

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. 12175
Order No. R-11172

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING AND
EXTENDING CERTAIN POOLS IN EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 29, 1999, at Santa Fe, New Mexico, before Examiner Mark W. Ashley.

NOW, on this 5th day of May, 1999, 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 Eddy County, New Mexico, for the production of gas from the Yates formation, bearing the designation of Russell-Lower Yates Gas Pool. The Russell-Lower Yates Gas Pool was discovered by the EGL Resources Inc. Oxy Yates Federal "14" Well No. 1 located in Unit N of Section 14, Township 20 South, Range 28 East, NMPM, which was completed in the Yates formation on December 17, 1998. The top of the perforations is at 7,500 feet.
- (3) There is need for certain extensions to the Indian Loafer Draw-Upper Pennsylvanian Gas Pool, the Little Box Canyon-Morrow Gas Pool, the Logan Draw-Morrow Gas Pool, the Malaga-Delaware Pool, the Northeast Sheep Draw-Strawn Gas Pool, the Travis-Upper Pennsylvanian Pool, and the Turkey Track-Morrow Gas Pool, all in Eddy County, New Mexico.
- (4) The effective date of this order and all creations and extensions included herein should be May 1, 1999.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Eddy County, New Mexico, classified as a gas pool for Yates production is hereby created and designated as the Russell-Lower Yates Gas Pool, consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

Section 14: SW/4

(b) The Indian Loafer Draw-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 20 1/2 SOUTH, RANGE 22 EAST, NMPM

Section 31: All

(c) The Little Box Canyon-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 21 EAST, NMPM

Section 36: N/2

(d) The Logan Draw-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 14: S/2

(e) The Malaga-Delaware Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM

Section 23: E/2

(f) The Northeast Sheep Draw-Strawn Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM

Section 29: N/2

(g) The Travis-Upper Pennsylvanian Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 34: NE/4

(h) The Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 1: N/2

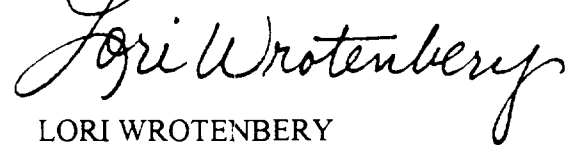
IT IS FURTHER ORDERED THAT:

(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 and extensions included herein shall be May 1, 1999.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director



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