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. 14066 Order No. R-12899

THE APPLICATION OF THE OIL CONSERVATION DIVISION FOR AN ORDER CREATING, ABOLISHING, EXTENDING VERTICAL AND HORIZONTAL LIMITS, AND REDESIGNATING CERTAIN POOLS IN CHAVES AND LEA COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on January 10, 2008, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 30th day of January, 2008, 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 Lea County, New Mexico for the production of oil from the Bone Spring formation, bearing the designation of Southwest Antelope Ridge-Bone Spring Pool (Pool Code 97621). The Southwest Antelope Ridge-Bone Spring Pool was discovered by the Chesapeake Operating Inc. Keller 34 State Well No. 2 (API No. 30-025-37866) located in Unit D of Section 34, Township 23 South, Range 34 East, NMPM, which was completed in the Bone Spring formation on November 24, 2006. The top of the perforations is at 8,702 feet.
- (3) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Delaware formation, bearing the designation of Northeast Bell Lake-Delaware Pool (Pool Code 97630). The Northeast Bell Lake-Delaware Pool was discovered by the Devon Energy Corporation Rio Blanco 33 Federal

Well No. 3 (API No. 30-025-37860) located in Unit K of Section 33, Township 22 South, Range 34 East, NMPM, which was completed in the Delaware formation on April 25, 2007. The top of the perforations is at 6,872 feet.

- (4) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Strawn formation, bearing the designation of Double X-Strawn Gas Pool (Pool Code 97026). The Double X-Strawn Gas Pool was discovered by the Yates Petroleum Corporation Double ABJ State Well No. 1 (API No. 30-025-30746) located in Unit B of Section 16, Township 24 South, Range 32 East, NMPM, which was completed in the Strawn formation on October 2, 1990. The top of the perforations is at 14,050 feet.
- (5) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Wolfcamp formation, bearing the designation of Southwest Jabalina-Wolfcamp Pool (Pool Code 96776). The Southwest Jabalina-Wolfcamp Pool was discovered by the Great Western Drilling Company Madera 25 Federal Well No. 1 (API No. 30-025-29808) located in Unit J of Section 25, Township 26 South, Range 34 East, NMPM, which was completed in the Wolfcamp formation on August 6, 1997. The top of the perforations is at 13,550 feet.
- (6) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Wolfcamp formation, bearing the designation of Kammerer Tanks-Wolfcamp Gas Pool (Pool Code 97634). The Kammerer Tanks-Wolfcamp Gas Pool was discovered by the Chesapeake Operating Inc. Dinwiddie 23 Federal Well No. 1 (API No. 30-025-38242) located in Unit H of Section 23, Township 25 South, Range 35 East, NMPM, which was completed in the Wolfcamp formation on July 14, 2007. The top of the perforations is at 12,850 feet.
- (7) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Cisco formation, bearing the designation of West Leamex-Cisco Pool (Pool Code 97637). The West Leamex-Cisco Pool was discovered by the Patterson Petroleum LP. Cooper 24 Federal Well No. 2 (API No. 30-025-38348) located in Unit I of Section 24, Township 17 South, Range 32 East, NMPM, which was completed in the Cisco formation on August 5, 2007. The top of the perforations is at 11,551 feet.
- (8) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Paddock formation, bearing the designation of North Maljamar-Paddock Pool (Pool Code 97647). The North Maljamar-Paddock Pool was discovered by the Mack Energy Corporation Duck Federal Well No. 1 (API No. 30-025-38172) located in Unit N of Section 5, Township 17 South, Range 32 East, NMPM, which was completed in the Paddock formation on June 18, 2007. The top of the perforations is at 5,484 feet.
- (9) There is need for the creation of a new pool in Lea County, New Mexico for the production of gas from the Barnett formation, bearing the designation of North

Pearl-Barnett Gas Pool (**Pool Code 97623**). The North Pearl-Barnett Gas Pool was discovered by the Mewbourne Oil Company Pearl 26 State Well No. 1 (**API No. 30-025-38241**) located in Unit G of Section 26, Township 19 South, Range 35 East, NMPM, which was completed in the Barnett Shale formation on May 31, 2007. The top of the perforations is at 12,690 feet.

