

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

July 31, 1991

HINKLE, COX, EATON,
COFFIELD & HENSLEY
Attorneys at Law
500 Marquette, NW
Suite 740
Albuquerque, New Mexico 87102

RE: CASE NO. 10329
ORDER NO. R-9554

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

A handwritten signature in cursive script that reads "Florene Davidson".

Florene Davidson
OC Staff Specialist

FD/sl

cc: BLM - Carlsbad

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. 10329
ORDER NO. R-9554*

**APPLICATION OF MEWBOURNE OIL COMPANY
FOR POOL CREATION AND SPECIAL POOL
RULES, EDDY COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 13, 1991, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 31st day of July, 1991 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Mewbourne Oil Company, seeks the creation of a new pool for the production of oil from the Strawn formation comprising the S/2 SW/4 of Section 2, Township 18 South, Range 30 East, and the promulgation of special rules therefor including provisions for 80-acre spacing and designated well location requirements whereby wells would be no closer than 330 feet to the outer boundary of a spacing unit.

(3) Subsequent to the hearing in this case the Division, by Order No. R-9545, dated July 1, 1991, in part, created and defined the Cedar Lake-Strawn Pool for the production of oil from the Strawn formation, with horizontal limits consisting of the SW/4 of Section 2, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico.

(4) The applicant is the owner and operator of the discovery well for said pool, the Loco Hills State Well No. 1, located 990 feet from the South line and 660 feet from the West line (Unit M) of said Section 2. Said discovery well was completed on February 18, 1991 as a wildcat Strawn oil well producing from perforations between 10,614 feet and 10,620 feet.

(5) The portion of this application seeking pool creation is unnecessary at this time and should therefore be dismissed; however, all provisions of said Order No. R-9545 related to the creation of said Cedar Lake-Strawn Pool should remain in full force and effect.

(6) Evidence presented by the applicant at the hearing indicates that the Strawn formation encountered in the above-described well is of high permeability and is capable of draining an area in excess of 40 acres.

(7) In order to prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, temporary special rules and regulations providing for 80-acre spacing units should be promulgated for said pool.

(8) The applicant requested 330-foot well setback requirements in order to provide the operators in the subject pool maximum flexibility in locating wells which will penetrate the Strawn structure underlying their respective proration units.

(9) The proposed setback requirements are not in conformance with standard setback requirements for 80-acre pools and will not serve to protect correlative rights. In addition, Division General Rule No. 104 provides the mechanism and the opportunity for operators to apply for unorthodox oil well locations on a case by case basis.

(10) The temporary special rules and regulations should provide for designated well locations such that a well be located within 150 feet of the center of either governmental quarter-quarter section or lot in order to assure orderly development of the pool and protect correlative rights.

(11) At the request of the applicant temporary special rules and regulations for the proposed pool should be established for a one-year period in order to allow the operators in the subject pool to gather sufficient reservoir information to show that an 80-acre unit in the area can be efficiently and economically drained and developed by one well.

(12) This case should therefore be reopened at an examiner hearing in July, 1992, at which time the operators in the subject pool should be prepared to appear and show cause why the temporary special pool rules for the Cedar Lake-Strawn Pool should not be rescinded.

IT IS THEREFORE ORDERED THAT:

(1) The portion of this application of Mewbourne Oil Company for pool creation is hereby dismissed.

(2) Temporary Special Rules and Regulations for the Cedar Lake-Strawn Pool, Eddy County, New Mexico, as previously defined and described by Division Order No. R-9545, dated July 1, 1991, are hereby promulgated as follows:

TEMPORARY SPECIAL RULES AND REGULATIONS
FOR THE
CEDAR LAKE-STRAWN POOL

RULE 1: Each well completed or recompleted in the Cedar Lake-Strawn Pool or in the Strawn formation within one mile thereof, and not nearer to or within the limits of another Strawn oil pool, shall be spaced, drilled, operated and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2: Each well shall be located on a standard unit containing 80 acres, more or less, consisting of the N/2, S/2, E/2 or W/2 of a governmental quarter section; provided however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter-quarter sections in that unit.

RULE 3: The Director of the Oil Conservation Division, hereinafter referred to as the "Division", may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit comprising a governmental quarter-quarter section or lot, or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land

Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within thirty days after the Director has received an application.

