energy Production Company LP. Mad Dog 15 Federal Com. Well No. 1 (**API No. 30-025-36778**) located in Unit P of Section 15, Township 23 South, Range 34 East, NMPM, which was completed in the Devonian formation on November 17, 2004. The top of the open hole interval is at 14,717 feet.

(3) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Atoka formation, bearing the designation of Southwest Austin-Atoka Gas Pool (**Pool Code 97422**). The Southwest Austin-Atoka Gas Pool was discovered by the Chesapeake Operating Inc. William 14 Federal Well No. 1 (**API No. 30-025-36514**) located in Unit E of Section 14, Township 15 South, Range 35 East,

NMPM, which was completed in the Atoka formation on November 21, 2004. The top of the perforations is at 12,414 feet.

(4) 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 East Bagley-Morrow Gas Pool (**Pool Code 97424**). The East Bagley-Morrow Gas Pool was discovered by the Yates Petroleum Corporation Lacy J State Unit Well No. 2 (**API No. 30-025-36790**) located in Unit P of Section 6, Township 12 South, Range 34 East, NMPM, which was completed in the Morrow formation on January 18, 2005. The top of the perforations is at 12,158 feet.

(5) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Strawn formation, bearing the designation of Southeast Caudill-Strawn Pool (**Pool Code 97427**). The Southeast Caudill-Strawn Pool was discovered by the David H. Arrington Oil & Gas Royal Stimulator Well No. 2 (**API No. 30-025-35975**) completed in Unit L of Section 31, Township 15 South, Range 36 East, NMPM, which was completed in the Strawn formation on January 3, 2004. The top of the perforations is at 12,060 feet.

(6) There is need for the creation of a new pool in Roosevelt County, New Mexico for the production of gas from the Lower Pennsylvanian formation, bearing the designation of North Chaveroo-Lower Pennsylvanian Gas Pool (**Pool Code 97445**). The North Chaveroo-Lower Pennsylvanian Gas Pool was discovered by the Manzano Oil Corporation Brennan Federal Com. Well No. 1 (**API No. 30-041-20911**) located in Unit I of Section 33, Township 6 South, Range 33 East, NMPM, which was completed in the Lower Pennsylvanian formation on March 24, 2005. The top of the perforations is at 8,896 feet.

(7) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Upper Pennsylvanian formation, bearing the designation of Northwest Eidson-Upper Pennsylvanian Pool (**Pool Code 97425**). The Northwest Eidson-Upper Pennsylvanian Pool was discovered by the Yates Petroleum Corporation Otis State Unit Well No. 2 (**API No. 30-025-36714**) located in Unit L of Section 19, Township 15 South, Range 34 East, NMPM, which was completed in the Upper Pennsylvanian formation on January 25, 2005. The top of the perforations is at 12,028 feet.

(8) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Mississippian formation, bearing the designation of Northwest Eight Mile Draw-Mississippian Gas Pool (**Pool Code 97389**). The Northwest Eight Mile Draw-Mississippian Gas Pool was discovered by the Yates Petroleum Corporation Oakridge State Unit Well No. 1 (**API No. 30-025-36672**) located in Unit B of Section 17, Township 11 South, Range 34 East, NMPM, which was completed in the Mississippian formation on July 26, 2004. The top of the perforations is at 12,226 feet.

(9) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Woodford formation, bearing the designation of Gladiola-Woodford Pool (**Pool Code 97446**). The Gladiola-Woodford Pool was discovered by the Platinum Exploration Inc. Angel Well No. 2 (**API No. 30-025-07136**) located in Unit N of Section 5, Township 12 South, Range 38 East, NMPM, which was completed in the Woodford formation on January 5, 2005. The top of the open hole interval is at 11,920 feet.

(10) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Atoka formation, bearing the designation of North Hightower-Atoka Pool (**Pool Code 97431**). The North Hightower-Atoka Pool was discovered by the J.P.H. Oil Producers State B AC-1 Well No. 2 (**API No. 30-025-01057**) located in Unit B of Section 11, Township 12 South, Range 33 East, NMPM, which was completed in the Atoka formation on December 20, 2003. The top of the perforations is at 10,150 feet.

(11) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Wolfcamp formation, bearing the designation of North Hightower-Wolfcamp Pool (**Pool Code 97432**). The North Hightower-Wolfcamp Pool was discovered by the J.P.H. Oil Producers State J Well No. 1 (**API No. 30-025-01024**) located in Unit D of Section 1, Township 12 South, Range 33 East, NMPM, which was completed in the Wolfcamp formation on November 25, 2004. The top of the perforations is at 8,620 feet.

