

Examiner Hearing – February 7, 2002
Docket No. 04-02
Page 6 of 19

CASE 12808: Application of David H. Arrington Oil and Gas, Inc. for an unorthodox oil well location and simultaneous dedication, Lea County, New Mexico. Applicant seeks approval to re-complete its existing Mayfly "14" State Well No. 7 located at an unorthodox location 330 feet from the North and East lines (Unit A) of Section 14, Township 16 South, Range 35 East, for production from the Strawn formation, North Shoe Bar-Strawn Pool and for simultaneous dedication of this well with the previously approved 160-acre oil spacing and proration unit consisting of the NE/4 of said Section 14. This well is located approximately 3 miles west of Lovington, New Mexico.

CASE 12758-A: Continued from November 1, 2001, Examiner Hearing.

Application of the New Mexico Oil Conservation Division for an Order Requiring Operators to Bring One Hundred Forty-Seven (147) Wells into Compliance with Rule 201.B, and Assessing Appropriate Civil Penalties; Lea, Roosevelt and Chaves Counties, New Mexico. The Applicant seeks an order requiring the operators of 147 inactive wells located in Lea, Roosevelt and Chaves Counties, New Mexico, to bring said wells into compliance with OCD Rule 201.B by either restoring said wells to production or beneficial use, plugging and abandoning said wells or securing Division approval for temporary abandonment thereof. The affected wells are the following:

<u>OPERATOR</u>	<u>WELL NAME AND NUMBER</u>	<u>API NO.</u>	<u>ULSTR</u>	<u>COUNTY</u>
Amtex Energy Inc	Chukar State #001	30-025-32747	O-16-19s-34e	Lea
Amtex Energy Inc	Dagger Lake 5 State #001	30-025-31653	O-05-22s-33e	Lea
Amtex Energy Inc	Merit Record 35 #001	30-025-31337	P-35-19s-35e	Lea
Amtex Energy Inc	Record #004	30-025-32196	N-26-19s-35e	Lea
Bettis Boyle & Stovall	B M Justis A #002	30-025-11668	H-20-25s-37e	Lea
Bettis Boyle & Stovall	B M Justis A #006	30-025-11664	H-20-25s-37e	Lea
Bettis Boyle & Stovall	B T Lanehart #001	30-025-11680	G-21-25s-37e	Lea
Bettis Boyle & Stovall	B T Lanehart #003	30-025-11682	C-21-25s-37e	Lea
Bettis Boyle & Stovall	B T Lanehart #004	30-025-11681	B-21-25s-37e	Lea
Bettis Boyle & Stovall	B T Lanehart #005	30-025-11679	G-21-25s-37e	Lea
Bettis Boyle & Stovall	B T Lanehart #006	30-025-25588	B-21-25s-37e	Lea
Bettis Boyle & Stovall	Patsy A #001	30-025-23721	B-20-22s-37e	Lea
Bettis Boyle & Stovall	Patsy B #002	30-025-23925	N-17-22s-37e	Lea
Bettis Boyle & Stovall	State O #001	30-025-11629	A-16-25s-37e	Lea
Bettis Boyle & Stovall	V H Justis #002	30-025-11666	D-20-25s-37e	Lea
C E Larue & B M Muncy Jr	Gulf Kimmons #002	30-005-20953	A-19-08s-31e	Chaves
C E Larue & B M Muncy Jr	Gulf Wilcox #001	30-005-20967	P-19-08s-31e	Chaves
C E Larue & B M Muncy Jr	Pearsall Queen Sand Unit #001	30-025-00839	E-04-18s-32e	Lea
C E Larue & B M Muncy Jr	Pearsall Queen Sand Unit #001	30-025-00842	I-05-18s-32e	Lea
C E Larue & B M Muncy Jr	Pearsall Queen Sand Unit #001	30-025-00846	I-05-18s-32e	Lea
C E Larue & B M Muncy Jr	Pearsall Queen Sand Unit #001	30-025-20242	K-04-18s-32e	Lea
C E Larue & B M Muncy Jr	Pearsall Queen Sand Unit #001	30-025-21710	P-32-17s-32e	Lea
C E Larue & B M Muncy Jr	Pearsall Queen Sand Unit #001	30-025-21711	O-32-17s-32e	Lea
C E Larue & B M Muncy Jr	Pearsall Queen Sand Unit #002	30-025-00838	3-04-18s-32e	Lea
C E Larue & B M Muncy Jr	Pearsall Queen Sand Unit #002	30-025-00843	2-05-18s-32e	Lea
C E Larue & B M Muncy Jr	Trigg Federal #014	30-005-00983	J-04-14s-31e	Chaves
Crestridge Drilling & Prod Co., LLC	Mexico F #001	30-025-05246	3-02-15s-37e	Lea
Crestridge Drilling & Prod Co., LLC	Mexico F #004	30-025-05249	4-02-15s-37e	Lea
Crestridge Drilling & Prod Co., LLC	Mexico F #005	30-025-05250	2-02-15s-37e	Lea
Hal J Rasmussen Oper Inc	Amerada State #003	30-025-02531	G-13-21s-34e	Lea
Hal J Rasmussen Oper Inc	Charlotte State #002	30-025-04377	C-32-20s-36e	Lea
Hal J Rasmussen Oper Inc	Charlotte State #004	30-025-04371	N-29-20s-36e	Lea