RULE 4: Each well shall be located within 150 feet of the center of a governmental quarter-quarter section or lot.

RULE 5: The Division Director may grant an exception to the requirements of Rule 4 without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to another horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within twenty days after the Director has received the application.

RULE 6: A standard proration unit (79 through 81 acres) shall be subject to an 80-acre depth bracket allowable of 400 barrels of oil per day. The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 80 acres.

(3) The locations of all wells presently drilling to or completed in the Cedar Lake-Strawn Pool or in the Strawn formation within one mile thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Artesia District Office of the Division in writing of the name and location of the well within thirty days from the date of this order.

(4) Pursuant to Paragraph A of Section 70-2-18, NMSA (1978), contained in Chapter 271, Laws of 1969, existing wells in the Cedar Lake-Strawn Pool shall have dedicated thereto 80 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

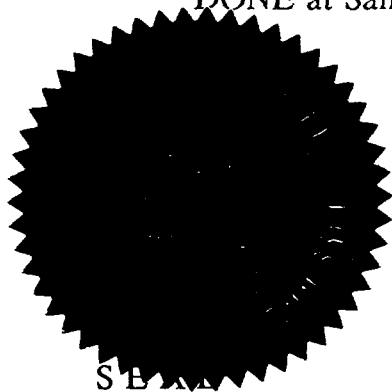
Case No. 10329
Order No. R-9554
Page No. 5

Failure to file new Forms C-102 with the Division dedicating 80 acres to a well or to obtain a non-standard unit approved by the Division within sixty days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said sixty-day limitation, each well presently drilling to or completed in the Cedar Lake-Strawn Pool or in the Strawn formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

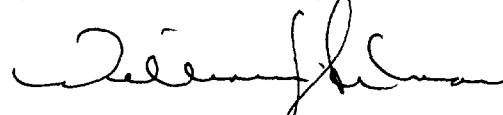
(5) Unless called earlier upon the motion of the Division, this case shall be reopened at an examiner hearing in July, 1992, at which time the operators in the subject pool should be prepared to appear and show cause why the temporary special pool rules for the Cedar Lake-Strawn Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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:

*NOMENCLATURE
CASE NO. 10518*

APPLICATION OF MEWBOURNE OIL COMPANY FOR THE AMENDMENT OF
DIVISION ORDER NO. R-9554, EDDY COUNTY, NEW MEXICO; AND

*REOPENED
CASE NO. 10329*

IN THE MATTER OF CASE NO. 10329 BEING REOPENED PURSUANT TO THE
PROVISIONS OF DIVISION ORDER NO. R-9554, WHICH PROMULGATED
SPECIAL RULES AND REGULATIONS FOR THE CEDAR LAKE-STRAWN POOL,
EDDY COUNTY, NEW MEXICO.

ORDER NO. R-9554-A

ORDER OF THE DIVISION

BY THE DIVISION:

Both causes came on for hearing at 8:15 a.m. on August 6, 1992, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 19th day of November, 1992 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of each cause and the subject matter thereof.
- (2) The Division, by Order No. R-9545, dated July 1, 1991, in part, created and defined the Cedar Lake-Strawn Pool for the production of oil from the Strawn formation, with horizontal limits consisting of the SW/4 of Section 2, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico.

(3) By Division Order No. R-9609, dated November 7, 1991, the horizontal limits of the subject pool were extended to include the NW/4 equivalent of said Section 2. Therefore, the current boundary of the Cedar Lake-Strawn Pool comprises the W/2 equivalent of said Section 2.

(4) By Division Order No. R-9554, issued in Case No. 10329 and dated July 31, 1991, temporary Special Rules and Regulations were promulgated for the Cedar Lake-Strawn Pool for a one-year period establishing 80-acre oil spacing units and designated well location requirements.

(5) Pursuant to the provisions of said Order No. R-9554, Case No. 10329 is being reopened at this time to allow the operators in the subject pool to appear and show cause why the temporary Special Rules and Regulations for the Cedar Lake-Strawn Pool should not be rescinded and said pool not be developed on 40-acre oil spacing units.