(12) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Queen formation, bearing the designation of Northwest Reeves-Queen Pool (**Pool Code 97430**). The Northwest Reeves-Queen Pool was discovered by the Mack Energy Corporation B Lee State Well No. 5 (**API No. 30-025-03096**) located in Unit M of Section 7, Township 18 South, Range 35 East, NMPM, which was completed in the Queen formation on December 6, 2004. The top of the perforations is at 4,405 feet.

(13) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Devonian formation, bearing the designation of Southeast Shoe Bar-Devonian Pool (**Pool Code 97438**). The Southeast Shoe Bar-Devonian Pool was discovered by the Texland Petroleum-Hobbs LLC. OPL 4 State Well No. 1 (**API No. 30-025-36987**) located in Unit P of Section 4, Township 17 South, Range 36 East, NMPM, which was completed in the Devonian formation on March 16, 2004. The top of the perforations is at 13,083 feet.

(14) 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 East Townsend-Morrow Gas Pool (**Pool Code 97423**). The East Townsend-Morrow Gas Pool was discovered by the Stanolind Operating Corporation Berry Hobbs Unit 17 Well No. 1 (**API No. 30-025-36657**) located in Unit J of Section 17, Township 16 South, Range 36

East, NMPM, which was completed in the Morrow formation on July 13, 2004. The top of the perforations is at 12,357 feet.

(15) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Wolfcamp formation, bearing the designation of North Wilson-Wolfcamp Pool (**Pool Code 97449**). The North Wilson-Wolfcamp Pool was discovered by the Nearburg Producing Company Simms 35 State Well No. 3 (**API No. 30-025-35510**) located in Unit N of Section 35, Township 20 South, Range 35 East, NMPM, which was completed in the Wolfcamp formation on March 9, 2005. The top of the perforations is at 11,602 feet.

(16) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Mississippian formation, bearing the designation of West X-4 Ranch-Mississippian Gas Pool (**Pool Code 97437**). The West X-4 Ranch-Mississippian Gas Pool was discovered by the Yates Petroleum Corporation Penroc BEP State Well No. 1 (**API No. 30-025-31046**) located in Unit C of Section 5, Township 10 South, Range 34 East, NMPM, which was completed in the Mississippian formation on March 14, 2005. The top of the perforations is at 12,270 feet.

(17) There is need for extensions to the Mid Bell Lake-Morrow Gas Pool, the Blinebry Oil and Gas Pool, the South Corbin-Bone Spring Pool, the Central Corbin-Queen Pool, the Northwest Eight Mile Draw-Atoka Gas Pool, the EK-Delaware Pool, the Eumont-Yates-Seven Rivers-Queen Gas Pool, the Feather-Wolfcamp Pool, the South Four Lakes-Austin Gas Pool, the Garrett-Drinkard Pool, the Gem-Morrow Gas Pool, the Hat Mesa-Morrow Gas Pool, the Southwest Jabalina-Atoka Gas Pool, the Southwest Jabalina-Strawn Gas Pool, the South Kemnitz-Atoka-Morrow Gas Pool, the East Livingston Ridge-Delaware Pool, the Lost Tank-Delaware Pool, the East Lusk-Morrow Gas Pool, the North Lusk-Wolfcamp Pool, the North Mescalero-Cisco Pool, the Southeast Monument-Abo Pool, the Nadine-Drinkard-Abo Pool, the West Nadine-Paddock-Blinebry Pool, the West Nadine-Tubb Pool, the South Osudo-Morrow Gas Pool, the North Ranger Lake-Atoka Gas Pool, the South Ranger Lake-Austin Gas Pool, the East Red Tank-Atoka Gas Pool, the Sand Springs-Atoka-Morrow Gas Pool, the Shoe Bar-Atoka Gas Pool, the Skaggs-Drinkard Pool, the Northwest Skaggs-Glorieta Pool, the East Triste Draw-Atoka Gas Pool, the Vacuum-Grayburg-San Andres Pool, the X-4 Ranch-Atoka Gas Pool, the West X-4 Ranch-Morrow Gas Pool, and the Young-Queen Pool, all in Lea County, New Mexico.