Examiner Hearing – February 7, 2002
Docket No. 04-02
Page 7 of 19

Hal J Rasmussen Oper Inc	Gulf Cookie State #001	30-025-23964	G-21-23s-36e	Lea
Hal J Rasmussen Oper Inc	Gulf Cookie State #002	30-025-24073	H-21-23s-36e	Lea
Hal J Rasmussen Oper Inc	Kaiser State #005	30-025-02534	J-13-21s-34e	Lea
Hal J Rasmussen Oper Inc	Kaiser State #008	30-025-02537	O-13-21s-34e	Lea
Hal J Rasmussen Oper Inc	Kaiser State #009	30-025-02538	F-13-21s-34e	Lea
Hal J Rasmussen Oper Inc	Kaiser State #041	30-025-02546	E-13-21s-34e	Lea
Hal J Rasmussen Oper Inc	Kaiser State #042	30-025-02547	J-13-21s-34e	Lea
Hal J Rasmussen Oper Inc	Kaiser State #044	30-025-32741	F-13-21s-34e	Lea
Hal J Rasmussen Oper Inc	Mobil State #001	30-025-21747	O-16-23s-36e	Lea
Hal J Rasmussen Oper Inc	Phillips State #001	30-025-02549	G-14-21s-34e	Lea
Hal J Rasmussen Oper Inc	San Simon #001	30-025-28495	H-13-21s-34e	Lea
Hal J Rasmussen Oper Inc	Shell State #001	30-025-03424	K-07-21s-35e	Lea
Hal J Rasmussen Oper Inc	Shell State #004	30-025-03422	4-07-21s-35e	Lea
Hal J Rasmussen Oper Inc	Shell State #007	30-025-03427	F-07-21s-35e	Lea
Hal J Rasmussen Oper Inc	Shell State #008	30-025-03428	C-07-21s-35e	Lea
Hal J Rasmussen Oper Inc	Shell State #014	30-025-03431	3-07-21s-35e	Lea
Hal J Rasmussen Oper Inc	State #002	30-025-02554	K-16-21s-34e	Lea
Hal J Rasmussen Oper Inc	State A #001	30-025-02557	O-16-21s-34e	Lea
Hal J Rasmussen Oper Inc	State B #001	30-025-02563	B-21-21s-34e	Lea
Hal J Rasmussen Oper Inc	State Jct #001	30-025-10748	B-16-23s-36e	Lea
Hal J Rasmussen Oper Inc	Valero State #001	30-025-02553	N-16-21s-34e	Lea
Hal J Rasmussen Oper Inc	Wilson A State #001	30-025-03436	G-07-21s-35e	Lea
Hal J Rasmussen Oper Inc	Wilson A State #002	30-025-03433	B-07-21s-35e	Lea
Hal J Rasmussen Oper Inc	Wilson State #001	30-025-02571	G-23-21s-34e	Lea
Hal J Rasmussen Oper Inc	Wilson State #002	30-025-02577	J-23-21s-34e	Lea
Hal J Rasmussen Oper Inc	Wilson State #003	30-025-02575	J-23-21s-34e	Lea
Hal J Rasmussen Oper Inc	Wilson State #017	30-025-02569	A-23-21s-34e	Lea
Hal J Rasmussen Oper Inc	Wilson State #021	30-025-02577	J-23-21s-34e	Lea
John A Yates Jr	Murphy Kirkpatrick Federal #002	30-041-00218	B-14-08s-37e	Roosevelt
Kenson Operating Company Inc	Langlie Jal Unit #001	30-025-11304	B-31-24s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #002	30-025-24837	1-31-24s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #003	30-025-11311	D-32-24s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #007	30-025-11314	H-32-24s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #010	30-025-11308	E-32-24s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #011	30-025-11293	H-31-24s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #012	30-025-11303	G-31-24s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #015	30-025-11305	3-31-24s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #018	30-025-11298	I-31-24s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #031	30-025-11475	4-06-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #036	30-025-11452	3-05-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #039	30-025-11442	4-04-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #044	30-025-11443	E-04-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #050	30-025-24890	G-06-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #051	30-025-11473	F-06-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #053	30-025-11469	6-06-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #057	30-025-23884	L-05-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #060	30-025-24879	I-05-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #062	30-025-24880	M-04-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #063	30-025-11451	P-05-25s-37e	Lea