(6) Also, the applicant in Case No. 10518 and the original applicant in said Case No. 10329, Mewbourne Oil Company, (Mewbourne) seeks the amendment of said Special Rules and Regulations for the Cedar Lake-Strawn Pool, as promulgated by said Order No. R-9554, by providing for 160-acre spacing instead of the current 80-acre spacing, corresponding well location requirements, and a limiting gas/oil ratio of 4000 cubic feet of gas per barrel of oil.

(7) At the time of the hearing, both Case No. 10518 and Reopened Case No. 10329 were consolidated for purposes of testimony.

(8) Mewbourne currently operates the only two producing Strawn wells in the subject pool; the Loco Hills State Well No. 1 located 990 feet from the South line and 660 feet from the West line (Unit M) and the State "CE" Well No. 1 located 1980 feet from the North line and 1880 feet from the West line (Unit F), both in said Section 2.

(9) Within the twelve-month period that said Order No. R-9554 granted the operators in said pool to accumulate additional production and technical data to qualify continuation of the special pool rules, Mewbourne presented its tabulation of said data which indicates that the reservoir has a higher permeability than originally demonstrated and is capable of draining an area in excess of 80 acres.

(10) In order to prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, prevent reduced recovery which might result from the drilling of too few wells, and to otherwise prevent waste and protect correlative rights, the existing special rules and regulations providing for 80-acre spacing units should be amended to provide for 160-acre spacing units.

(11) In order to promote the continued systematic development of this pool with the proposed changes, the applicant requests setback location requirements that have been traditionally accepted by the Division when spacing oil pools on 160 acres. The existing Rule 4 of said Order No. R-9554 should be amended to read:

"RULE 4. Each well shall be located no closer than 660 feet to the outer boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section line or subdivision inner boundary."

(12) Further, evidence was submitted on the reservoir characteristics of the subject pool which justifies the establishment of a gas/oil ratio limitation of 4,000 cubic feet of gas per barrel of liquid hydrocarbons.

(13) Such changes and additions to the existing special rules and regulations promulgated by said Order No. R-9554 should afford the owner of each property in the pool the opportunity to produce his just and equitable share of the hydrocarbons in the pool.

(14) The applicant made an extensive effort to notify all working, royalty and overriding royalty interest owners within the subject pool boundary and within a one-mile radius of said boundary that would be affected by this order. No such interest owner or affected party appeared at the hearing in objection to the proposed rule changes.

(15) The applicant's final request to make such changes and amendments permanent is in the best interest of conservation and will serve to promote the orderly development of said pool.

(16) Since the proposed changes and amendments are somewhat extensive, the existing rules should be recodified to minimize any confusion that might be interpreted between the two orders.

IT IS THEREFORE ORDERED THAT:

(1) Division Order No. R-9554, issued in Case No. 10329 and dated July 31, 1991, is hereby superseded by this order.

(2) The following Special Rules and Regulations for the Cedar Lake-Strawn Pool, currently comprising the W/2 equivalent of Section 2, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico, as previously defined and described by Division Order No. R-9545 and R-9609, are hereby promulgated as follows:

**SPECIAL RULES AND REGULATIONS
FOR THE
CEDAR LAKE-STRAWN POOL**

RULE 1: Each well completed or recompleted in the Cedar Lake-Strawn Pool or in the Strawn formation within one mile thereof, and not nearer to or within the limits of another Strawn oil pool, shall be spaced, drilled, operated and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2: Each well shall be located on a standard unit containing 160 acres, more or less, substantially in the form of a square, which is a governmental quarter-section being a legal subdivision of the United States Public Land Survey.

RULE 3: The Director of the Oil Conservation Division, hereinafter referred to as the "Division", may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit consisting of less than 160 acres or the unorthodox size or shape of the tract is due to a variation in the legal subdivision of the United States Public Land Surveys. All operators offsetting the proposed non-standard unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all offset operators or if no offset operator has entered an objection to the formation of the non-standard unit within thirty days after the Director has received an application.

RULE 4: Each well shall be located no closer than 660 feet to the outer boundary of the proration unit nor closer than 330 feet to any governmental quarter-quarter section line or subdivision inner boundary.

RULE 5: The Division Director may grant an exception to the requirements of Rule 4 without hearing when an application has been filed for an unorthodox location necessitated by topographical conditions or the recompletion of a well previously drilled to a deeper horizon. All operators offsetting the proposed location shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the proposed location or if no objection to the unorthodox location has been entered within twenty days after the Director has received the application.

