

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. 13643
Order No. R-12507

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING, REDESIGNATING,
AND EXTENDING VERTICAL AND HORIZONTAL LIMITS
OF 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 February 2, 2006, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 13th day of February, 2006, 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 extension of the vertical limits of the Nash Draw-Delaware Pool (Pool Code 47545) in Eddy County, New Mexico to include the top of the Lamar of the Delaware Mountain Group and continue down to the base of the Avalon sands in the Upper Bone Spring formation as defined in Type Log Bass Enterprises Production Company Poker Lake Unit Well No. 192 (API No. 30-015-33362) located in Unit L of Section 8, Township 24 South, Range 30 East, NMPM. The measured vertical depth to the base of the Avalon sands is 7438 feet below ground level. There is also need for the redesignation of the pool as the Nash Draw-Delaware/Bone Spring (Avalon Sand) Pool.
- (3) 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, bearing the designation of Paduca-Bone Spring Pool (Pool Code 96641). The Paduca-Bone Spring Pool was

discovered by the Devon Oil Company Cotton Draw Unit Well No. 81 (API No. 30-015-29345) located in Unit L of Section 2, Township 25 South, Range 31 East, NMPM, which was completed in the Bone Spring formation on February 17, 2005. The top of the perforations is at 8,725 feet.

(4) There is need for extensions to the East Burton Flat-Strawn Gas Pool, the Cedar Lake-Atoka Pool, the Northeast Collins Ranch-Wolfcamp Gas Pool, the West Cottonwood Creek-Wolfcamp Gas Pool, the Crozier Bluff-Atoka Gas Pool, the North Illinois Camp-Morrow Gas Pool, the Otis-Atoka Gas Pool, the Pecos River-Morrow Gas Pool, and the Wye-Delaware Pool, all in Eddy County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) The vertical limits of the Nash Draw-Delaware Pool (Pool Code 47545) in Eddy County, New Mexico are hereby extended to include the top of the Lamar of the Delaware Mountain Group and continue down to the base of the Avalon sands in the Upper Bone Spring formation as in Type Log Bass Enterprises Production Company Poker Lake Unit Well No. 192 (API No. 30-015-33362) located in Unit L of Section 8, Township 24 South, Range 30 East, NMPM. The measured vertical depth to the base of the Avalon sands is 7438 feet below ground level. The Nash Draw-Delaware Pool is hereby redesignated the Nash Draw-Delaware/Bone Spring (Avalon Sand) Pool.

(b) A new pool in Eddy County, New Mexico classified as an oil pool for Bone Spring production is hereby created and designated as the Paduca-Bone Spring Pool (Pool Code 96641), consisting of the following described area:

TOWNSHIP 25 SOUTH, RANGE 31 EAST, NMPM
Section 2: SW/4

(c) The East Burton Flat-Strawn Gas Pool (Pool Code 73400) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM
Section 7: All

(d) The Cedar Lake-Atoka Pool (Pool Code 11650) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 24: E/2
Section 25: E/2

(e) The Northeast Collins Ranch-Wolfcamp Gas Pool (Pool Code 96623) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 24 EAST, NMPM

Section 14: E/2
Section 23: NE/4
Section 24: NW/4

(f) 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 23: E/2

(g) The Crozier Bluff-Atoka Gas Pool (**Pool Code** 75730) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 25: N/2

(h) The North Illinois Camp-Morrow Gas Pool (**Pool Code** 78890) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 36: E/2

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 31: N/2

(i) The Otis-Atoka Gas Pool (**Pool Code** 82360) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 21: All
Section 28: N/2

(j) The Pecos River-Morrow Gas Pool (**Pool Code** 97375) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 26 EAST, NMPM

Section 23: N/2

(k) The Wye-Delaware Pool (**Pool Code** 96378) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

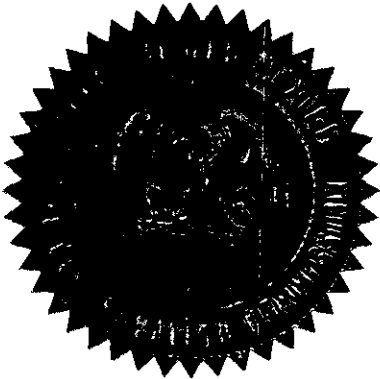
Section 30: SW/4

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, redesignations, and extensions of vertical and horizontal limits included herein shall be March 1, 2006.

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", written over a horizontal line.

MARK E. FESMIRE, P.E.
Director