Examiner Hearing – February 7, 2002

Docket No. 04-02

Page 8 of 19

Kenson Operating Company Inc	Langlie Jal Unit #065	30-025-23885	N-05-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #067	30-025-11472	P-06-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #068	30-025-11471	O-06-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #069	30-025-11470	N-06-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #070	30-025-24480	7-06-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #071	30-025-23869	D-08-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #072	30-025-11506	C-08-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #073	30-025-11497	B-08-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #075	30-025-11510	D-09-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #076	30-025-24881	E-09-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #077	30-025-11498	H-08-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #079	30-025-23870	F-08-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #081	30-025-11501	J-08-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #083	30-025-11513	L-09-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #085	30-025-11493	P-08-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #088	30-025-11644	A-17-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #089	30-025-11630	H-17-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #093	30-025-11633	P-17-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #094	30-025-11635	O-17-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #096	30-025-27841	N-32-24s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #097	30-025-27842	P-32-24s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #099	30-025-27844	K-32-24s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #103	30-025-28406	P-01-24s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #104	30-025-28407	M-32-24s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #106	30-025-28963	A-32-24s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #112	30-025-29408	C-08-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #115	30-025-31014	I-05-25s-37e	Lea
Kenson Operating Company Inc	Langlie Jal Unit #301	30-025-11306	4-31-24s-37e	Lea
Kevin O Butler & Assoc Inc	E B Anderson #002	30-025-22454	M-06-13s-38e	Lea
Kevin O Butler & Assoc Inc	E B Anderson #003	30-025-29786	M-06-13s-38e	Lea
Kevin O Butler & Assoc Inc	East Ek Unit #002	30-025-02361	J-22-18s-34e	Lea
Kevin O Butler & Assoc Inc	East Ek Unit #003	30-025-02357	K-22-18s-34e	Lea
Kevin O Butler & Assoc Inc	East Ek Unit #007	30-025-22362	G-22-18s-34e	Lea
Kevin O Butler & Assoc Inc	East Ek Unit #009	30-025-22730	E-23-18s-34e	Lea
Kevin O Butler & Assoc Inc	East Ek Unit #012	30-025-27948	F-22-18s-34e	Lea
Kevin O Butler & Assoc Inc	Federal A #001	30-025-21806	P-12-15s-34e	Lea
Kevin O Butler & Assoc Inc	Gulf Federal #001	30-025-20991	H-12-15s-34e	Lea
Kevin O Butler & Assoc Inc	Maxwell #001	30-025-21186	F-06-13s-38e	Lea
Kevin O Butler & Assoc Inc	Maxwell #002	30-025-23089	E-06-13s-38e	Lea
Kevin O Butler & Assoc Inc	So Caprock Queen Unit #012	30-005-01180	L-33-14s-31e	Chaves
Kevin O Butler & Assoc Inc	So Caprock Queen Unit #014	30-005-01193	N-33-14s-31e	Chaves
Kevin O Butler & Assoc Inc	So Caprock Queen Unit #015	30-005-01161	O-28-14s-31e	Chaves
Kevin O Butler & Assoc Inc	State Land 76 #001	30-025-00376	10-02-16s-32e	Lea
Kevin O Butler & Assoc Inc	State Land 76 #003	30-025-29066	9-02-16s-32e	Lea
Mallon Oil Co	Be Shipp Estate #001	30-025-29485	G-04-17s-37e	Lea
Mallon Oil Co	Byers #001	30-025-29980	I-03-17s-37e	Lea
Mallon Oil Co	Gallagher State #001	30-025-21930	I-03-17s-34e	Lea
Mallon Oil Co	Mallon 34 Federal #006	30-025-32617	C-34-19s-34e	Lea
Mallon Oil Co	Mallon 34 Federal #009	30-025-32784	G-34-19s-34e	Lea

Examiner Hearing – February 7, 2002
Docket No. 04-02
Page 9 of 19

Mallon Oil Co	Mobil State #001	30-025-22029	G-03-17s-34e	Lea
Mallon Oil Co	Pennzoil State #002	30-025-26749	B-18-16s-37e	Lea
Mallon Oil Co	Pennzoil State #003	30-025-27323	C-18-16s-37e	Lea
Mallon Oil Co	Pennzoil State #004	30-025-27498	2-18-16s-37e	Lea
Mallon Oil Co	Price Family Trust #001	30-025-30351	E-01-17s-37e	Lea
Mallon Oil Co	Price Family Trust #002	30-025-30497	N-01-17s-37e	Lea
Mallon Oil Co	Simmons Estate #001	30-025-30177	N-03-17s-37e	Lea
Mallon Oil Co	State C #003	30-025-24936	O-17-16s-37e	Lea
Mallon Oil Co	State C #004	30-025-27433	G-20-16s-37e	Lea
Mallon Oil Co	Viersen #002	30-025-29445	O-04-17s-37e	Lea
Mallon Oil Co	Waldron #002	30-025-29885	3-03-17s-37e	Lea