RULE 6: The allowable for a standard proration unit (158 through 162 acres) shall be based on a depth bracket allowable of 560 barrels of oil per day, and in the event there is more than one well on a 160-acre proration unit, the operator may produce the allowable assigned to the unit in any proportion. The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 160 acres.

RULE 7: The limiting gas/oil ratio for said Cedar Lake-Strawn Pool shall be 4,000 cubic feet of gas per barrel of oil produced.

(3) The locations of all wells presently drilling to or completed in the Cedar Lake-Strawn Pool or in the Strawn formation within one mile thereof are hereby approved; the operator of any well having an unorthodox location shall notify the Artesia District Office of the Division in writing of the name and location of the well within thirty days from the date of this order.

(4) Pursuant to Paragraph A of Section 70-2-18, NMSA (1978), contained in Chapter 271, Laws of 1969, existing wells in the Cedar Lake-Strawn Pool shall have dedicated thereto 160 acres in accordance with the foregoing pool rules; or, pursuant to Paragraph C of said Section 70-2-18, existing wells may have non-standard spacing or proration units established by the Division and dedicated thereto.


Case No. 10518
Case No. 10329 (Reopened)
Order No. R-9554-A
Page No. 6

Failure to file new Forms C-102 with the Division dedicating 160 acres to a well or to obtain a non-standard unit approved by the Division within sixty days from the date of this order shall subject the well to cancellation of allowable. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to said sixty-day limitation, each well presently drilling to or completed in the Cedar Lake-Strawn Pool or in the Strawn formation within one mile thereof shall receive no more than one-half of a standard allowable for the pool.

(5) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

November 19, 1992

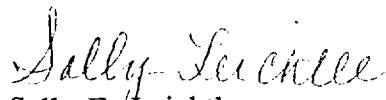
HINKLE, COX, EATON,
COFFIELD & HENSLEY
Attorneys at Law
P. O. Box 2068
Santa Fe, New Mexico 87501

RE: CASE NO. 10329
ORDER NO. R-9554-A

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,


Sally E. Leichtle
Administrative Secretary

cc: BLM - Carlsbad
Alvin Tapia

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. 10343
Order No. R-9545

THE APPLICATION OF THE OIL CONSERVATION
DIVISION UPON ITS OWN MOTION FOR AN
ORDER CREATING AND EXTENDING CERTAIN
POOLS IN CHAVES AND EDDY COUNTIES,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 27, 1991, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 1st day of July, 1991, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) There is need for the creation of a new pool in Chaves County, New Mexico, for the production of gas from the Abo formation, said pool to bear the designation of Border Hill-Abo Gas Pool. Said Border Hill-Abo Gas Pool was discovered by the Yates Petroleum Corporation Salt Creek Unit Well No. 2 located in Unit G of Section 1, Township 8 South, Range 21 East, NMPM. It was completed in the Abo formation on March 29, 1991. The top of the perforations is at 3,357 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Atoka formation, said pool to bear the designation of Calabaza Draw-Atoka Gas Pool. Said Calabaza Draw-Atoka

Gas Pool was discovered by the Yates Petroleum Corporation Lake Shore XH Federal Com. Well No. 1 located in Unit F of Section 11, Township 21 South, Range 26 East, NMPM. It was completed in the Atoka formation on February 9, 1991. The top of the perforations is at 10,484 feet.

* (4) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Strawn formation, said pool to bear the designation of Cedar Lake-Strawn Pool. Said Cedar Lake-Strawn Pool was discovered by the Mewbourne Oil Company Loco Hills State Well No. 1 located in Unit M of Section 2, Township 18 South, Range 30 East, NMPM. It was completed in the Strawn formation on February 18, 1991. The top of the perforations is at 10,614 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Delaware formation, said pool to bear the designation of Harroun Ranch-Delaware Pool. Said Harroun Ranch-Delaware Pool was discovered by the Texaco Production Inc. Malaga Harroun 31 Well No. 1 located in Unit G of Section 31, Township 23 South, Range 29 East, NMPM. It was completed in the Delaware formation on February 4, 1991. The top of the perforations is at 6,360 feet.

