

CASE NO. 13493: (Reopened) Continued from July 20, 2006, Examiner Hearing

Application of Chesapeake Permian, L.P. for Compulsory Pooling, Lea County, New Mexico. By Order No. R-12343-B issued by the Division on January 10, 2006, all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the S/2 of irregular Section 4, Township 21 South, Range 35 East, were pooled to form a standard 320-acre gas spacing and proration unit for any production from any and all formations/pools developed on 320-acre gas spacing within that vertical extent, including but not limited to the South Osudo Morrow Pool. The 320-acre unit is dedicated to the Chesapeake KF 4 State Well No. 1 (API #30-025-37129) drilled at a standard surface location 660 feet from the South line and 990 feet from the East line to a bottom hole location 711 feet from the South line and 1888 feet from the East line of said Section 4. Chesapeake Operating, Inc. was designated operator of the well and was directed to furnish the Division and each known pooled working interest owner, including non-consenting interest owners, with an itemized schedule of actual well costs within ninety (90) days following completion of the well. Pursuant to the Notice of Objection to Well Costs filed by Kaiser-Francis Oil Company, and Samson Resources Company, the Division will consider the costs of drilling and completing this well and will determine reasonable well costs. The well and unit are located approximately 6 miles west of Oil Center, New Mexico.

CASE NO. 13783: In the matter of the hearing called by the Oil Conservation Division for an order creating, extending vertical and horizontal limits, and redesignating certain pools in Chaves and Eddy Counties, New Mexico.

(a) CREATE a new pool in Eddy County, New Mexico for the production of gas from the Wolfcamp formation and designated as the Deadman Draw-Wolfcamp Gas Pool (Pool Code 97536). The discovery well is the Marathon Oil Company Indian Hills Unit Well No. 50 (API No. 30-015-32350) located in Unit K of Section 16, Township 21 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 16: W/2

(b) CREATE a new pool in Chaves County, New Mexico for the production of gas from the Wolfcamp formation and designated as the South Greenfield-Wolfcamp Gas Pool (Pool Code 97538). The discovery well is the Yates Petroleum Corporation Hackey Sack "BHV" Federal Com. Well No. 1 (API No. 30-005-63798) located in Unit D of Section 4, Township 14 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 14 SOUTH, RANGE 27 EAST, NMPM

Section 4: W/2

(c) CREATE a new pool in Eddy County, New Mexico for the production of oil from the Bone Spring formation and designated as the East Happy Valley-Bone Spring Pool (Pool Code 97541). The discovery well is the Kaiser-Francis Oil Company Mesa "11" Grande Well No. 2 (API No. 30-015-33720) located in Unit L of Section 11, Township 22 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM

Section 11: SW/4

(d) CREATE a new pool in Eddy County, New Mexico for the production of gas from the Mississippian formation and designated as the Indian Basin-Mississippian Gas Pool (Pool Code 97537). The discovery well is the Marathon Oil Company Indian Hills Unit Well No. 50 (API No. 30-015-31655) located in Unit L of Section 20, Township 21 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 20: W/2

(e) CREATE a new pool in Eddy County, New Mexico for the production of oil from the Wolfcamp formation and designated as the Red Tank Draw-Wolfcamp Pool (Pool Code 97535). The discovery well is the David H. Arrington Oil & Gas, Inc. Green Wooley Booger 5 Federal Well No. 1 (API No. 30-015-31498) located in Unit L of Section 5, Township 19 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM

Section 5: SW/4

- (f) EXTEND the Artesia-Glorieta-Yeso Pool (Pool Code 96830) in Eddy County, New Mexico to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 28: NE/4

Section 29: NW/4

- (g) EXTEND the East Black River-Wolfcamp Gas Pool (Pool Code 97442) in Eddy County, New Mexico to include:

TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM

Section 1: N/2

- (h) EXTEND the Bunting Ranch-Morrow Gas Pool (Pool Code 73100) in Eddy County, New Mexico to include:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM

Section 32: W/2

TOWNSHIP 20 SOUTH, RANGE 23 EAST, NMPM

Section 5: S/2 and NW/4

- (i) EXTEND the Cedar Canyon-Delaware Pool (Pool Code 11540) in Eddy County, New Mexico to include:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 13: NW/4

- (j) EXTEND the vertical limits of the Cedar Lake-Yeso Pool (Pool Code 96831) in Eddy County, New Mexico to include the top of the Glorieta formation and continue down to the top of the Abo formation, and redesignate the pool as the Cedar Lake-Glorieta-Yeso Pool (Pool Code 96831).

