

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. 12908
Order No. R-11818

APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING,
CONTRACTING, REDESIGNATING, AND
EXTENDING VERTICAL AND HORIZONTAL
LIMITS OF CERTAIN POOLS IN LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 1, 2002, at Santa Fe, New Mexico, before Examiner David R. Catanach. *

NOW, on this 26th day of August, 2002, 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 Morrow formation, bearing the designation of Southwest Austin-Morrow Gas Pool (**Pool Code 96664**). The Southwest Austin-Morrow Gas Pool was discovered by the Yates Petroleum Corporation Morton Unit Well No. 1 (**API No. 30-025-33314**) located in Unit B of Section 5, Township 15 South, Range 35 East, NMPM, which was completed in the Morrow formation on December 10, 1996. The top of the perforations is at 13,207 feet.

(3) 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 North Bagley-San Andres Pool (**Pool Code 97159**). The North Bagley-San Andres Pool was

South, Range 32 East, NMPM, which was completed in the Cisco and Canyon formations on October 18, 2001. The top of the perforations is at 10,432 feet.

(9) 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 West Shoe Bar-Wolfcamp Pool (**Pool Code 97100**). The West Shoe Bar-Wolfcamp Pool was discovered by the David H. Arrington Oil & Gas, Inc. Lord Baltimore 20 State Well No. 1 (**API No. 30-025-35172**) located in Unit K of Section 20, Township 16 South, Range 35 East, NMPM, which was completed in the Wolfcamp formation on June 11, 2001. The top of the perforations is at 10,898 feet.

(10) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Glorieta formation, bearing the designation of Northwest Skaggs-Glorieta Pool (**Pool Code 97203**). The Northwest Skaggs-Glorieta Pool was discovered by the Matador Operating Company Williams 34 Well No. 3 (**API No. 30-025-35711**) located in Unit O of Section 34, Township 19 South, Range 37 East, NMPM, which was completed in the Glorieta formation on December 26, 2001. The top of the perforations is at 5,242 feet.

(11) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Simpson formation, bearing the designation of Northwest Skaggs-Simpson Pool (**Pool Code 97204**). The Northwest Skaggs-Simpson Pool was discovered by the Matador Operating Company Cooper 3 Well No. 6 (**API No. 30-025-35204**) located in Unit B of Section 3, Township 20 South, Range 37 East, NMPM, which was completed in the Simpson formation on March 6, 2001. The top of the perforations is at 9,729 feet.

(12) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Delaware formation, bearing the designation of Vaca Ridge-Delaware Pool (**Pool Code 97161**). The Vaca Ridge-Delaware Pool was discovered by the EOG Resources, Inc. Vaca Ridge 4 Federal Well No. 1 (**API No. 30-025-28491**) located in Unit C of Section 4, Township 25 South, Range 34 East, NMPM, which was completed in the Delaware formation on June 20, 2001. The top of the perforations is at 8,970 feet.

(13) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Cisco and Canyon formations, bearing the designation of Northeast Vacuum-Cisco-Canyon Pool (**Pool Code 97202**). The Northeast Vacuum-Cisco-Canyon Pool was discovered by the Read and Stevens, Inc. Meridith State Well No. 1 (**API No. 30-025-30903**) located in Unit F of Section 24, Township 17 South, Range 35 East, NMPM, which was completed in the Cisco and Canyon formations on March 15, 2002. The top of the perforations is at 11,069 feet.

- (b) extend the horizontal limits of the Grama Ridge-Morrow Gas Pool to include the E/2 of Section 34, Township 21 South, Range 34 East, NMPM.

(19) In the alternative, Redrock and Raptor seek to reopen that portion of Case No. 12908 described above and have this matter heard before the Oil Conservation Commission ("Commission") in conjunction with De Novo Case No. 12622, the application of Nearburg Exploration Company, L.L.C. for two non-standard gas spacing and proration units, Lea County, New Mexico, which is currently scheduled to be heard by the Commission on September 10, 2002.

(20) It appears that the proposed contraction of the East Grama Ridge-Morrow Gas Pool and the proposed extension of the Grama Ridge-Morrow Gas Pool have a direct bearing on Case No. 12622, and that approval of these pool changes at this time may be premature.

(21) By letter to the Division dated August 13, 2002, Nearburg Exploration Company, L.L.C., Great Western Drilling Company, and CL & F Resources, L.P., advised the Division that they concur with Redrock and Raptor's request to reopen that portion of Case No. 12908 described above.

