

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. 13783
Order No. R-12638

THE APPLICATION OF THE OIL CONSERVATION
DIVISION FOR AN ORDER CREATING, EXTENDING
VERTICAL AND HORIZONTAL LIMITS, AND
REDESIGNATING 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 September 14, 2006. at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 20th day of September, 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 creation of a new pool in Eddy County, New Mexico for the production of gas from the Wolfcamp formation, bearing the designation of Deadman Draw-Wolfcamp Gas Pool (**Pool Code** 97536). The Deadman Draw-Wolfcamp Gas Pool was discovered by the Marathon Oil Company Indian Hills Unit Well No. 50 (**API No. 30-015-32350**) located in Unit K of Section 16, Township 21 South, Range 24 East, NMPM, which was completed in the Wolfcamp formation on May 19, 2006. The top of the perforations is at 7,610 feet.
- (3) There is need for the creation of a new pool in Chaves County, New Mexico for the production of gas from the Wolfcamp formation, bearing the designation of South Greenfield-Wolfcamp Gas Pool (**Pool Code** 97538). The South Greenfield-Wolfcamp Gas Pool was discovered by the Yates Petroleum Corporation Hackey Sack

"BHV" Federal Com. Well No. 1 (**API No. 30-005-63798**) located in Unit D of Section 4, Township 14 South, Range 27 East, NMPM, which was completed in the Wolfcamp formation on May 7, 2006. The top of the perforations is at 5,616 feet.

(4) 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 East Happy Valley-Bone Spring Pool (**Pool Code 97541**). The East Happy Valley-Bone Spring Pool was discovered by the Kaiser-Francis Oil Company Mesa "11" Grande Well No. 2 (**API No. 30-015-33720**) located in Unit L of Section 11, Township 22 South, Range 26 East, NMPM, which was completed in the Bone Spring formation on May 17, 2006. The top of the perforations is at 6,321 feet.

(5) There is need for the creation of a new pool in Eddy County, New Mexico for the production of gas from the Mississippian formation, bearing the designation of Indian Basin-Mississippian Gas Pool (**Pool Code 97537**). The Indian Basin-Mississippian Gas Pool was discovered by the Marathon Oil Company Indian Hills Unit Well No. 50 (**API No. 30-015-31655**) located in Unit L of Section 20, Township 21 South, Range 24 East, NMPM, which was completed in the Mississippian formation on December 26, 2005. The top of the perforations is at 10,406 feet.

(6) There is need for the creation of a new pool in Eddy County, New Mexico for the production of oil from the Wolfcamp formation, bearing the designation of Red Tank Draw-Wolfcamp Pool (**Pool Code 97535**). The Red Tank Draw-Wolfcamp Pool was discovered by the David H. Arlington Oil and Gas, Inc. Green Wooley Booger 5 Federal Well No. 1 (**API No. 30-015-31498**) located in Unit L of Section 5, Township 19 South, Range 24 East, NMPM, which was completed in the Wolfcamp formation on March 7, 2006. The top of the perforations is at 4,776 feet.

(7) There is need for the extension of the vertical limits of the Cedar Lake-Yeso Pool (**Pool Code 96831**) in Eddy County, New Mexico to include the top of the Glorieta formation and continue down to the top of the Abo formation and the redesignation of the pool as the Cedar Lake-Glorieta-Yeso Pool (**Pool Code 96831**).

(8) There is need for the extension of the vertical limits of the Fren-Paddock Pool (**Pool Code 26770**) in Eddy County, New Mexico to include the top of the Glorieta formation and continue down to the top of the Abo formation and the redesignation of the pool as the Fren-Glorieta-Yeso Pool (**Pool Code 26770**).

(9) There is need for the extension of the vertical limits of the East Fren-Paddock Pool (**Pool Code 97213**) in Eddy County, New Mexico to include the top of the Glorieta formation and continue down to the top of the Abo formation and the redesignation of the pool as the East Fren-Glorieta-Yeso Pool (**Pool Code 97213**).

(10) There is need for the extension of the vertical limits of the Loco Hills-Paddock Pool (**Pool Code 96718**) in Eddy County, New Mexico to include the top of the

Glorieta formation and continue down to the top of the Abo formation and the redesignation of the pool as the Loco Hills-Glorieta-Yeso Pool (**Pool Code 96718**).

(11) There is need for extensions to the Artesia-Glorieta-Yeso Pool, the East Black River-Wolfcamp Gas Pool, the Bunting Ranch-Morrow Gas Pool, the Cedar Canyon-Delaware Pool, the Cemetery-Morrow Gas Pool, the Northeast Collins Ranch-Wolfcamp Gas Pool, the South Corral Canyon-Bone Spring Pool, the Cottonwood Creek-Wolfcamp Gas Pool, the West Cottonwood Creek-Wolfcamp Gas Pool, the Northeast Fren-Morrow Gas Pool, the Golden Lane-Morrow Gas Pool, the Gopher-Wolfcamp Gas Pool, the Happy Valley-Strawn Gas Pool, the Logan Draw-Morrow Gas Pool, the Nash Draw-Delaware/Bone Spring-Avalon Sand Pool, the P.O.W.-Morrow Gas Pool, the East Pierce Crossing-Bone Spring Pool, the Salt Draw-Morrow Gas Pool and the Wye-Delaware Pool, all in Eddy County, New Mexico; and the Coyote-Wolfcamp Gas Pool in Chaves County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Eddy County, New Mexico classified as a gas pool for Wolfcamp production is hereby created and designated as the Deadman Draw-Wolfcamp Gas Pool (**Pool Code 97536**), consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM
Section 16: W/2