(6) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Cisco formation, said pool to bear the designation of Indian Loafer Draw-Upper Pennsylvanian Gas Pool. Said Indian Loafer Draw-Upper Pennsylvanian Gas Pool was discovered by the Oxy USA, Inc. Little Box Canyon Well No. 2 located in Unit O of Section 12, Township 21 South, Range 21 East, NMPM. It was completed in the Cisco formation on January 9, 1991. The top of the perforations is at 5,858 feet.

(7) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Delaware formation, said pool to bear the designation of Lost Tank-Delaware Pool. Said Lost Tank-Delaware Pool was discovered by the Yates Petroleum Corporation Lost Tank AIS State Well No. 3 located in Unit N of Section 36, Township 21 South, Range 31 East, NMPM. It was completed in the Delaware formation on March 20, 1991. The top of the perforations is at 6,783 feet.

(8) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of oil from the Bone Spring formation, said pool to bear the designation of Old Millman Ranch-Bone Spring Pool. Said Old Millman Ranch-Bone Spring Pool was discovered by the Strata Production Company Aguila Federal Well No. 1 located in Unit L of Section 4, Township 20 South, Range 28 East, NMPM. It was completed in the Bone Spring formation on February 21, 1991. The top of the perforations is at 6,140 feet.

(9) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Atoka formation, said pool to bear the designation of Parkway-Atoka Gas Pool. Said Parkway-Atoka Gas Pool was discovered by the Petroleum Corporation of Delaware Superior Federal Well No. 9 located in Unit G of Section 1, Township 20 South, Range 29 East, NMPM. It was completed in the Atoka formation on April 15, 1991. The top of the perforations is at 10,961 feet.

(10) There is need for the creation of a new pool in Chaves County, New Mexico, for the production of gas from the Abo formation, said pool to bear the designation of Pine Lodge-Abo Gas Pool. Said Pine Lodge-Abo Gas Pool was discovered by the Yates Petroleum Corporation Blackwater Unit Well No. 1 located in Unit D of Section 19, Township 9 South, Range 22 East, NMPM. It was completed in the Abo formation on March 24, 1991. The top of the perforations is at 3,331 feet.

(11) There is need for the creation of a new pool in Eddy County, New Mexico, for the production of gas from the Morrow formation, said pool to bear the designation of Wood Draw-Morrow Gas Pool. Said Wood Draw-Morrow Gas Pool was discovered by the Nearburg Producing Company Amthyst State Com. Well No. 1 located in Unit E of Section 32, Township 24 South, Range 29 East, NMPM. It was completed in the Morrow formation on February 21, 1991. The top of the perforations is at 13,022 feet.

(12) There is need for certain extensions to the East Burton-Delaware Pool, the Burton Flat-Morrow Gas Pool, the East Burton Flat-Morrow Gas Pool, the Cabin Lake-Delaware Pool, the North Dagger Draw-Upper Pennsylvanian Pool, the South Dagger Draw-Upper Pennsylvanian Associated Pool, the South Empire-Morrow Gas Pool, the Frontier Hills-Strawn Gas Pool, the North

Illinois Camp-Morrow Gas Pool, the East Indian Draw-Delaware Pool, the Laguna Grande-Morrow Gas Pool, the Livingston Ridge-Delaware Pool, the Loco Hills Queen-Grayburg-San Andres Pool, the Los Medanos-Delaware Pool, the Loving-Delaware Pool, the East Loving-Delaware Pool, the South Loving-Delaware Pool, the Mosley Canyon-Strawn Gas Pool, the Nash Draw-Atoka Gas Pool, the Richard Knob Atoka-Morrow Gas Pool, the Salt Draw-Atoka Gas Pool, the Sand Dunes-Atoka Gas Pool, the West Sand Dunes-Atoka Gas Pool, and the Shugart Yates-Seven Rivers-Queen-Grayburg Pool, all in Eddy County, New Mexico.