(22) Redrock and Raptor's request to reopen that portion of Case No. 12908 described above should be granted.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Lea County, New Mexico classified as a gas pool for Morrow production is hereby created and designated as the Southwest Austin-Morrow Gas Pool (**Pool Code 96664**), consisting of the following described area:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM

Section 4: S/2
Section 5: N/2 and SE/4
Section 9: NE/4
Section 10: N/2

(b) A new pool in Lea County, New Mexico classified as an oil pool for San Andres production is hereby created and designated as the North Bagley-San Andres Pool (**Pool Code 97159**), consisting of the following described area:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM

Section 10: SE/4

TOWNSHIP 19 SOUTH, RANGE 37 EAST, NMPM
Section 34: SE/4

(j) A new pool in Lea County, New Mexico classified as an oil pool for Simpson production is hereby created and designated as the Northwest Skaggs-Simpson Pool (**Pool Code 97204**), consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 3: NE/4

(k) A new pool in Lea County, New Mexico classified as an oil pool for Delaware production is hereby created and designated as the Vaca Ridge-Delaware Pool (**Pool Code 97161**), consisting of the following described area:

TOWNSHIP 25 SOUTH, RANGE 34 EAST, NMPM
Section 4: NW/4

(l) A new pool in Lea County, New Mexico classified as an oil pool for Cisco and Canyon production is hereby created and designated as the Northeast Vacuum-Cisco-Canyon Pool (**Pool Code 97202**), consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 24: NW/4

(m) A new pool in Lea County, New Mexico classified as an oil pool for Wolfcamp production is hereby created and designated as the South Wilson-Wolfcamp Pool (**Pool Code 97162**), consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Section 18: NE/4

(n) The Southwest Austin-Mississippian Gas Pool (**Pool Code 96242**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM
Section 12: SW/4
Section 13: W/2 and SE/4

(o) The Baish-Wolfcamp Pool (**Pool Code 4480**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM
Section 20: N/2

(p) The vertical limits of the Cuerno Largo-Pennsylvanian Pool (**Pool Code 14980**) in Lea County, New Mexico are hereby extended to include the Cisco, Canyon

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM
Section 20: S/2

(w) The East Featherstone-Bone Spring Pool (**Pool Code 24270**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM
Section 14: NE/4

(x) The Four Lakes-Mississippian Gas Pool (**Pool Code 97053**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM
Section 1: W/2 and SE/4

TOWNSHIP 12 SOUTH, RANGE 35 EAST, NMPM
Section 6: SW/4
Section 7: NW/4

(y) The Gem-Morrow Gas Pool (**Pool Code 77370**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 24: E/2

(z) The West Grama Ridge-Bone Spring Pool (**Pool Code 28432**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 8: NE/4
Section 9: W/2

(aa) The East Grama Ridge-Morrow Gas Pool (**Pool Code 77690**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 26: W/2

(bb) The North Hardy-Strawn Pool (**Pool Code 96893**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 36: NW/4

(cc) The North Hardy-Tubb-Drinkard Pool (**Pool Code 96356**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 4: N/2
Section 5: NE/4

(jj) The West Monument-Tubb Gas Pool (**Pool Code 96968**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 6: E/2

(kk) The North Morton-Atoka Gas Pool (**Pool Code 96676**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 14 SOUTH, RANGE 35 EAST, NMPM

Section 32: S/2

(ll) The Nadine-Drinkard-Abo Pool (**Pool Code 47510**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM

Section 15: SE/4

(mm) The West Red Tank-Delaware Pool (**Pool Code 51689**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM

Section 1: NW/4

(nn) The Southeast Scharb-Wolfcamp Pool (**Pool Code 55650**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM

Section 21: SE/4

(oo) The Northwest Skaggs-Drinkard Pool (**Pool Code 96768**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 37 EAST, NMPM

Section 34: NE/4
Section 35: NW/4

(pp) The North Teague-Wolfcamp Pool (**Pool Code 96961**) in Lea County, New Mexico is hereby extended to include:

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.

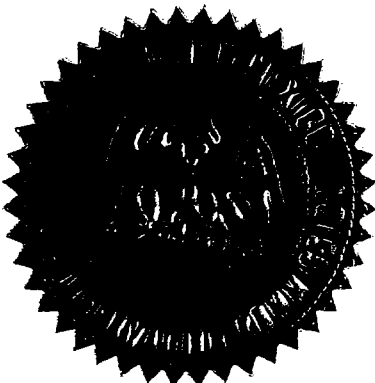
(2) The effective date of this order and all creations, contractions, redesignations, and extensions of vertical and horizontal limits included herein shall be September 1, 2002.

(3) That portion of Case No. 12908 that seeks to:

- (a) contract the horizontal limits of the East Grama Ridge-Morrow Gas Pool (**Pool Code 77690**) by deleting the E/2 of Section 34, Township 21 South, Range 34 East, NMPM; and
- (b) extend the horizontal limits of the Grama Ridge-Morrow Gas Pool (**Pool Code 77680**) to include the E/2 of Section 34, Township 21 South, Range 34 East, NMPM;

is hereby severed from this case and assigned Case No. 12908-A. Case No. 12908-A shall be docketed for hearing before the Oil Conservation Commission on September 10, 2002, and heard in conjunction with De Novo Case No. 12622, the application of Nearburg Exploration Company, L.L.C. for two non-standard gas spacing and proration units, Lea County, New Mexico.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenberry
LORI WROTENBERY
Director