

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. 12810
Order No. R-11729

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 February 7, 2002, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 22nd day of February, 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 Chaves County, New Mexico classified as a gas pool for Atoka production, bearing the designation of Broke Tank Lake-Atoka Gas Pool. The Broke Tank Lake-Atoka Gas Pool was discovered by the Nadel & Gussman Permian LLC Moon Company Trust Well No. 1 located in Unit N of Section 25, Township 8 South, Range 29 East, NMPM, which was completed in the Atoka formation on September 17, 2001. The top of the perforations is at 8,458 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico classified as a gas pool for Atoka-Morrow production, bearing the designation of Crooked Canyon-Atoka-Morrow Gas Pool. The Crooked Canyon-Atoka-Morrow Gas Pool was discovered by the KUKUI Operating Company Sargent Canyon "31" Federal Well No. 1 located in Unit O of Section 31, Township 19 South,

Range 21 East, NMPM, which was completed in the Morrow formation on October 20, 2001. The top of the perforations is at 6,963 feet.

(4) There is need for the creation of a new pool in Chaves County, New Mexico classified as a gas pool for Pre-Permian production, bearing the designation of Northeast Foor Ranch-Pre-Permian Gas Pool. The Northeast Foor Ranch-Pre-Permian Gas Pool was discovered by the Yates Petroleum Corporation Fawn "AVN" State Com. Well No. 1 located in Unit K of Section 17, Township 8 South, Range 27 East, NMPM, which was completed in the Cisco formation on July 26, 2001. The top of the perforations is at 6,442 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico classified as a gas pool for Morrow production, bearing the designation of West Gardner Draw-Morrow Gas Pool. The West Gardner Draw-Morrow Gas Pool was discovered by the Yates Petroleum Corporation Bullis "AVW" State Com. Well No. 1 located in Unit C of Section 20, Township 19 South, Range 20 East, NMPM, which was completed in the Morrow formation on May 15, 2001. The top of the perforations is at 6,484 feet.

(6) There is need for the creation of a new pool in Eddy County, New Mexico classified as a gas pool for Wolfcamp production, bearing the designation of Remuda-Wolfcamp Gas Pool. The Remuda-Wolfcamp Gas Pool was discovered by the Texaco Exploration and Production, Inc. Remuda Basin "24" State Well No. 1 located in Unit N of Section 24, Township 23 South, Range 29 East, NMPM, which was completed in the Wolfcamp formation on August 5, 2001. The top of the perforations is at 11,546 feet.

(7) There is need for certain extensions to the Avalon-Morrow Gas Pool, the Avalon-Strawn Gas Pool, the Brushy Draw-Delaware Pool, the South Carlsbad-Morrow Gas Pool, the East Catclaw Draw-Delaware Pool, the East Cedar Lake-Morrow Gas Pool, the North Cedar Lake-Morrow Gas Pool, the Cedar Lake-Leso Pool, the West Corral Canyon-Delaware Pool, the Crow Flats-Morrow Gas Pool, the South Empire-Morrow Gas Pool, the Grayburg-Morrow Gas Pool, the North Hackberry-Morrow Gas Pool, the Indian Basin-Upper Pennsylvanian Associated Pool, the Ingle Wells-Delaware Pool, the Little Box Canyon-Morrow Gas Pool, the Malaga-Bone Spring Pool, the South Millman-Morrow Gas Pool, the Nash Draw-Atoka Gas Pool, the Nash Draw-Delaware Pool, the East Penlon-Bone Spring Pool, the Southwest Ross Draw-Wolfcamp Gas Pool, the South Sand Dunes-Delaware Pool, the Scoggin Draw-Morrow Gas Pool, the Travis-Wolfcamp Pool, and the Southeast Willow Lake-Bone Spring Pool, all in Eddy County, New Mexico; and the Comanche-Wolfcamp Gas Pool, the Foor Ranch-Pre-Permian Gas Pool, the Foor Ranch-Wolfcamp Gas Pool, the Northwest Foor Ranch-Wolfcamp Gas Pool, the Springer Basin-Atoka-Morrow Gas Pool, and the South Wolf Lake-San Andres 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 Atoka production is hereby created and designated as the Broke Tank Lake-Atoka Gas Pool, consisting of the following described area:

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM
Section 25: S/2

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

TOWNSHIP 19 SOUTH, RANGE 21 EAST, NMPM
Section 31: E/2

(c) A new pool in Chaves County, New Mexico classified as a gas pool for Pre-Permian production is hereby created and designated as the Northeast Foor Ranch-Pre-Permian Gas Pool, consisting of the following described area:

TOWNSHIP 8 SOUTH, RANGE 27 EAST, NMPM
Section 17: W/2

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

TOWNSHIP 19 SOUTH, RANGE 20 EAST, NMPM
Section 20: N/2

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

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM
Section 24: S/2

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

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 22: NE/4

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

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 21: S/2

(h) The Brushy Draw-Delaware Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM
Section 5: SE/4

(i) The South Carlsbad-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 3: SW/4

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM
Section 10: W/2

(j) The East Catclaw Draw-Delaware Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 10: NE/4

(k) The East Cedar Lake-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 32: W/2

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

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 20: E/2 and SW/4

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

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 20: NE/4

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

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM

Section 31: S/2 and NW/4

(o) The West Corral Canyon-Delaware Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM

Section 13: NE/4

(p) The Crow Flats-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM

Section 29: N/2

(q) The South Empire-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 7: N/2

(r) The Foor Ranch-Pre-Permian Gas Pool in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM

Section 10: E/2

Section 22: E/2

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM

Section 4: W/2

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

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM

Section 4: NW/4

Section 5: All

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

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM

Section 10: E/2

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

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 29: N/2

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

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 36: W/2 and SE/4

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

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 22: S/2

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

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 23: NW/4

(y) 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 25: NE/4

(z) The Malaga-Bone Spring Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM

Section 16: SE/4

Section 21: N/2

(aa) The South Millman-Morrow Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 18: E/2

(bb) The Nash Draw-Atoka Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM

Section 12: N/2

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

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM
Section 11: SE/4

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM
Section 31: SW/4

(dd) The East Penlon-Bone Spring Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 25: SE/4

(ee) The Southwest Ross Draw-Wolfcamp Gas Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
Section 30: W/2

(ff) The South Sand Dunes-Delaware Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM
Section 6: SW/4

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

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 2: W/2

(hh) The Springer Basin-Atoka-Morrow Gas Pool in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 14 SOUTH, RANGE 27 EAST, NMPM
Section 11: S/2

(ii) The Travis-Wolfcamp Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 27: SE/4

Section 33: SE/4

Section 34: E/2 and SW/4

(jj) The Southeast Willow Lake-Bone Spring Pool in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM

Section 9: SW/4

Section 16: NW/4

(kk) The South Wolf Lake-San Andres Pool in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM

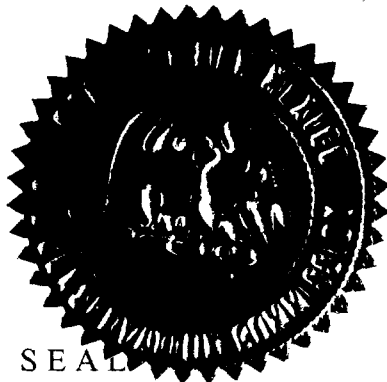
Section 7: NW/4

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 March 1, 2002.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director