(13) The effective date of this order and all creations and extensions included herein should be July 1, 1991.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Chaves County, New Mexico, classified as a gas pool for Abo production is hereby created and designated as the Border Hill-Abo Gas Pool, consisting of the following described area:

TOWNSHIP 8 SOUTH, RANGE 21 EAST, NMPM
Section 1: NE/4

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

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 11: N/2

(c) A new pool in Eddy County, New Mexico, classified as an oil pool for Strawn production is hereby created and designated as the Cedar Lake-Strawn Pool, consisting of the following described area:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 2: SW/4

(d) A new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production is hereby created and designated as the Harroun Ranch-Delaware Pool, consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM
Section 31: NE/4

Case No. 10343
Order No. R-9545

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

TOWNSHIP 21 SOUTH, RANGE 21 EAST, NMPM
Section 12: S/2

(f) A new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production is hereby created and designated as the Lost Tank-Delaware Pool, consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 31 EAST, NMPM
Section 36: All

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM
Section 1: NE/4

(g) A new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production is hereby created and designated as the Old Millman Ranch-Bone Spring Pool, consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 4: SW/4

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

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 1: N/2

(i) A new pool in Chaves County, New Mexico, classified as a gas pool for Abo production is hereby created and designated as the Pine Lodge-Abo Gas Pool, consisting of the following described area:

TOWNSHIP 9 SOUTH, RANGE 22 EAST, NMPM
Section 19: NW/4

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

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 32: N/2

Case No. 10343
Order No. R-9545

(k) The East Burton-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 15: SW/4

(l) The Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 8: N/2

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 33: S/2

(m) The East Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 10: N/2
Section 11: N/2

(n) The Cabin Lake-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 30 EAST, NMPM
Section 34: SE/4
Section 35: S/2
Section 36: SW/4

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM
Section 1: W/2

(o) The North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 11: NE/4

(p) The South Dagger Draw-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, as heretofore

classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 9: E/2

Section 10: S/2

Section 13: All

(q) The South Empire-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 20: E/2

(r) The Frontier Hills-Strawn Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM

Section 21: E/2

(s) The North Illinois Camp-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 1: S/2

Section 12: N/2

(t) The East Indian Draw-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM

Section 9: E/2

(u) The Laguna Grande-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM

Section 21: E/2

Section 22: W/2

Case No. 10343
Order No. R-9545

(v) The Livingston Ridge-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM

Section 11: SE/4
Section 13: NW/4
Section 14: NE/4
Section 23: NE/4
Section 26: SE/4
Section 35: NE/4

(w) The Loco Hills Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 16: N/2

(x) The Los Medanos-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 16: NW/4

(y) The Loving-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM

Section 7: N/2

(z) The East Loving-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 10: W/2
Section 15: SW/4

(aa) The South Loving-Delaware Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 16: S/2

Case No. 10343
Order No. R-9545

(bb) The Mosley Canyon-Strawn Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM
Section 11: E/2
Section 12: W/2

(cc) The Nash Draw-Atoka Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM
Section 24: All

(dd) The Richard Knob Atoka-Morrow Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 9: S/2
Section 16: W/2

(ee) The Salt Draw-Atoka Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM
Section 11: N/2

(ff) The Sand Dunes-Atoka Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 27: S/2
Section 34: W/2

(gg) The West Sand Dunes-Atoka Gas Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 7: S/2
Section 18: N/2

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Case No. 10343
Order No. R-9545

(hh) The Shugart Yates-Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico, as heretofore classified, defined, and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 34: SE/4

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM
Section 3: SE/4

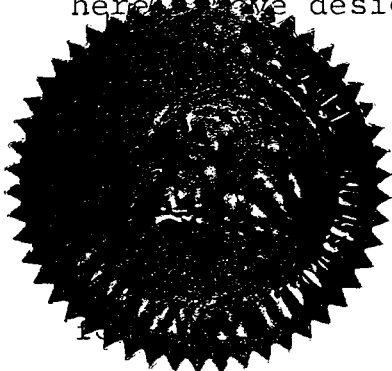
TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 11: SE/4

IT IS FURTHER ORDERED THAT:

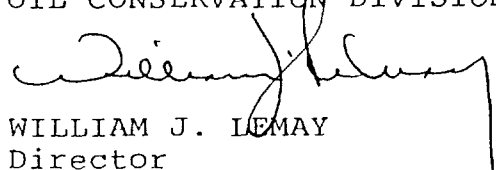
(1) Pursuant to Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, any well which, by virtue of any of the above pool extensions, is subject to pool rules providing for spacing or proration units larger than the one which is presently dedicated thereto, shall have 60 days from the effective date of this order in which to file new Forms C-102 dedicating a standard unit for the pool to said 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 said 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 July 1, 1991.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director