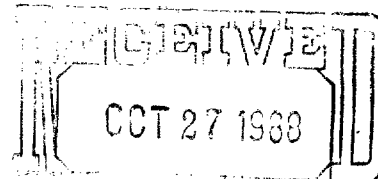


Case 9548



DISTRICT I

NOMENCLATURE ADVERTISEMENT FOR NOVEMBER, 1938 CONSERVATION DIVISION
SOUTHEAST

In the matter of the application of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department upon its own motion for an order for the creation and extension of certain existing pools in Lea and Roosevelt Counties, New Mexico, and giving notice to all persons and parties interested in the subject matter thereof to show cause why such creations and extensions should not be made.

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the North Baum-Morrow Gas Pool. The discovery well is the Yates Petroleum Corporation Lazy Tree State Unit Well No. 1 located in Unit A of Section 12, Township 13 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 32 EAST, NMPM
Section 12: E/2

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Hat Mesa-Bone Spring Pool. The discovery well is the MorOilCo Inc. Gavilon Federal Well No. 1 located in Unit L of Section 33, Township 20 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM
Section 33: SW/4

(c) EXTEND the North Berry-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 5: Lot 13 and SW/4
Section 6: Lots 9, 10, 15 and 16

(d) EXTEND the West Corbin-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 13: S/2

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 16: NW/4
Section 17: NE/4
Section 18: W/2

(e) EXTEND the South Corbin-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 26: N/2

Nomenclature Advertisement for November, 1988

ed

(S) EXTEND the South Corbin-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 22: SW/4
Section 27: NW/4

(g) EXTEND the Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 8: SW/4
Section 17: NW/4
Section 32: NW/4

(h) EXTEND the North Lusk-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 33: SW/4

(i) EXTEND the Monument-Tubb Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 8: SE/4
Section 9: SW/4

(j) EXTEND the Ojo Chiso-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 23: NE/4

(k) EXTEND the Peterson-Mississippian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM
Section 17: SE/4
Section 20: E/2

(l) EXTEND the Todd Lower-San Andres Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 36 EAST, NMPM
Section 29: NE/4

(m) EXTEND the Tule-Pennsylvanian Gas Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 2 SOUTH, RANGE 29 EAST, NMPM
Section 23: S/2
Section 27: SW/4
Section 34: N/2

NEW POOLS

It is recommended that a new gas pool be created and designated as the North Baum-Morrow Gas Pool.

Vertical limits to be the Morrow formation and the horizontal limits should be as follows: As outlined in Paragraph (a) Exhibit I

Discovery well was Yates Petroleum Corporation Lazy Tree State Unit No. 1 located in Unit A Section 12 Township 13 Range 32 and was completed on March 3, 1988. Top of perforations is at 11,478 feet.

It is recommended that a new oil pool be created and designated as the Hat Mesa-Bone Spring Pool.

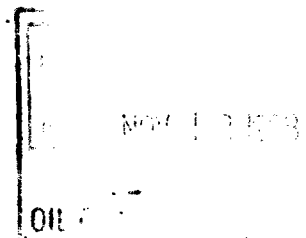
Vertical limits to be the Bone Spring formation and the horizontal limits should be as follows: As outlined in Paragraph (b) Exhibit I

Discovery well was MorOilCo. Inc. Gavilon Federal Well No. 1 located in Unit L Section 33 Township 20 Range 33 and was completed on January 8, 1988. Top of perforations is at 9,492 feet.

It is recommended that a new _____ pool be created and designated as the _____ Pool.

Vertical limits to be the _____ formation and the horizontal limits should be as follows: _____

Discovery well was _____ located in Unit _____ Section _____ Township _____ Range _____ and was completed on _____. Top of perforations is at _____ feet.



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO. 9548
ORDER NO. R-8467 8826

THE APPLICATION OF THE OIL CONSERVATION
DIVISION OF THE ENERGY, MINERALS AND
NATURAL RESOURCES DEPARTMENT UPON ITS
OWN MOTION FOR AN ORDER FOR CREATING AND
EXTENDING HORIZONTAL LIMITS OF CERTAIN
EXISTING POOLS IN LEA AND ROOSEVELT COUNTIES,
NEW MEXICO

This cause came on for hearing at 8:15 A. M. November 22, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this _____ day of November, 1988, the Division Director having considered the testimony, the record, the recommendations of the Examiner, and being fully advised in the premises:

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of the cause and subject matter thereof:

(2) That there is need for the creation of a new pool in Lea County, New Mexico, for the production of gas from the Morrow formation. Said pool to bear the designation of North Baum-Morrow Gas Pool. Said North Baum-Morrow Gas Pool was discovered by the Yates Petroleum Corporation Lazy Tree State Unit Well No. 1 located in Unit A of Section 12, Township 13 South, Range 32 East, NMPM. It was completed March 3, 1988, in the Morrow formation. The top of the perforations is at 11,478 feet.