- (k) EXTEND the Cemetery-Morrow Gas Pool (Pool Code 74640) in Eddy County, New Mexico to include:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 3: S/2

- (l) EXTEND the Northeast Collins Ranch-Wolfcamp Gas Pool (Pool Code 75010) in Eddy County, New Mexico to include:

TOWNSHIP 17 SOUTH, RANGE 24 EAST, NMPM

Section 11: All

- (m) EXTEND the South Corral Canyon-Bone Spring Pool (Pool Code 13354) in Eddy County, New Mexico to include:

TOWNSHIP 25 SOUTH, RANGE 30 EAST, NMPM

Section 30: SW/4

Section 31: NW/4

- (n) EXTEND the Cottonwood Creek-Wolfcamp Gas Pool (Pool Code 75250) in Eddy County, New Mexico to include:

TOWNSHIP 16 SOUTH, RANGE 25 EAST, NMPM

Section 10: S/2

Section 15: N/2

- (o) EXTEND the West Cottonwood Creek-Wolfcamp Gas Pool (Pool Code 75260) in Eddy County, New Mexico to include:

TOWNSHIP 16 SOUTH, RANGE 24 EAST, NMPM

Section 22: S/2

Section 23: SW/4

- (p) EXTEND the Coyote-Wolfcamp Gas Pool (Pool Code 97361) in Chaves County, New Mexico to include:

TOWNSHIP 11 SOUTH, RANGE 26 EAST, NMPM

Section 36: SW/4

TOWNSHIP 12 SOUTH, RANGE 26 EAST, NMPM

Section 1: W/2

Section 12: N/2

- (q) EXTEND the Northeast Fren-Morrow Gas Pool (Pool Code 96996) in Eddy County, New Mexico to include:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM

Section 35: N/2

- (r) EXTEND the vertical limits of the Fren-Paddock Pool (Pool Code 26770) in Eddy County, New Mexico to include the top of the Glorieta formation and continue down to the top of the Abo formation, and redesignate the pool as the Fren-Glorieta-Yeso Pool (Pool Code 26770).

- (s) EXTEND the vertical limits of the East Fren-Paddock Pool (Pool Code 97213) in Eddy County, New Mexico to include the top of the Glorieta formation and continue down to the top of the Abo formation, and redesignate the pool as the East Fren-Glorieta-Yeso Pool (Pool Code 97213).

- (t) EXTEND the Golden Lane-Morrow Gas Pool (Pool Code 77560) in Eddy County, New Mexico to include:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM

Section 4: S/2

- (u) EXTEND the Gopher-Wolfcamp Gas Pool (Pool Code 77660) in Eddy County, New Mexico to include:

TOWNSHIP 17 SOUTH, RANGE 23 EAST, NMPM

Section 35: E/2

Section 36: All

- (v) EXTEND the Happy Valley-Strawn Gas Pool (Pool Code 78070) in Eddy County, New Mexico to include:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM

Section 15: All

- (w) EXTEND the vertical limits of the Loco Hills-Paddock Pool (Pool Code 96718) in Eddy County, New Mexico to include the top of the Glorieta formation and continue down to the top of the Abo formation, and redesignate the pool as the Loco Hills-Glorieta-Yeso Pool (Pool Code 96718).

- (x) EXTEND the Logan Draw-Morrow Gas Pool (Pool Code 80400) in Eddy County, New Mexico to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 10: N/2

Section 11: N/2

(y) EXTEND the Nash Draw-Delaware/Bone Spring-Avalon Sand Pool (Pool Code 47545) in Eddy County, New Mexico to include:

TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMPM

Section 7: SW/4

Section 20: NW/4

(z) EXTEND the P.O.W.-Morrow Gas Pool (Pool Code 83040) in Eddy County, New Mexico to include:

TOWNSHIP 16 SOUTH, RANGE 26 EAST, NMPM

Section 32: N/2

(aa) EXTEND the East Pierce Crossing-Bone Spring Pool (Pool Code 96473) in Eddy County, New Mexico to include:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 22: S/2

(bb) EXTEND the Salt Draw-Morrow Gas Pool (Pool Code 84420) in Eddy County, New Mexico to include:

TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM

Section 10: E/2

(cc) EXTEND the Wye-Delaware Pool (Pool Code 96378) in Eddy County, New Mexico to include:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 33: N/2

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.