(18) The effective date of this order and all creations and extensions included herein should be July 1, 2005.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Lea County, New Mexico classified as a gas pool for Devonian production is hereby created and designated as the North Antelope Ridge-Devonian Gas Pool (**Pool Code 97436**), consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM

Section 15: E/2

(b) A new pool in Lea County, New Mexico classified as a gas pool for Atoka production is hereby created and designated as the Southwest Austin-Atoka Gas Pool (Pool Code 97422), consisting of the following described area:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM

Section 14: W/2

(c) A new pool in Lea County, New Mexico classified as a gas pool for Morrow production is hereby created and designated as the East Bagley-Morrow Gas Pool (Pool Code 97424), consisting of the following described area:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM

Section 32: W/2

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM

Section 5: NW/4

Section 6: NE/4 and S/2

(d) A new pool in Lea County, New Mexico classified as an oil pool for Strawn production is hereby created and designated as the Southeast Caudill-Strawn Pool (Pool Code 97427), consisting of the following described area:

TOWNSHIP 15 SOUTH, RANGE 36 EAST, NMPM

Section 31: SW/4

(e) A new pool in Roosevelt County, New Mexico classified as a gas pool for Lower Pennsylvanian production is hereby created and designated as the North Chaveroo-Lower Pennsylvanian Gas Pool (Pool Code 97445), consisting of the following described area:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM

Section 33: E/2

(f) A new pool in Lea County, New Mexico classified as an oil pool for Upper Pennsylvanian production is hereby created and designated as the Northwest Eidson-Upper Pennsylvanian Pool (Pool Code 97425), consisting of the following described area:

TOWNSHIP 15 SOUTH, RANGE 34 EAST, NMPM

Section 19: SW/4

(g) A new pool in Lea County, New Mexico classified as a gas pool for Mississippian production is hereby created and designated as the Northwest Eight Mile

Draw-Mississippian Gas Pool (**Pool Code 97389**), consisting of the following described area:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM

Section 17: N/2

(h) A new pool in Lea County, New Mexico classified as an oil pool for Woodford production is hereby created and designated as the Gladiola-Woodford Pool (**Pool Code 97446**), consisting of the following described area:

TOWNSHIP 12 SOUTH, RANGE 38 EAST, NMPM

Section 5: SW/4

(i) A new pool in Lea County, New Mexico classified as an oil pool for Atoka production is hereby created and designated as the North Hightower-Atoka Pool (**Pool Code 97431**), consisting of the following described area:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM

Section 11: NE/4

(j) A new pool in Lea County, New Mexico classified as an oil pool for Wolfcamp production is hereby created and designated as the North Hightower-Wolfcamp Pool (**Pool Code 97432**), consisting of the following described area:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM

Section 1: NW/4

(k) A new pool in Lea County, New Mexico classified as an oil pool for Queen production is hereby created and designated as the Northwest Reeves-Queen Pool (**Pool Code 97430**), consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM

Section 7: SW/4

(l) A new pool in Lea County, New Mexico classified as an oil pool for Devonian production is hereby created and designated as the Southeast Shoe Bar-Devonian Pool (**Pool Code 97438**), consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM

Section 4: SE/4

(m) A new pool in Lea County, New Mexico classified as a gas pool for Morrow production is hereby created and designated as the East Townsend-Morrow Gas Pool (**Pool Code 97423**), consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM

Section 17: E/2

(n) A new pool in Lea County, New Mexico classified as an oil pool for Wolfcamp production is hereby created and designated as the North Wilson-Wolfcamp Pool (**Pool Code 97449**), consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM

Section 35: SW/4

(o) A new pool in Lea County, New Mexico classified as a gas pool for Mississippian production is hereby created and designated as the West X-4 Ranch-Mississippian Gas Pool (**Pool Code 97437**), consisting of the following described area:

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM

Section 5: W/2

(p) The Mid Bell Lake-Morrow Gas Pool (**Pool Code 72000**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM

Section 30: N/2

(q) The Blinebry Oil and Gas Pool (**Pool Code Oil – 06660, Gas – 72480**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Section 7: SW/4

(r) The South Corbin-Bone Spring Pool (**Pool Code 13160**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 16: SW/4

(s) The Central Corbin-Queen Pool (**Pool Code 13285**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 10: SE/4

(t) 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 34 EAST, NMPM

Section 17: SE/4 and N/2

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

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 25: SW/4

(v) The Eumont-Yates-Seven Rivers-Queen Gas Pool (**Pool Code Oil – 22800, Gas – 76480**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 3: SW/4

(w) The Feather-Wolfcamp Pool (**Pool Code 24210**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM

Section 29: NE/4

(x) The South Four Lakes-Austin Gas Pool (**Pool Code 97164**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM

Section 13: W/2 and SE/4

Section 14: N/2

Section 24: NE/4

(y) The Garrett-Drinkard Pool (**Pool Code 27130**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 38 EAST, NMPM

Section 29: NW/4

Section 30: N/2

(z) The Gem-Morrow Gas Pool (**Pool Code 77370**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM

Section 17: S/2

(aa) The Hat Mesa-Morrow Gas Pool (**Pool Code 78240**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 33 EAST, NMPM

Section 5: Lots 9 through 16

(bb) The Southwest Jabalina-Atoka Gas Pool (Pool Code 79123) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 26 SOUTH, RANGE 35 EAST, NMPM
Section 19: NW/4

(cc) The Southwest Jabalina-Strawn Gas Pool (Pool Code 97332) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 26 SOUTH, RANGE 34 EAST, NMPM
Section 25: SE/4

TOWNSHIP 26 SOUTH, RANGE 35 EAST, NMPM
Section 19: W/2
Section 30: W/2

(dd) The South Kemnitz-Atoka-Morrow Gas Pool (Pool Code 79420) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
Section 18: NW/4

(ee) The East Livingston Ridge-Delaware Pool (Pool Code 39366) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 17: NW/4

(ff) The Lost Tank-Delaware Pool (Pool Code 40299) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 17: S/2

(gg) The East Lusk-Morrow Gas Pool (Pool Code 80770) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 23: SE/4
Section 34: SW/4

(hh) The North Lusk-Wolfcamp Pool (Pool Code 41608) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 31: NE/4

Section 32: N/2

(ii) The North Mescalero-Cisco Pool (**Pool Code 45750**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM

Section 1: SW/4

(jj) The Southeast Monument-Abo Pool (**Pool Code 96764**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 8: SW/4

(kk) The Nadine-Drinkard-Abo Pool (**Pool Code 47510**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 39 EAST, NMPM

Section 19: SW/4

(ll) The West Nadine-Paddock-Blincy Pool (**Pool Code 47400**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 17: SE/4

(mm) The West Nadine-Tubb Pool (**Pool Code 47530**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 17: SE/4

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

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM

Section 9: N/2

(oo) The North Ranger Lake-Atoka Gas Pool (**Pool Code 97349**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM

Section 12: E/2

TOWNSHIP 12 SOUTH, RANGE 35 EAST, NMPM

Section 6: N/2 and SW/4

Section 7: NW/4

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

TOWNSHIP 13 SOUTH, RANGE 34 EAST, NMPM

Section 1: N/2

TOWNSHIP 13 SOUTH, RANGE 35 EAST, NMPM

Section 6: N/2

(qq) The East Red Tank-Atoka Gas Pool (Pool Code 83680) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 24: N/2 and SW/4

(rr) 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 34: W/2

TOWNSHIP 11 SOUTH, RANGE 35 EAST, NMPM

Section 8: NE/4

Section 9: N/2

(ss) The Shoe Bar-Atoka Gas Pool (Pool Code 85210) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM

Section 25: SW/4

Section 26: SE/4

Section 36: W/2

(tt) The Skaggs-Drinkard Pool (Pool Code 57000) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 17: SE/4

(uu) The Northwest Skaggs-Glorieta Pool (Pool Code 97203) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 2: NW/4

(vv) The East Triste Draw-Atoka Gas Pool (**Pool Code 86430**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM

Section 17: S/2

(ww) The Vacuum-Grayburg-San Andres Pool (**Pool Code 62180**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM

Section 35: SE/4

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 9: E/2

(xx) The X-4 Ranch-Atoka Gas Pool (**Pool Code 97090**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM

Section 4: E/2

Section 15: N/2 and SW/4

Section 22: W/2

(yy) The West X-4 Ranch-Morrow Gas Pool (**Pool Code 97382**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM

Section 5: W/2

Section 8: W/2

(zz) The Young-Queen Pool (**Pool Code 65360**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 8: NW/4

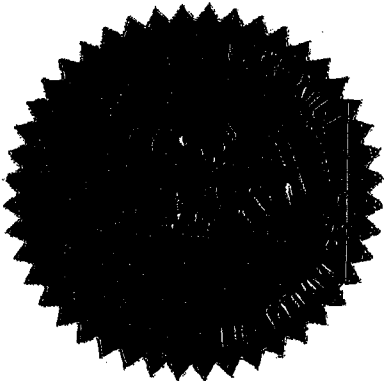
IT IS FURTHER ORDERED THAT:

(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 July 1, 2005.

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". The signature is fluid and cursive, written over the printed name.

MARK E. FESMIRE, P.E.
Director