(3) That there is need for the creation of a new pool in Lea County, New Mexico, for the production of oil from the Bone Spring formation. Said pool to bear the designation of Hat Mesa-Bone Spring Pool. Said Hat Mesa-Bone Spring Pool was discovered by the MorOilCo, Inc. Gavilon Federal Well No. 1 located in Unit L of Section 33, Township 20 South, Range 33 East, NMPM. It was completed January 8, 1988, in the Bone Spring formation. The top of the perforations is at 9,492 feet.

(4) That there is need for extensions to the North Berry-Bone Spring Pool, the South Corbin-Bone Spring Pool, the West Corbin-Delaware Pool, the South Corbin-Morrow Gas Pool, the Northeast Lovington-Pennsylvanian Pool, the North Lusk-Bone Spring Pool, the Monument-Tubb Pool, and the Ojo Chiso-Morrow Gas Pool, all in Lea County, New Mexico, and the Peterson Mississippian Pool, the Todd Lower-San Andres Associated Pool, and the Tule-Pennsylvanian Pool, all in Roosevelt County, New Mexico.

IT IS THEREFORE ORDERED:

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

TOWNSHIP 13 SOUTH, RANGE 32 EAST, NMPM
Section 12: E/2

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Case No. 9548

Order No. _____

(b) That a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production is hereby created and designated as the Hat Mesa-Bone Spring Pool, consisting of the following described area:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM
Section 33: SW/4

(c) That the North Berry-Bone Spring Pool in Lea County, New Mexico, as heretofore classified, defined and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 5: Lot 13 and SW/4
Section 6: Lots 9, 10, 15 and 16

(d) That the South Corbin-Bone Spring in Lea County, New Mexico, as heretofore classified, defined and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 22: SW/4
Section 27: NW/4

(e) That the West Corbin-Delaware Pool in Lea County, New Mexico, as heretofore classified, defined and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 13: S/2

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 16: NW/4
Section 17: NE/4
Section 18: W/2

(f) That the South Corbin-Morrow Gas Pool in Lea County, New Mexico, as heretofore classified, defined and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 26: N/2

(g) That the Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico, as heretofore classified, defined and described, is hereby extended to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 8: SW/4
Section 17: NW/4
Section 32: NW/4

(h) That the North Lusk-Bone Spring Pool in Lea County, New Mexico, as heretofore classified, defined and described, is hereby extended to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 33: SW/4

(i) That the Monument-Tubb Pool in Lea County, New Mexico, as heretofore classified, defined and described, is hereby extended to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 8: SE/4

Section 9: SW/4

(j) That the Ojo Chiso-Morrow Gas Pool in Lea County, New Mexico, as heretofore classified, defined and described, is hereby extended to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM

Section 23: NE/4

(k) That the Peterson-Mississippian Pool in Roosevelt County, New Mexico, as heretofore classified, defined and described, is hereby extended to include therein:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM

Section 17: SE/4

Section 20: E/2

(l) That the Todd Lower-San Andres Associated Pool in Roosevelt County, New Mexico, as heretofore classified, defined and described, is hereby extended to include therein:

TOWNSHIP 7 SOUTH, RANGE 36 EAST, NMPM

Section 29: NE/4

(m) That the Tule-Pennsylvanian Gas Pool in Roosevelt County, New Mexico, as heretofore classified, defined and described, is hereby extended to include therein:

TOWNSHIP 2 SOUTH, RANGE 29 EAST, NMPM

Section 23: S/2

Section 27: SW/4

Section 34: N/2

IT IS FURTHERED ORDERED:

(1) That pursuant to Section 70-2-18, contained in Chapter 271, Laws of 1969, any well which by virtue of any of the 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 Form C-102 dedicating a standard unit for the pool to said well, or to obtain a non-standard unit approved by the Division.

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Case No. 9548

Order No. _____

Pending such compliance, the well shall receive a maximum 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 shall subject the well to cancellation of the allowable.

(2) The effective date of this order and all creations and extensions shall be December 1, 1988.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
DIRECTOR

S E A L