

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. 13169
Order No. R-12047

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 October 9, 2003, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 3rd day of November, 2003, 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 Wolfcamp formation, bearing the designation of Crockett Draw-Wolfcamp Gas Pool (**Pool Code 97282**). The Crockett Draw-Wolfcamp Gas Pool was discovered by the Yates Petroleum Corporation Sterne "BCS" Com. Well No. 1 (**API No. 30-005-63561**) located in Unit M of Section 11, Township 6 South, Range 26 East, NMPM, which was completed in the Wolfcamp formation on July 9, 2003. The top of the perforations is at 5,152 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Bone Spring formation, bearing the designation of Southeast Happy Valley-Bone Spring Pool (**Pool Code 96605**). The Southeast Happy Valley-Bone Spring Pool was discovered by the Louis Dreyfuss Natural Gas Corporation White Wing "22" Federal Com. Well No. 23 (**API No. 30-**

015-29833) located in Unit N of Section 22, Township 22 South, Range 26 East, NMPM, which was completed in the Bone Spring formation on September 16, 1998. The top of the perforations is at 7,745 feet.

(4) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Mississippian formation, bearing the designation of Lone Tree Draw-Mississippian Pool (**Pool Code 97290**). The Lone Tree Draw-Mississippian Pool was discovered by the Marbob Energy Corporation Oso Pedorro Federal Com. Well No. 1 (**API No. 30-015-31374**) located in Unit B of Section 7, Township 17 South, Range 28 East, NMPM, which was completed in the Mississippian formation on June 12, 2003. The top of the perforations is at 9,712 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Bone Spring formation, bearing the designation of Mosley Canyon-Bone Spring Gas Pool (**Pool Code 97174**). The Mosley Canyon-Bone Spring Gas Pool was discovered by the Nadel and Gussman, L.L.C. Rolling Rock State Well No. 2 (**API No. 30-015-30957**) located in Unit P of Section 31, Township 23 South, Range 25 East, NMPM, which was completed in the Bone Spring formation on September 26, 2001. The top of the perforations is at 6,514 feet.

(6) There is need for extensions to the Anderson-Wolfcamp Pool, the Avalon-Morrow Gas Pool, the Avalon-Strawn Gas Pool, the Black River-Morrow Gas Pool, the East Burton Flat-Atoka Gas Pool, the Cedar Lake-Yeso Pool, the Forehand Ranch-Bone Spring Pool, the Happy Valley-Delaware Pool, the Northeast Harroun Ranch-Delaware Pool, the Ingle Wells-Delaware Pool, and the South Sand Dunes-Delaware Pool, all in Eddy County, New Mexico; and the Comanche-Wolfcamp Gas Pool, the Foor Ranch-Wolfcamp Gas Pool, and the Windmill-Morrow Gas Pool, all in Chaves County, New Mexico.

(7) The effective date of this order and all creations and extensions included herein should be November 1, 2003.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Chaves County, New Mexico classified as a gas pool for Wolfcamp production is hereby created and designated as the Crockett Draw-Wolfcamp Gas Pool (**Pool Code 97282**), consisting of the following described area:

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM
Section 11: W/2

(b) A new pool in Eddy County, New Mexico classified as an oil pool for Bone Spring production is hereby created and designated as the Southeast Happy

Valley-Bone Spring Pool (**Pool Code 96605**), consisting of the following described area:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM

Section 22: SW/4

(c) A new pool in Eddy County, New Mexico classified as an oil pool for Mississippian production is hereby created and designated as the Lone Tree Draw-Mississippian Pool (**Pool Code 97290**), consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 7: NE/4

(d) A new pool in Eddy County, New Mexico classified as a gas pool for Bone Spring production is hereby created and designated as the Mosley Canyon-Bone Spring Gas Pool (**Pool Code 97174**), consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM

Section 31: SE/4

(e) The Anderson-Wolfcamp Pool (**Pool Code 96417**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 22: S/2

(f) The Avalon-Morrow Gas Pool (**Pool Code 70920**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM

Section 36: W/2 and NE/4

(g) The Avalon-Strawn Gas Pool (**Pool Code 71080**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM

Section 36: W/2 and NE/4

(h) The Black River-Morrow Gas Pool (**Pool Code 72170**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM

Section 6: S/2

(i) The East Burton Flat-Atoka Gas Pool (**Pool Code 73200**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 5: W/2

(j) The Cedar Lake-Yeso Pool (Pool Code 96831) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 17: SE/4

(k) The Comanche-Wolfcamp Gas Pool (Pool Code 97120) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM

Section 19: SE/4

Section 20: W/2

(l) The Foor Ranch-Wolfcamp Gas Pool (Pool Code 76750) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM

Section 6: S/2

(m) The Forehand Ranch-Bone Spring Pool (Pool Code 24660) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM

Section 15: NW/4

Section 16: N/2

(n) The Happy Valley-Delaware Pool (Pool Code 29665) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM

Section 10: NW/4

(o) 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 20: W/2 and SE/4

Section 21: SW/4

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

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 14: NE/4

Section 22: NE/4

(q) 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: NW/4

(r) The Windmill-Morrow Gas Pool (Pool Code 97234) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 14 SOUTH, RANGE 28 EAST, NMPM

Section 33: E/2

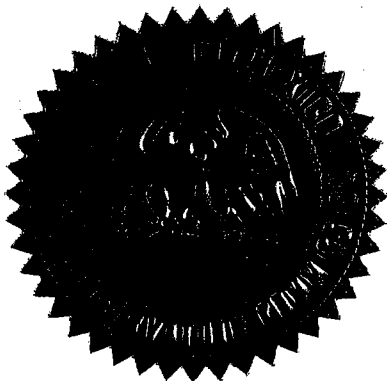
Section 34: S/2

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 November 1, 2003.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery

LORI WROTENBERY
Director