CASE 12809: Application for Order Shutting In Well, Terminating Allowables and Assessing Civil Penalties, Lea County, New Mexico. Applicant seeks an order shutting in the Corbin-Abo Well No. 1 (API No. 30-025-01337), operated by Agua, Inc. n/k/a Petro-Thermo, Inc. located 1980 feet from the North line and 1980 feet from the East line (Unit G) of Section 31. Township 17 South, Range 33 East, in Lea County, New Mexico, which is presently permitted as a salt water disposal well, and terminating injection authority with respect to said well, until such time as the operator provides renewed financial assurance in accordance with NMSA 1978 Section 70-2-14, and reimburses the State of New Mexico for cost incurred in excess of available financial assurance in plugging another well formerly operated by the operator.

CASE 12793: Continued from January 10, 2001, Examiner Hearing.

In the matter of the hearing called by the Oil Conservation Division for an order creating, contracting vertical limits, redesignating, and extending certain pools in Chaves and Lea Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico classified as a gas pool for Strawn production and designated as the Corbin-Strawn Gas Pool. The discovery well is the EOG Resources Inc. Corbin 18 Federal Com. Well No. 2 located in Unit O of Section 18, Township 18 South, Range 33 East, NMPM. Said pool would comprise:

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

(b) CREATE a new pool in Lea County, New Mexico classified as an oil pool for Delaware production and designated as the North Diamondtail-Delaware Pool. The discovery well is the Pogo Producing Company Aracanga Federal Well No. 1 located in Unit O of Section 4, Township 23 South, Range 32 East, NMPM. Said pool would comprise:

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

(c) CREATE a new pool in Lea County, New Mexico classified as a gas pool for Mississippian production and designated as the Eight Mile Draw-Mississippian Gas Pool. The discovery well is the Yates Petroleum Corporation Comet AUC State Well No. 1 located in Unit O of Section 23, Township 11 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM
Section 23: S/2

(d) CREATE a new pool in Lea County, New Mexico classified as a gas pool for Wolfcamp production and designated as the North Feather-Wolfcamp Pool. The discovery well is the Yates Petroleum Corporation Wings AUT State Well No. 1 located in Unit M of Section 17, Township 15 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM
Section 17: S/2

(e) CREATE a new pool in Lea County, New Mexico classified as a gas pool for Morrow production and designated as the Four Lakes-Morrow Gas Pool. The discovery well is the Yates Petroleum Corporation Indigo State Unit Well No. 1 located in Unit A of Section 7, Township 12 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 12 SOUTH, RANGE 35 EAST, NMPM
Section 7: E/2

(f) CREATE a new pool in Lea County, New Mexico classified as a gas pool for Morrow production and designated as the North Morton-Morrow Gas Pool. The discovery well is the Yates Petroleum Corporation North Papalotes State Unit Well No. 1 located in Unit A of Section 36, Township 14 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
Section 36: N/2

(g) CREATE a new pool in Lea County, New Mexico classified as a gas pool for Mississippian production and designated as the Sand Springs-Mississippian Gas Pool. The discovery well is the Yates Petroleum Corporation East Sand Springs Unit Well No. 3 located in Unit N of Section 6, Township 11 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 11 SOUTH, RANGE 35 EAST, NMPM
Section 6: E/2 SW/4 and Lots 3, 4, 5 and 6

(h) CREATE a new pool in Chaves County, New Mexico classified as a gas pool for Atoka-Morrow production and designated as the East Tobac-Atoka-Morrow Gas Pool. The discovery well is the Yates Petroleum Corporation Tres Canal State Unit Well No. 1 located in Unit K of Section 26, Township 8 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 8 SOUTH, RANGE 33 EAST, NMPM
Section 26: W/2

(i) CREATE a new pool in Lea County, New Mexico classified as a gas pool for Atoka production and designated as the Townsend-Atoka Gas Pool. The discovery well is the Nadel & Gussman Permian LLC. E. L. Harrod Well No. 1 located in Unit K of Section 5, Township 16 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 5: SW/4 and Lots 11, 12, 13 and 14

(j) CREATE a new pool in Lea County, New Mexico classified as a gas pool for Atoka production and designated as the Wilson-Atoka Gas Pool. The discovery well is the Maynard Oil Company Wilson Deep Unit Well No. 2-Y located in Unit D of Section 13, Township 21 South, Range 34 East, NMPM. Said pool would comprise: