

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. 12732
Order No. R-11662

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on September 20, 2001 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 12th day of October, 2001, 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 Northeast Greenwood-Morrow Gas Pool. The Northeast Greenwood-Morrow Gas Pool was discovered by the Marbob Energy Corporation Lusk Deep Unit A Well No. 19 located in Unit N of Section 17, Township 19 South, Range 32 East, NMPM, which was completed in the Morrow formation on April 20, 2001. The top of the perforations is at 12,353 feet.

(3) There is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the Atoka formation, bearing the designation of Northwest Leamex-Atoka Gas Pool. The Northwest Leamex-Atoka Gas Pool was discovered by the Phillips Petroleum Company West Maljamar Well No. 7 located in Unit J of Section 7, Township 17 South, Range 33 East, NMPM, which was

completed in the Atoka formation on April 18, 2001. The top of the perforations is at 12,914 feet.

(4) 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 Northwest Leamex-Wolfcamp Pool. The Northwest Leamex-Wolfcamp Pool was discovered by the Phillips Petroleum Company West Maljamar Well No. 7 located in Unit J of Section 7, Township 17 South, Range 33 East, NMPM, which was completed in the Wolfcamp formation on April 18, 2001. The top of the perforations is at 10,013 feet.

(5) There is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the Atoka formation, bearing the designation of Southwest Osudo-Atoka Gas Pool. The Southwest Osudo-Atoka Gas Pool was discovered by the Phillips Petroleum Company State R Well No. 1 located in Unit F of Section 1, Township 21 South, Range 34 East, NMPM, which was completed in the Atoka formation on May 10, 2001. The top of the perforations is at 12,348 feet.

(6) 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 West Sawyer-Morrow Gas Pool. The West Sawyer-Morrow Gas Pool was discovered by the Ricks Exploration Inc. Big Kahuna Well No. 1 located in Unit J of Section 21, Township 9 South, Range 37 East, NMPM, which was completed in the Morrow formation on June 11, 2001. The top of the perforations is at 11,75 feet.

(7) There is need for certain extensions to the Anderson Ranch-Morrow Gas Pool, the Anderson Ranch-Wolfcamp Pool, the Bootleg Ridge-Morrow Gas Pool, the Southwest Diamondtail-Delaware Pool, the North Feather-Morrow Gas Pool, the Fowler-Devonian Pool, the House-Tubb Pool, the Lusk-Bone Spring Pool, the Maljamar-Paddock Pool, the South McCormack-Silurian Pool, the Red Hills Bone Spring Pool, the North Shoe Bar-Atoka Gas Pool, the Northwest Shoe Bar-Strawn Pool, the North Teague-Tubb Associated Pool, the Teas-Delaware Pool, the Triste Draw-Delaware Pool, the West Vacuum-Bone Spring Pool, the Vacuum-Grayburg-San Andres Pool, the Vacuum-Morrow Gas Pool, the Wantz-Abo Pool, the East Warren-Tubb Pool, and the Wilson-Morrow Gas Pool, all in Lea County, New Mexico, and the South Paduca-Wolfcamp Gas Pool in Eddy and Lea Counties New Mexico.

(8) The effective date of this order and all creations and extensions included herein should be October 1, 2001.

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 Northeast Greenwood-Morrow Gas Pool, consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 17: S/2

(b) A new pool in Lea County, New Mexico classified as a gas pool for Atoka production is hereby created and designated as the Northwest Leamex-Atoka Gas Pool, consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 7: S/2

(c) A new pool in Lea County, New Mexico classified as an oil pool for Wolfcamp production is hereby created and designated as the Northwest Leamex-Wolfcamp Pool, consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 7: SE/4

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

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 1: Lots 1, 2, 3, 4, 5, 6, 7 and 8

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

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM
Section 21: S/2

(f) The Anderson Ranch-Morrow Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM
Section 33: W/2

(g) The Anerson Ranch-Wolfcamp Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
Section 22: NE/4

(h) The Bootleg Ridge-Morrow Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 13: SE/4

Section 24: N/2

(i) The Southwest Diamondtail-Delaware Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM

Section 20: SE/4

Section 21: NE/4

(j) The North Feather-Morrow Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM

Section 20: NW/4 and S/2

(k) The Fowler-Devonian Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 2: SW/4

Section 3: SE/4

(l) The House-Tubb Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 2: SE/4

(m) The Lusk-Bone Spring Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 7: SE/4

Section 8: SW/4

(n) The Maljamar-Paddock Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM

Section 21: SW/4

(o) The South McCormack-Silurian Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 26: N/2

Section 27: NE/4

(p) The South Paduca-Wolfcamp Gas Pool in Eddy and Lea Counties, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 31 EAST, NMPM

Section 12: NE/4

TOWNSHIP 25 SOUTH, RANGE 32 EAST, NMPM

Section 7: W/2

(q) The Red Hills-Bone Spring Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM

Section 12: N/2

(r) The North Shoe Bar-Atoka Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM

Section 9: E/2

Section 10: SW/4

(s) The Northwest Shoe Bar-Strawn Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM

Section 14: SW/4

(t) The North Teague-Tubb Associated Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 8: NW/4

(u) The Teas-Delaware Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM

Section 3: SW/4

(v) The Triste Draw-Delaware Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 32 EAST, NMPM

Section 3: NE/4

(w) The West Vacuum-Bone Spring Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 16: N/2

(x) The Vacuum-Grayburg-San Andres Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 13: NW/4

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

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM

Section 31: N/2

(z) The Wantz-Abo Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Section 18: SE/4

(aa) The East Warren-Tubb Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 39 EAST, NMPM

Section 18: NW/4

(bb) The Wilson-Morrow Gas Pool in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM

Section 1: S/2

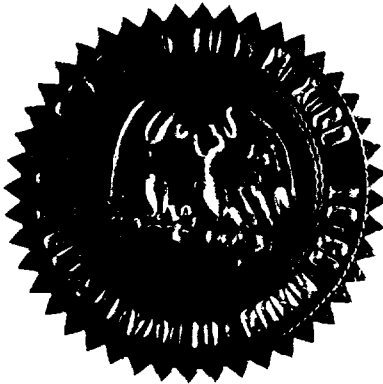
IT IS FURTHER ORDERED THAT:

(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 October 1, 2001.

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