

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. 13204
Order No. R-12083

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING, ABOLISHING,
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 January 8, 2004, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 14th day of January, 2004, 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 Siluro-Devonian formation, bearing the designation of Bosque-Siluro-Devonian Gas Pool (Pool Code 97318). The Bosque-Siluro-Devonian Gas Pool was discovered by the Yates Petroleum Corporation Aikman "BDK" State Com. Well No. 1 (API No. 30-005-61804) located in Unit P of Section 36, Township 6 South, Range 26 East, NMPM, which was completed in the Siluro-Devonian formation on October 23, 2003. The top of the perforations is at 6,070 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Strawn formation, bearing the designation

of West McKittrick Hills-Strawn Gas Pool (**Pool Code 97315**). The West McKittrick Hills-Strawn Gas Pool was discovered by the Yates Petroleum Corporation McKittrick "ATS" State Well No. 1 (**API No. 30-015-29105**) located in Unit D of Section 16, Township 22 South, Range 24 East, NMPM, which was completed in the Strawn formation on May 10, 2003. The top of the perforations is at 9,510 feet.

(4) 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 McMillan Escarpment-Bone Spring Gas Pool (**Pool Code 97316**). The McMillan Escarpment-Bone Spring Gas Pool was discovered by the Pogo Producing Company State "19" Com Well No. 2 (**API No. 30-015-32612**) located in Unit L of Section 19, Township 20 South, Range 27 East, NMPM, which was completed in the Bone Spring formation on October 10, 2003. The top of the perforations is at 5,508 feet.

(5) There is need for the creation of a new pool in Chaves County, New Mexico for the production of oil from the Siluro-Devonian formation, bearing the designation of Mesa Diablo-Siluro-Devonian Pool (**Pool Code 97317**). The Mesa Diablo-Siluro-Devonian Pool was discovered by the Yates Petroleum Corporation Starkissed "AWS" State Well No. 2 (**API No. 30-005-63539**) located in Unit E of Section 3, Township 10 South, Range 27 East, NMPM, which was completed in the Siluro-Devonian formation on September 18, 2003. The top of the perforations is at 6,756 feet.

(6) There is need for the abolishment of the Fren-Pennsylvanian Gas Pool (**Pool Code 77160**) in Eddy County, New Mexico in order to correct nomenclature.

(7) There is need for extensions to the Burton Flat-Morrow Gas Pool, the East Carlsbad-Morrow Gas Pool, the East Carlsbad-Strawn Gas Pool, the North Cedar Lake-Morrow Gas Pool, the Southeast Cemetery-Morrow Gas Pool, the Crozier Bluff-Atoka Gas Pool, the North Hackberry-Morrow Gas Pool, the Northeast Happy Valley-Strawn Gas Pool, the Indian Basin-Upper Pennsylvanian Associated Pool, the Ingle Wells-Delaware Pool, the Kennedy Farms-Morrow Gas Pool, the Loco Hills-Paddock Pool, the Nash Draw-Delaware Pool, the Nash Draw-Morrow Gas Pool, and the Northeast Red Lake-Glorieta-Yeso Pool, all in Eddy County, New Mexico; and the Crockett Draw-Wolfcamp Gas Pool, the Foor Ranch-Wolfcamp Gas Pool, and the Pecos Slope-Abo Gas Pool, all 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 Siluro-Devonian production is hereby created and designated as the Bosque-Siluro-Devonian Gas Pool (**Pool Code 97318**), consisting of the following described area:

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPPM

Section 36: S/2

(b) A new pool in Eddy County, New Mexico classified as a gas pool for Strawn production is hereby created and designated as the West McKittrick Hills-Strawn Gas Pool (Pool Code 97315), consisting of the following described area:

TOWNSHIP 22 SOUTH, RANGE 24 EAST, NMPPM

Section 16: W/2

(c) A new pool in Eddy County, New Mexico classified as a gas pool for Bone Spring production is hereby created and designated as the McMillan Escarpment-Bone Spring Gas Pool (Pool Code 97316), consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPPM

Section 19: SW/4

(d) A new pool in Chaves County, New Mexico classified as an oil pool for Siluro-Devonian production is hereby created and designated as the Mesa Diablo-Siluro-Devonian Pool (Pool Code 97317), consisting of the following described area:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPPM

Section 3: NW/4

(e) The Fren-Pennsylvanian Gas Pool (Pool Code 77160) in Eddy County, New Mexico, consisting of the following described area, is hereby abolished:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPPM

Section 15: SW/4

Section 21: E/2

Section 22: NW/4

(f) The Burton Flat-Morrow Gas Pool (Pool Code 73280) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPPM

Section 12: E/2

(g) The East Carlsbad-Morrow Gas Pool (Pool Code 73920) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPPM

Section 31: S/2

(h) The East Carlsbad-Strawn Gas Pool (Pool Code 74080) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPPM

Section 36: N/2

(i) The North Cedar Lake-Morrow Gas Pool (Pool Code 74600) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPPM

Section 21: NE/4

(j) 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, NMPPM

Section 12: W/2

(k) The Crockett Draw-Wolfcamp Gas Pool (Pool Code 97282) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPPM

Section 13: W/2

Section 14: N/2

(l) The Crozier Bluff-Atoka Gas Pool (Pool Code 75730) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPPM

Section 25: S/2

Section 26: SE/4

(m) 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, NMPPM

Section 7: N/2

(n) The North Hackberry-Morrow Gas Pool (Pool Code 96785) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 1: SW/4

Section 2: S/2

(o) The Northeast Happy Valley-Strawn Gas Pool (Pool Code 78075) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 25: All

Section 36: E/2

(p) The Indian Basin-Upper Pennsylvanian Associated Pool (Pool Code 33685) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 35: W/2

(q) 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: NW/4

Section 15: NE/4

(r) The Kennedy Farms-Morrow Gas Pool (Pool Code 79520) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM

Section 36: N/2

(s) The Loco Hills-Paddock Pool (Pool Code 96718) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 14: SE/4

(t) The Nash Draw-Delaware Pool (Pool Code 47545) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMPM

Section 8: SW/4

Section 17: NW/4

(u) The Nash Draw-Morrow Gas Pool (Pool Code 81600) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM
Section 12: N/2 and SE/4

(v) The Pecos Slope-Abo Gas Pool (Pool Code 82730) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 8 SOUTH, RANGE 25 EAST, NMPM
Section 36: SW/4

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

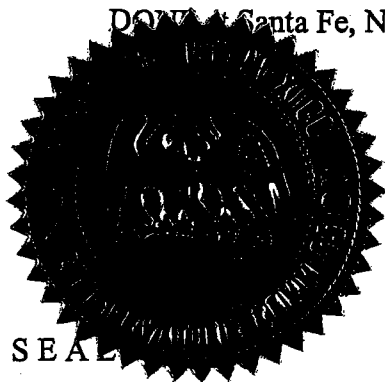
TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 35: N/2

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, abolishments, and extensions included herein shall be February 1, 2004.

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