(b) A new pool in Chaves County, New Mexico classified as a gas pool for Wolfcamp production is hereby created and designated as the South Greenfield-Wolfcamp Gas Pool (**Pool Code 97538**), consisting of the following described area:

TOWNSHIP 14 SOUTH, RANGE 27 EAST, NMPM
Section 4: W/2

(c) A new pool in Eddy County, New Mexico classified as an oil pool for Bone Spring production is hereby created and designated as the East Happy Valley-Bone Spring Pool (**Pool Code 97541**), consisting of the following described area:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 11: SW/4

(d) A new pool in Eddy County, New Mexico classified as a gas pool for Mississippian production is hereby created and designated as the Indian Basin-Mississippian Gas Pool (**Pool Code 97537**), consisting of the following described area:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM
Section 20: W/2

(e) A new pool in Eddy County, New Mexico classified as an oil pool for Wolfcamp production is hereby created and designated as the Red Tank Draw-Wolfcamp Pool (**Pool Code 97535**), consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 5: SW/4

(f) The Artesia-Glorieta-Yeso Pool (**Pool Code 96830**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 28: NE/4
Section 29: NW/4

(g) The East Black River-Wolfcamp Gas Pool (**Pool Code 97442**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 27 EAST, NMPM
Section 1; N/2

(h) The Bunting Ranch-Morrow Gas Pool (**Pool Code 73100**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM
Section 32: W/2

TOWNSHIP 20 SOUTH, RANGE 23 EAST, NMPM
Section 5: S/2 and NW/4

(i) The Cedar Canyon-Delaware Pool (**Pool Code 11540**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 13: NW/4

0) The vertical limits of the Cedar Lake-Yeso Pool (**Pool Code 96831**) in Eddy County, New Mexico are hereby extended to include the top of the Glorieta formation and continue down to the top of the Abo formation, and the pool is hereby redesignated as the Cedar Lake-Glorieta-Yeso Pool (**Pool Code 96831**).

(k) The Cemetery-Morrow Gas Pool (**Pool Code 74640**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM
Section 3: S/2

(l) The Northeast Collins Ranch-Wolfcamp Gas Pool (**Pool Code 75010**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 24 EAST, NMPM
Section 11: All

(m) The South Corral Canyon-Bone Spring Pool (**Pool Code 13354**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 30 EAST, NMPM
Section 30: SW/4
Section 31: NW/4

(n) The Cottonwood Creek-Wolfcamp Gas Pool (**Pool Code 75250**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 25 EAST, NMPM
Section 10: S/2
Section 15: N/2

(o) 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 22: S/2
Section 23: SW/4

(p) The Coyote-Wolfcamp Gas Pool (**Pool Code 97361**) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 11 SOUTH, RANGE 26 EAST, NMPM
Section 36: SW/4

TOWNSHIP 12 SOUTH, RANGE 26 EAST, NMPM
Section 1: W/2
Section 12: N/2

(q) The Northeast Fren-Morrow Gas Pool (**Pool Code 96996**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 35: N/2

(r) The vertical limits of the Fren-Paddock Pool (**Pool Code 26770**) in Eddy County, New Mexico are hereby extended to include the top of the Glorieta formation

and continue down to the top of the Abo formation, and the pool is hereby redesignated as the Fren-Glorieta-Yeso Pool (**Pool Code 26770**).

(s) The vertical limits of the East Fren-Paddock Pool (**Pool Code 97213**) in Eddy County, New Mexico are hereby extended to include the top of the Glorieta formation and continue down to the top of the Abo formation, and the pool is hereby redesignated as the East Fren-Glorieta-Yeso Pool (**Pool Code 97213**),

(t) The Golden Lane-Morrow Gas Pool (**Pool Code 77560**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 4: S/2

(u) The Gopher-Wolfcamp Gas Pool (**Pool Code 77660**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 23 EAST, NMPM
Section 35: E/2
Section 36: All

(v) The Happy Valley-Strawn Gas Pool (**Pool Code 78070**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 15: All

(w) The vertical limits of the Loco Hills-Paddock Pool (**Pool Code 96718**) in Eddy County, New Mexico are hereby extended to include the top of the Glorieta formation and continue down to the top of the Abo formation, and the pool is hereby redesignated as the Loco Hills-Glorieta-Yeso Pool (**Pool Code 96718**).

(x) The Logan Draw-Morrow Gas Pool (**Pool Code 80400**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 10: N/2
Section 11: N/2

(y) The Nash Draw-Delaware/Bone Spring-Avalon Sand Pool (**Pool Code 47545**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMPM
Section 7: SW/4
Section 20: NW/4

(z) The P.O.W.-Morrow Gas Pool (**Pool Code 83040**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 26 EAST, NMPM
Section 32: N/2

(aa) The East Pierce Crossing-Bone Spring Pool (**Pool Code 96473**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 22: S/2

(bb) The Salt Draw-Morrow Gas Pool (**Pool Code 84420**) in Eddy County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM
Section 10: E/2

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

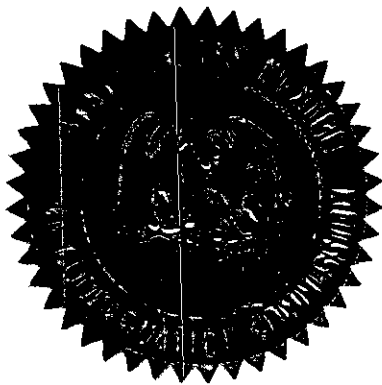
TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 33: N/2

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, extensions of vertical and horizontal limits, and redesignations included herein shall be October 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 dark ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Director