

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. 13554
Order No. R-12421

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 8, 2005, at Santa Fe, New Mexico before Examiner David R. Catanach.

NOW, on this 6th day of October, 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 Eddy County, New Mexico for the production of gas from the Abo formation, bearing the designation of Fanning Draw-Abo Gas Pool (**Pool Code 97470**). The Fanning Draw-Abo Gas Pool was discovered by the Yates Petroleum Corporation Duvel "BDC" State Well No. 1 (**API No. 30-015-32983**) located in Unit C of Section 36, Township 21 South, Range 21 East, NMPM, which was completed in the Abo formation on January 4, 2004. The top of the perforations is at 3,580 feet.

(3) There is need for the creation of a new pool in Chaves County, New Mexico for the production of oil from the Abo formation, bearing the designation of Jones Tank-Abo Pool (**Pool Code 97469**). The Jones Tank-Abo Pool was discovered by the Yates Petroleum Corporation Federal "CL" Well No. 5 (**API No. 30-005-00469**) located in Unit G of Section 34, Township 15 South, Range 29 East, NMPM, which was

completed in the Abo formation on June 14, 2005. The top of the perforations is at 7,430 feet.

(4) There is need for extensions to the Chalk Bluff-Wolfcamp Pool, the Southeast Dagger Draw-Atoka Gas Pool, the Diamond Mound-Morrow Gas Pool, the Esperanza-Delaware Pool, the Happy Valley-Morrow Gas Pool, the Northeast Harroun Ranch-Delaware Pool, the Southeast Henshaw-Wolfcamp Pool, the Penasco Draw-Permo Pennsylvanian Gas Pool, the Southeast Quahada Ridge-Delaware Pool, the Northeast Red Lake-Glorieta-Yeso Pool, the Salt Draw-Atoka Gas Pool, the South Sand Dunes-Delaware Pool, the Springs-Morrow Gas Pool, and the North Turkey Track-Morrow Gas Pool, all in Eddy County, New Mexico; and the Foor Ranch-Pre-Permian Gas Pool in Chaves County, New Mexico.

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

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 Fanning Draw-Abo Gas Pool (**Pool Code 97470**), consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 21 EAST, NMPM
Section 36: NW/4

(b) A new pool in Chaves County, New Mexico classified as an oil pool for Abo production is hereby created and designated as the Jones Tank-Abo Pool (**Pool Code 97469**), consisting of the following described area:

TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM
Section 34: NE/4

(c) The Chalk Bluff-Wolfcamp Pool (**Pool Code 11960**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 33: SE/4

(d) The Southeast Dagger Draw-Atoka Gas Pool (**Pool Code 97014**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 7: E/2 and SW/4

(e) The Diamond Mound-Morrow Gas Pool (**Pool Code 76079**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM

Section 9: W/2

(f) The Esperanza-Delaware Pool (**Pool Code 22640**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 9: SE/4

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

TOWNSHIP 9 SOUTH, RANGE 25 EAST, NMPM

Section 12: E/2

Section 13: NE/4

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM

Section 17: N/2

Section 18: N/2

(h) 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 9: E/2

Section 10: All

(i) The Northeast Harroun Ranch-Delaware Pool (**Pool Code 96878**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM

Section 22: N/2

(j) 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 17: NW/4

Section 18: E/2

Section 19: NE/4

(k) The Penasco Draw-Permo Pennsylvanian Gas Pool (**Pool Code 82775**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM

Section 9: E/2

(l) 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 13: SW/4

Section 24: NW/4

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

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 26: SW/4

(n) The Salt Draw-Atoka Gas Pool (**Pool Code 84415**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM

Section 26: NE/4

(o) The South Sand Dunes-Delaware Pool (**Pool Code 53818**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 7: SW/4

(p) The Springs-Morrow Gas Pool (**Pool Code 85635**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM

Section 3: Lots 3, 4, 5, 6, 11, 12, 13 and 14

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

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 28: S/2

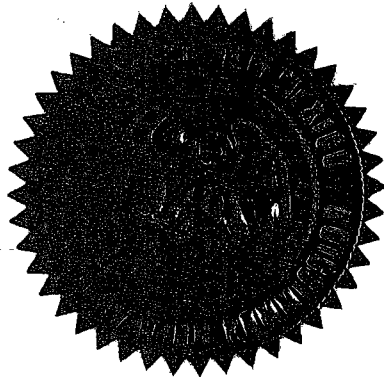
IT IS FURTHER ORDERED THAT:

(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, 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 dark ink, appearing to read 'Mark E. Fesmire', written in a cursive style.

MARK E. FESMIRE, P.E.
Director