

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. 13677
Order No. R-12531

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 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 Lea County, New Mexico for the production of gas from the Atoka formation, bearing the designation of Northwest Austin-Atoka Gas Pool (**Pool Code 97481**). The Northwest Austin-Atoka Gas Pool was discovered by the Threshold Development Company Alma 33 State Well No. 1 (**API No. 30-025-36668**) located in Unit F of Section 33, Township 13 South, Range 35 East, NMPM, which was completed in the Atoka formation on August 11, 2004. The top of the perforations is at 12,908 feet.

(3) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Grayburg formation, bearing the designation of West Corbin-Grayburg Pool (**Pool Code 97488**). The West Corbin-Grayburg Pool was discovered by the Harvey E. Yates Company Shoot 12 Federal Well No. 3 (**API No. 30-025-31101**) located in Unit O of Section 12, Township 18 South, Range 32 East, NMPM,

which was completed in the Grayburg formation on July 17, 2005. The top of the perforations is at 4,738 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 Hightower-Morrow Gas Pool (**Pool Code 97502**). The East Hightower-Morrow Gas Pool was discovered by the Yates Petroleum Corporation Wynona State Unit Well No. 1 (**API No. 30-025-37013**) located in Unit A of Section 20, Township 12 South, Range 34 East, NMPM, which was completed in the Morrow formation on December 5, 2005. The top of the perforations is at 12,100 feet.

(5) 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 Hobbs-Wolfcamp Pool (**Pool Code 97477**). The Hobbs-Wolfcamp Pool was discovered by the Oxy USA WTP LP. State A Well No. 11-Y (**API No. 30-025-37349**) located in Unit J of Section 29, Township 18 South, Range 38 East, NMPM, which was completed in the Wolfcamp formation on August 20, 2005. The top of the perforations is at 7,702 feet.

(6) 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 East Midway-San Andres Pool (**Pool Code 97486**). The East Midway-San Andres Pool was discovered by the Yates Petroleum Corporation Bureaucrat AGV Well No. 1 (**API No. 30-025-30767**) located in Unit F of Section 14, Township 17 South, Range 37 East, NMPM, which was completed in the San Andres formation on September 14, 2005. The top of the perforations is at 5,272 feet.

(7) 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 East Osudo-Wolfcamp Pool (**Pool Code 97483**). The East Osudo-Wolfcamp Pool was discovered by the Chesapeake Operating Inc. CC 3 State Well No. 1 (**API No. 30-025-36794**) located in Unit M of Section 3, Township 21 South, Range 35 East, NMPM, which was completed in the Wolfcamp formation on March 25, 2005. The top of the perforations is at 10,690 feet.

(8) 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 Sombrero-Wolfcamp Pool (**Pool Code 97499**). The Sombrero-Wolfcamp Pool was discovered by the Yates Petroleum Corporation Big Hat State Unit Well No. 3 (**API No. 30-025-36223**) located in Unit B of Section 3, Township 16 South, Range 33 East, NMPM, which was completed in the Wolfcamp formation on November 3, 2005. The top of the perforations is at 10,218 feet.

(9) There is need for extensions to the West Anderson Ranch-Grayburg Pool, the West Antelope Ridge-Atoka Gas Pool, the Antelope Ridge-Brushy Canyon Pool, the Arrowhead-Grayburg Pool, the East Bagley-Morrow Gas Pool, the Big

Dog-Strawn Pool, the Blinebry Oil and Gas Pool, the Bootleg Ridge-Morrow Gas Pool, the Bronco-Wolfcamp Pool, the West Caprock-Morrow Gas Pool, the West Cinta Roja-Morrow Gas Pool, the South Corbin-Bone Spring Pool, the East Corbin-Wolfcamp Pool, the Drinkard Pool, the EK-Bone Spring Pool, the Eunice-San Andres Pool, the South Eunice-San Andres Pool, the Southwest Eunice-San Andres Pool, the Four Lakes-Morrow Gas Pool, the East Gem-Morrow Gas Pool, the Northeast Grama Ridge-Bone Spring Pool, the East Hare-San Andres Pool, the South House-Blinebry Pool, the West Hume-Grayburg Pool, the West Hume-Queen Pool, the Southwest Jabalina-Atoka Gas Pool, the Southwest Jabalina-Strawn Gas Pool, the South Jenkins-Atoka Gas Pool, the South Kemnitz-Atoka-Morrow Gas Pool, the King-Wolfcamp Pool, the East Livingston Ridge-Delaware Pool, the East Lusk-Bone Spring Pool, the North Lusk-Bone Spring Pool, the Northwest Lusk-Morrow Gas Pool, the Maljamar-Cisco Pool, the East Nadine-Blinebry Pool, the South Osudo-Morrow Gas Pool, the West Osudo-Morrow Gas Pool, the North Quail Ridge-Morrow Gas Pool, the North Ranger Lake-Atoka Gas Pool, the South Ranger Lake-Lower Mississippian Lime Gas Pool, the Sand Springs-Atoka-Morrow Gas Pool, the Shoe Bar-Atoka Gas Pool, the North Skaggs-Abo Pool, the Teas-Pennsylvanian Gas Pool, the Tonto-Seven Rivers Pool, the Tubb Oil and Gas Pool, the North Vacuum-Atoka-Morrow Gas Pool, the South Vacuum-McKee Gas Pool, the Wantz-Abo Pool, the X-4 Ranch-Atoka Gas Pool, the West X-4 Ranch-Morrow Gas Pool, and the North Young-Bone Spring Pool, all in Lea County, New Mexico; and the Allison-San Andres Pool and the Vada-Upper Pennsylvanian Pool, both in Lea and Roosevelt Counties, New Mexico; and the North Chaveroo-Lower Pennsylvanian Gas 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 Atoka production is hereby created and designated as the Northwest Austin-Atoka Gas Pool (Pool Code 97481), consisting of the following described area:

TOWNSHIP 13 SOUTH, RANGE 35 EAST, NMPM
Section 33: N/2

(b) A new pool in Lea County, New Mexico classified as an oil pool for Grayburg production is hereby created and designated as the West Corbin-Grayburg Pool (Pool Code 97488), consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 12: SE/4

(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 Hightower-Morrow Gas Pool (Pool Code 97502), consisting of the following described area:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM
Section 20: E/2

(d) A new pool in Lea County, New Mexico classified as an oil pool for Wolfcamp production is hereby created and designated as the Hobbs-Wolfcamp Pool (**Pool Code 97477**), consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM
Section 29: SE/4

(e) A new pool in Lea County, New Mexico classified as an oil pool for San Andres production is hereby created and designated as the East Midway-San Andres Pool (**Pool Code 97486**), consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 14: NW/4

(f) A new pool in Lea County, New Mexico classified as an oil pool for Wolfcamp production is hereby created and designated as the East Osudo-Wolfcamp Pool (**Pool Code 97483**), consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Section 3: SW/4

(g) A new pool in Lea County, New Mexico classified as an oil pool for Wolfcamp production is hereby created and designated as the Sombrero-Wolfcamp Pool (**Pool Code 97499**), consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 3: Lots 1, 2, 7 and 8

(h) The Allison-San Andres Pool (**Pool Code 1190**) in Roosevelt and Lea Counties, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM
Section 36: W/2

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM
Section 1: NW/4
Section 2: N/2

(i) The West Anderson Ranch-Grayburg Pool (**Pool Code 1560**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
Section 7: SW/4
Section 18: N/2

(j) The West Antelope Ridge-Atoka Gas Pool (**Pool Code 70370**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 20: W/2

(k) The Antelope Ridge-Brushy Canyon Pool (**Pool Code 96717**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 35: W/2

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 2: W/2
Section 3: SE/4

(l) The Arrowhead-Grayburg Pool (**Pool Code 3040**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 26: NE/4

(m) The East Bagley-Morrow Gas Pool (**Pool Code 97424**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM
Section 12: E/2

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM
Section 8: W/2

(n) The Big Dog-Strawn Pool (**Pool Code 5537**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM
Section 32: W/2 NE/4

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

TOWNSHIP 20 SOUTH, RANGE 39 EAST, NMPM
Section 18: E/2 and NW/4

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 5: Lots 9, 10, 15, 16 and SE/4

(p) The Bootleg Ridge-Morrow Gas Pool (**Pool Code 72650**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 11: W/2

(q) The Bronco-Wolfcamp Pool (**Pool Code 7600**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 13 SOUTH, RANGE 38 EAST, NMPM
Section 10: NE/4

(r) The West Caprock-Morrow Gas Pool (**Pool Code 73780**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM
Section 19: W/2

(s) The North Chaveroo-Lower Pennsylvanian Gas Pool (**Pool Code 97445**) in Roosevelt County, New Mexico is hereby extended to include:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM
Section 34: S/2

(t) The West Cinta Roja-Morrow Gas Pool (**Pool Code 96602**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 35 EAST, NMPM
Section 31: S/2

TOWNSHIP 24 SOUTH, RANGE 35 EAST, NMPM
Section 6: E/2

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 24: SE/4

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 8: SW/4
Section 19: SW/4

(v) The East Corbin-Wolfcamp Pool (**Pool Code 13310**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 29: SW/4

(w) The Drinkard Pool (**Pool Code 19190**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 4: Lots 10, 11, 12 and 13
Section 5: Lots 9, 10, 15 and 16

(x) The EK-Bone Spring Pool (**Pool Code 21650**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 6: NE/4

(y) The Eunice-San Andres Pool (**Pool Code 24150**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 29: SE/4
Section 33: S/2

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 3: SW/4

(z) The South Eunice-San Andres Pool (**Pool Code 24170**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 2: NW/4 and N/2 SW/4

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

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 5: NW/4
Section 6: NE/4
Section 9: SE/4

(bb) The Four Lakes-Morrow Gas Pool (**Pool Code 97082**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 12 SOUTH, RANGE 35 EAST, NMPM
Section 5: W/2

(cc) The East Gem-Morrow Gas Pool (**Pool Code 77380**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 25: NW/4