- (10) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Abo formation, bearing the designation of South Ranger Lake-Abo Pool (**Pool Code 97632**). The South Ranger Lake-Abo Pool was discovered by the Yates Petroleum Corporation Yearwood BJW Well No. 1 (**API No. 30-025-38287**) located in Unit L of Section 10, Township 13 South, Range 34 East, NMPM, which was completed in the Abo formation on June 4, 2007. The top of the perforations is at 9,079 feet.
- (11) There is need for the creation of a new pool in Lea County, New Mexico for the production of oil from the Wolfcamp formation, bearing the designation of North Williams-Wolfcamp Pool (Pool Code 97617). The North Williams-Wolfcamp Pool was discovered by the Mack Energy Corporation White Fang State Well No. 1 (API No. 30-025-38522) located in Unit P of Section 10, Township 13 South, Range 32 East, NMPM, which was completed in the Wolfcamp formation on April 4, 2007. The top of the perforations is at 9,364 feet.
- (12) There is need for the abolishment of the Maljamar-Yeso Pool (**Pool Code 97608**) in Lea County, New Mexico in order to correct nomenclature. The abolished acreage will be included in the West Maljamar-Yeso Pool (**Pool Code 44500**).
- (13) There is need for the extension of the vertical limits of the Bell Lake-Cherry Canyon Pool (Pool Code 5160) in Lea County, New Mexico to include all of the Delaware formation and the redesignation of the pool as the Bell Lake-Delaware Pool (Pool Code 5160).
- (14) There is need for the extension of the vertical limits of the Maljamar-Paddock Pool (**Pool Code 44500**) in Lea County, New Mexico to include all of the Yeso formation and the redesignation of the pool as the West Maljamar-Yeso Pool (**Pool Code 44500**).
- (15) There is need for certain extensions to the Antelope Ridge-Atoka Gas Pool, the Antelope Ridge-Cherry Canyon Pool, the North Bell Lake-Delaware Pool, the South Bell Lake-Morrow Gas Pool, the Blinebry Oil and Gas Pool, the Caudill-Permo Upper Pennsylvanian Pool, the Drinkard Pool, the Eight Mile Draw-Abo Pool, the Eight Mile Draw-Morrow Gas Pool, the EK-Bone Spring Pool, the EK-Delaware Pool, the South Eunice-San Andres Pool, the North Feather-Morrow Gas Pool, the East Featherstone-Bone Spring Pool, the North Grama Ridge-Wolfcamp Gas Pool, the South Jenkins-Atoka Gas Pool, the Justis-Tubb-Drinkard Pool, the North Knowles-Devonian Pool, the La Rica-Wolfcamp Pool, the Southeast Lane-Abo Pool, the Langlie Mattix-Seven Rivers-Queen-Grayburg Pool, the Lovington-Paddock Pool, the North Lusk-Bone

Spring Pool, the Lusk-Strawn Pool, the West Maljamar-Yeso Pool, the North Monument-Drinkard Gas Pool, the East Nadine-Drinkard Pool, the Osudo-Morrow Gas Pool, the West Osudo-Morrow Gas Pool, the Reeves-Queen Pool, the Sawyer-Devonian Pool, the Skaggs-Drinkard Pool, the Tonto-Yates-Seven Rivers Pool, the Townsend-Permo Upper Pennsylvanian Pool, the West Triste Draw-Delaware Pool, the Tubb Oil and Gas Pool, the Wantz-Abo Pool, the Weir-Drinkard Pool, the X-4 Ranch-Atoka Gas Pool, the X-4 Ranch-Morrow Gas Pool, the West X-4 Ranch-Morrow Gas Pool, and the Young-Morrow Gas Pool, all in Lea County, New Mexico; and the TV-Pennsylvanian Gas Pool in Chaves County, New Mexico.

