

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. 13676
Order No. R-12530

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 March 16, 2006, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 30th day of March, 2006, 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 San Andres formation, bearing the designation of Foor Ranch-San Andres Gas Pool (**Pool Code 97503**). The Foor Ranch-San Andres Gas Pool was discovered by the Yates Petroleum Corporation Barracuda State Unit Well No. 1 (**API No. 30-005-63679**) located in Unit H of Section 5, Township 10 South, Range 27 East, NMPM, which was completed in the San Andres formation on December 30, 2005. The top of the perforations is at 2,082 feet.

(3) There is need for extensions to the Anderson-Pennsylvanian Gas Pool, the Southeast Cemetery-Morrow Gas Pool, the Cottonwood Creek-Wolfcamp Gas Pool, the West Cottonwood Creek-Wolfcamp Gas Pool, the South Empire-Morrow Gas Pool, the Fren-Morrow Gas Pool, the Ingle Wells-Delaware Pool, the Hackberry Hills-Atoka Gas Pool, the West Lusk-Morrow Gas Pool, the Nash Draw-Delaware/Bone Spring (Avalon

Sand) Pool, the P.O.W.-Atoka Gas Pool, the Poker Lake-Delaware Pool, and the Willow Lake-Bone Spring Pool, all in Eddy County, New Mexico; and the Palma Mesa-Siluro-Ordovician Gas Pool 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 San Andres production is hereby created and designated as the Foor Ranch-San Andres Gas Pool (**Pool Code 97503**), consisting of the following described area:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM
Section 5: NE/4

(b) The Anderson-Pennsylvanian Gas Pool (**Pool Code 70200**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 19: S/2

(c) The Southeast Cemetery-Morrow Gas Pool (**Pool Code 97031**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM
Section 2: Lots 1 through 16

(d) The Cottonwood Creek-Wolfcamp Gas Pool (**Pool Code 75250**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 25 EAST, NMPM
Section 27: W/2
Section 28: N/2

(e) The West Cottonwood Creek-Wolfcamp Gas Pool (**Pool Code 75260**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 24 EAST, NMPM
Section 13: E/2

(f) 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 11: All

(g) The Fren-Morrow Gas Pool (**Pool Code 96663**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 9: N/2

(h) The Hackberry Hills-Atoka Gas Pool (**Pool Code 96239**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 29: S/2

Section 30: SE/4

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

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 10: W/2

(j) The West Lusk-Morrow Gas Pool (**Pool Code 80840**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 4: S/2

Section 5: SE/4

(k) The Nash Draw-Delaware/Bone Spring(Avalon Sand) Pool (**Pool Code 47545**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMPM

Section 6: W/2

Section 17: SW/4

Section 19: SW/4

Section 30: E/2

Section 31: N/2

(l) The Palma Mesa-Siluro-Ordovician Gas Pool (**Pool Code 82556**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 27 EAST, NMPM

Section 24: SW/4

Section 25: W/2

(m) The P.O.W.-Atoka Gas Pool (**Pool Code 97264**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 26 EAST, NMPM

Section 33: All

(n) The Poker Lake-Delaware Pool (**Pool Code 50382**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM
Section 16: NE/4

(o) The Willow Lake-Bone Spring Pool (**Pool Code 64450**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 29: W/2

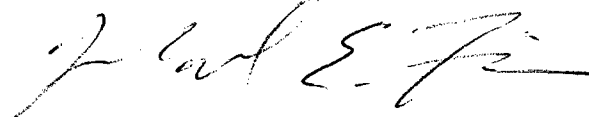
IT IS FURTHER ORDERED THAT:

(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.

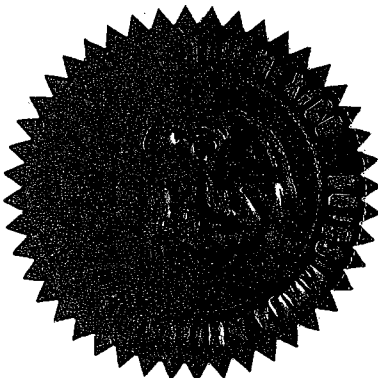
(2) The effective date of this order and all creations and extensions included herein shall be April 1, 2006.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Director



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