(dd) The Northeast Grama Ridge-Bone Spring Pool (**Pool Code 28435**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 34: NE/4
Section 35: NW/4

(ee) The East Hare-San Andres Pool (**Pool Code 96601**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 10: NW/4

(ff) The South House-Blinebry Pool (**Pool Code 33225**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 12: SW/4

(gg) The West Hume-Grayburg Pool (**Pool Code 97444**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 14: NE/4
Section 23: NW/4

(hh) The West Hume-Queen Pool (**Pool Code 33560**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 14: E/2
Section 16: SE/4

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

TOWNSHIP 26 SOUTH, RANGE 34 EAST, NMPM
Section 26: E/2

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

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

(kk) The South Jenkins-Atoka Gas Pool (**Pool Code 97475**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM
Section 29: W/2

(ll) 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 26: W/2

(mm) The King-Wolfcamp Pool (**Pool Code 36100**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 13 SOUTH, RANGE 37 EAST, NMPM
Section 22: SE/4
Section 23: SW/4

(nn) 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 30: NW/4

(oo) The East Lusk-Bone Spring Pool (**Pool Code 41442**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 27: SW/4
Section 34: NW/4

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

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 4: NW/4

(qq) The Northwest Lusk-Morrow Gas Pool (**Pool Code 80830**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPPM

Section 7: NE/4

Section 8: W/2

(rr) The Maljamar-Cisco Pool (**Pool Code 43270**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPPM

Section 31: NE/4

(ss) The East Nadine-Bliebry Pool (**Pool Code 97246**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPPM

Section 24: SE/4

Section 25: NE/4

TOWNSHIP 19 SOUTH, RANGE 39 EAST, NMPPM

Section 19: SW/4

(tt) 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, NMPPM

Section 4: S/2

(uu) The West Osudo-Morrow Gas Pool (**Pool Code 82240**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPPM

Section 14: E/2

(vv) The North Quail Ridge-Morrow Gas Pool (**Pool Code 83320**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPPM

Section 18: S/2

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

TOWNSHIP 12 SOUTH, RANGE 35 EAST, NMPPM

Section 5: W/2

(xx) The South Ranger Lake-Lower Mississippian Lime Gas Pool (**Pool Code 97295**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 12 SOUTH, RANGE 35 EAST, NMPM
Section 31: E/2 and SW/4

TOWNSHIP 13 SOUTH, RANGE 35 EAST, NMPM
Section 6: NW/4

(yy) 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 26: E/2
Section 35: E/2

TOWNSHIP 11 SOUTH, RANGE 35 EAST, NMPM
Section 2: All
Section 10: N/2
Section 11: NW/4

(zz) 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 26: SW/4
Section 27: SE/4

(aaa) The North Skaggs-Abo Pool (**Pool Code 56640**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 37 EAST, NMPM
Section 25: SE/4
Section 36: N/2 and SW/4

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM
Section 30: SW/4

(bbb) The Teas-Pennsylvanian Gas Pool (**Pool Code 86040**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM
Section 15: N/2

(ccc) The Tonto-Seven Rivers Pool (**Pool Code 59470**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 18: SW/4

Section 19: NW/4

(ddd) The Tubb Oil and Gas Pool (**Pool Code Oil – 60240, Gas - 86440**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Section 4: Lots 11, 12, 13 and 14

Section 5: Lots 9, 10, 15 and 16

(eee) The North Vacuum-Atoka-Morrow Gas Pool (**Pool Code 86800**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM

Section 35: NE/4

(fff) The South Vacuum-McKee Gas Pool (**Pool Code 97368**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM

Section 26: SW/4

Section 27: E/2

(ggg) The Vada-Upper Pennsylvanian Pool (**Pool Code 62459**) in Roosevelt and Lea Counties, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 34 EAST, NMPM

Section 31: SE/4

TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMPM

Section 6: E/2

(hhh) The Wantz-Abo Pool (**Pool Code 62700**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Section 16: NW/4

(iii) 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 5: SW/4
Section 6: E/2
Section 8: N/2
Section 21: S/2

(jjj) 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 19: E/2 and NW/4

(kkk) The North Young-Bone Spring Pool (**Pool Code 65350**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM

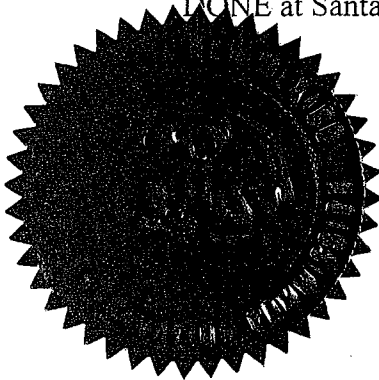
Section 34: SW/4

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.

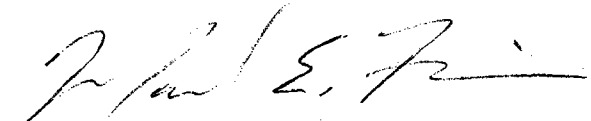
(2) The effective date of this order and all creations and extensions included herein shall be April 1, 2006.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


MARK E. FESMIRE, P.E.
Director