IT IS THEREFORE ORDERED THAT:

(a) A new pool in Lea County, New Mexico classified as an oil pool for Bone Spring production is hereby created and designated as the Southwest Antelope Ridge-Bone Spring Pool (Pool Code 97621), consisting of the following described area:

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

(b) A new pool in Lea County, New Mexico classified as an oil pool for Delaware production is hereby created and designated as the Northeast Bell Lake-Delaware Pool (Pool Code 97630), consisting of the following described area:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM Section 33: SW/4

(c) A new pool in Lea County, New Mexico classified as a gas pool for Strawn production is hereby created and designated as the Double X-Strawn Gas Pool (Pool Code 97026), consisting of the following described area:

TOWNSHIP 24 SOUTH, RANGE 32 EAST, NMPM Section 16: E/2

(d) A new pool in Lea County, New Mexico classified as an oil pool for Wolfcamp production is hereby created and designated as the Southwest Jabalina-Wolfcamp Pool (Pool Code 96776), consisting of the following described area:

TOWNSHIP 26 SOUTH, RANGE 34 EAST, NMPM

Section 24: SW/4

Section 25: NW/4 and E/2

(e) A new pool in Lea County, New Mexico classified as a gas pool for Wolfcamp production is hereby created and designated as the Kammerer Tanks-Wolfcamp Gas Pool (**Pool Code 97634**), consisting of the following described area:

TOWNSHIP 25 SOUTH, RANGE 35 EAST, NMPM

Section 23: N/2

(f) A new pool in Lea County, New Mexico classified as an oil pool for Cisco production is hereby created and designated as the West Learnex-Cisco Pool (**Pool Code 97637**), consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM Section 24: SE/4

(g) A new pool in Lea County, New Mexico classified as an oil pool for Paddock production is hereby created and designated as the North Maljamar-Paddock Pool (Pool Code 97647), consisting of the following described area:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM Section 5: SW/4

(h) A new pool in Lea County, New Mexico classified as a gas pool for Barnett production is hereby created and designated as the North Pearl-Barnett Gas Pool (Pool Code 97623), consisting of the following described area:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM Section 26: N/2

(i) A new pool in Lea County, New Mexico classified as an oil pool for Abo production is hereby created and designated as the South Ranger Lake-Abo Pool (Pool Code 97632), consisting of the following described area:

TOWNSHIP 13 SOUTH, RANGE 34 EAST, NMPM Section 10: SW/4

(j) A new pool in Lea County, New Mexico classified as an oil pool for Wolfcamp production is hereby created and designated as the North Williams-Wolfcamp Pool (Pool Code 97617), consisting of the following described area:

TOWNSHIP 13 SOUTH, RANGE 32 EAST, NMPM Section 10: SE/4

(k) The Maljamar-Yeso Pool (**Pool Code 97608**) in Lea County, New Mexico, consisting of the following described area, is hereby abolished:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM Section 22: NW/4

(l) The vertical limits of the Bell Lake-Cherry Canyon Pool (Pool Code 5160) in Lea County, New Mexico are hereby extended to include all of the Delaware

formation, and the pool is hereby redesignated as the Bell Lake-Delaware Pool (Pool Code 5160).

- (m) The vertical limits of the Maljamar-Paddock Pool (**Pool Code 44500**) in Lea County, New Mexico are hereby extended to include all of the Yeso formation, and the pool is hereby redesignated as the West Maljamar-Yeso Pool (**Pool Code 44500**).
- (n) The Antelope Ridge-Atoka Gas Pool (Pool Code 70360) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM

Section 26: W/2

(o) The Antelope Ridge-Cherry Canyon Pool (Pool Code 2210) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM

Section 11: NW/4

(p) The North Bell Lake-Delaware Pool (Pool Code 5166) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM

Section 17: W/2

Section 18: SE/4

(q) The South Bell Lake-Morrow Gas Pool (**Pool Code 71960**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM

Section 31: NW/4

(r) The Blinebry Oil and Gas Pool (Pool Code 6660 – Oil; 72480 – Gas) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 28: SW/4

(s) The Caudill-Permo Upper Pennsylvanian Pool (**Pool Code 10830**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 36 EAST, NMPM

Section 4: SW/4

(t) The Drinkard Pool (Pool Code 19190) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 17: S/2 SE/4 Section 28: SW/4

(u) The Eight Mile Draw-Abo Pool (**Pool Code 21450**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM Section 26: NE/4

(v) The Eight Mile Draw-Morrow Gas Pool (Pool Code 97041) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM

Section 25: S/2 and NW/4

(w) The EK-Bone Spring Pool (Pool Code 21650) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 32: SE/4

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 5: N/2

(x) The EK-Delaware Pool (**Pool Code 21655**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 24: NW/4

(y) The South Eunice-San Andres Pool (Pool Code 24170) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 1: SE/4

