

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. 13595
Order No. R-12458

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

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on November 17, 2005, at Santa Fe, New Mexico before Examiner David R. Catanach.

NOW, on this 21st day of November, 2005, 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 Eddy County, New Mexico for the production of oil from the Grayburg-San Andres formation, bearing the designation of High Lonesome-Grayburg-San Andres Pool (**Pool Code 97479**). The High Lonesome-Grayburg-San Andres Pool was discovered by the Mack Energy Corporation Dove State Well No. 1 (**API No. 30-015-34157**) located in Unit J of Section 16, Township 16 South, Range 29 East, NMPM, which was completed in the San Andres formation on August 4, 2005. The top of the perforations is at 2,814 feet.

(3) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Morrow formation, bearing the designation of White City-Morrow Gas Pool (**Pool Code 97480**). The White City-Morrow Gas Pool was discovered by the Cabal Energy Corporation High Hog "9" Federal Well No. 1 (**API No. 30-015-33462**) located in Unit C of Section 9, Township 25 South, Range 25 East,

NMPM, which was completed in the Morrow formation on March 1, 2005. The top of the perforations is at 11,081 feet.

(4) There is need for extensions to the Southwest Black River-Morrow Gas Pool, the West Burton Flat-Atoka Gas Pool, the Cass Draw-Bone Spring Pool, the North Cass Draw-Wolfcamp Pool, the North Cedar Lake-Morrow Gas Pool, the Chosa Draw-Morrow Gas Pool, the North Corral Draw-Wolfcamp Gas Pool, the South Cotton Draw-Atoka Gas Pool, the West Cottonwood Creek-Wolfcamp Gas Pool, the Cottonwood Spring-Morrow Gas Pool, the Dublin Ranch-Morrow Gas Pool, the Four Mile Draw-Morrow Gas Pool, the Kennedy Farms-Morrow Gas Pool, the West Lusk-Morrow Gas Pool, the Red Lake-Glorieta-Yeso Pool, and the Sage Draw-Atoka Gas Pool, all in Eddy County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Eddy County, New Mexico classified as an oil pool for Grayburg-San Andres production is hereby created and designated as the High Lonesome-Grayburg-San Andres Pool (**Pool Code 97479**), consisting of the following described area:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM
Section 16: SE/4

(b) A new pool in Eddy County, New Mexico classified as a gas pool for Morrow production is hereby created and designated as the White City-Morrow Gas Pool (**Pool Code 97480**), consisting of the following described area:

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

(c) The Southwest Black River-Morrow Gas Pool (**Pool Code 97255**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 25: All

(d) The West Burton Flat-Atoka Gas Pool (**Pool Code 73260**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 32: E/2
Section 33: W/2

(e) The Cass Draw-Bone Spring Pool (**Pool Code 10380**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM

Section 11: S/2
Section 12: SW/4
Section 13: W/2

(f) The North Cass Draw-Wolfcamp Pool (**Pool Code 97022**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 26: N/2
Section 27: NE/4

(g) The North Cedar Lake-Morrow Gas Pool (**Pool Code 74600**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 30: All
Section 31: N/2

(h) The Chosa Draw-Morrow Gas Pool (**Pool Code 74900**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM

Section 17: N/2

(i) The North Corral Draw-Wolfcamp Gas Pool (**Pool Code 96846**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM

Section 8: All

(j) The South Cotton Draw-Atoka Gas Pool (**Pool Code 75244**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 31 EAST, NMPM

Section 1: SW/4
Section 2: W/2 and SE/4
Section 12: W/2

(k) The West Cottonwood Creek-Wolfcamp Gas Pool (**Pool Code 75260**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 24 EAST, NMPM

Section 13: W/2
Section 24: W/2
Section 25: NW/4

(l) The Cottonwood Spring-Morrow Gas Pool (**Pool Code 96612**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 25 EAST, NMPM

Section 35: S/2

TOWNSHIP 26 SOUTH, RANGE 25 EAST, NMPM

Section 2: N/2

(m) The Dublin Ranch-Morrow Gas Pool (**Pool Code 76140**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM

Section 26: N/2

(n) The Four Mile Draw-Morrow Gas Pool (**Pool Code 76960**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 26 EAST, NMPM

Section 15: SW/4
Section 16: E/2

(o) The Kennedy Farms-Morrow Gas Pool (**Pool Code 79520**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM

Section 11: N/2

(p) The West Lusk-Morrow Gas Pool (**Pool Code 80840**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 14: S/2
Section 15: S/2

(q) The Red Lake-Glorieta-Yeso Pool (**Pool Code 51120**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM

Section 11: NE/4

Section 12: N/2

(r) The Sage Draw-Atoka Gas Pool (**Pool Code** 97334) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM

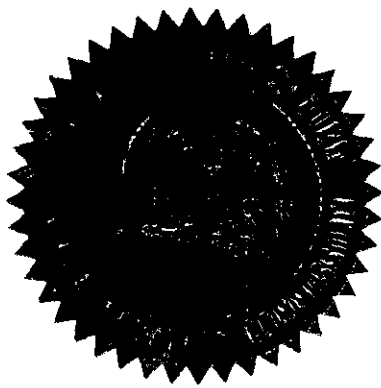
Section 17: N/2

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 December 1, 2005.

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Director