(z) The North Feather-Morrow Gas Pool (Pool Code 96195) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM

Section 17: NW/4 Section 18: N/2

(aa) The East Featherstone-Bone Spring Pool (Pool Code 24270) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM

Section 13: SW/4

(bb) The North Grama Ridge-Wolfcamp Gas Pool (Pool Code 77715) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM

Section 30: E/2

(cc) The South Jenkins-Atoka Gas Pool (Pool Code 97475) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMPM

Section 25: SE/4

Section 36: N/2 and SW/4

(dd) The Justis-Tubb-Drinkard Pool (**Pool Code 35280**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM

Section 3: SE/4

(ee) The North Knowles-Devonian Pool (**Pool Code 36330**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 38 EAST, NMPM

Section 14: NE/4

(ff) The La Rica-Wolfcamp Pool (Pool Code 37316) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 5: E/2

(gg) The Southeast Lane-Abo Pool (Pool Code 36676) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM

Section 10: SE/4 Section 11: SW/4

(hh) The Langlie Mattix-Seven Rivers-Queen-Grayburg Pool (**Pool Code 37240**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 24: SW/4

(ii) The Lovington-Paddock Pool (Pool Code 40660) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM

Section 11: NE/4

(jj) The North Lusk-Bone Spring Pool (**Pool Code 41450**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 7: NE/4

Section 8: NW/4

(kk) The Lusk-Strawn Pool (**Pool Code 41589**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 8: SE/4

(ll) The West Maljamar-Yeso Pool (Pool Code 44500) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM

Section 21: SE/4

Section 22: NE/4

(mm) The North Monument-Drinkard Gas Pool (Pool Code 96971) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM

Section 12: NW/4

(nn) The East Nadine-Drinkard Pool (**Pool Code 47503**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 39 EAST, NMPM

Section 30: S/2

(00) The Osudo-Morrow Gas Pool (Pool Code 82120) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM

Section 20: S/2

(pp) The West Osudo-Morrow Gas Pool (**Pool Code 82240**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM Section 13: W/2

(qq) The Reeves-Queen Pool (**Pool Code 52070**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM Section 21: NE/4

(rr) The Sawyer-Devonian Pool (Pool Code 55290) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 9 SOUTH, RANGE 38 EAST, NMPM Section 7: SE/4

(ss) The Skaggs-Drinkard Pool (Pool Code 57000) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM Section 9: NW/4 and S/2 NE/4

(tt) The Tonto-Yates-Seven Rivers Pool (**Pool Code 59470**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM Section 18: NW/4

(uu) The Townsend-Permo Upper Pennsylvanian Pool (Pool Code 59847) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM Section 18: S/2 NW/4 and SW/4

(vv) The West Triste Draw-Delaware Pool (Pool Code 59945) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM Section 19: SW/4

(ww) The Tubb Oil and Gas Pool (Pool Code 60240 – Oil; 86440 – Gas) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 17: E/2 Section 28: SW/4

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM

Section 7: SE/4

(xx) The TV-Pennsylvanian Gas Pool (Pool Code 86560) in Chaves County, New Mexico is hereby extended to include:

TOWNSHIP 11 SOUTH, RANGE 31 EAST, NMPM

Section 23: E/2 Section 26: W/2

(yy) The Wantz-Abo Pool (Pool Code 62700) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 16: N/2 and SW/4

Section 17: SE/4

(zz) The Weir-Drinkard Pool (**Pool Code 63840**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 14: NW/4

(aaa) The X-4 Ranch-Atoka Gas Pool (**Pool Code 97090**) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 33 EAST, NMPM

Section 11: N/2

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM

Section 11: N/2

(bbb) The X-4 Ranch-Morrow Gas Pool (**Pool Code 97049**)in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM

Section 5: E/2

Section 21: S/2 and NE/4

(ccc) The West X-4 Ranch-Morrow Gas Pool (Pool Code 97382) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM Section 20: W/2

(ddd) The Young-Morrow Gas Pool (Pool Code 87820) in Lea County, New Mexico is hereby extended to include:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM Section 10: E/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, abolishments, extensions of vertical and horizontal limits, and redesignations included herein shall be February 1, 2008.
- (3) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

MARK E. FESMIRE, P.E.

Director

SEAL