

**DOCKET: EXAMINER HEARING - THURSDAY - MARCH 4, 2004**

8:15 A.M. - 1220 South St. Francis

Santa Fe, New Mexico

Docket Nos. 8-04 and 9-04 are tentatively set for March 18, 2004 and April 1, 2004. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

**CASE 13225:** Application of Chi Energy, Inc. for compulsory pooling and a non-standard gas spacing and proration unit, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 1, 2, E/2 NW/4 and NE/4 (the N/2 equivalent) of Section 30, Township 22 South, Range 27 East, to form a non-standard 314.60-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including the South Carlsbad-Strawn Gas Pool and South Carlsbad-Morrow Gas Pool. The unit is to be dedicated to applicant's Merlin Well No. 2, to be located at an orthodox gas well location in the NE/4 NW/4 of Section 30. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Chi Operating, Inc. as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 3½ miles south of Carlsbad, New Mexico.

**CASE 13217:** Continued from February 19, 2004, Examiner Hearing.

Application of Concho Resources Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 21, Township 21 South, Range 35 East, and in the following manner: The W/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Grama Ridge-Wolfcamp Gas Pool and Undesignated South Osudo-Morrow Gas Pool; the NW/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent, including the Undesignated North San Simon-Yates Associated Pool and Undesignated South Osudo-Wolfcamp Pool; and the SW/4 NW/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40 acre spacing within that vertical extent, including the Undesignated North San Simon-Yates Associated Pool. The units are to be dedicated to applicant's San Simon State Com. Well No. 2, to be located at an orthodox location in the SW/4 NW/4 of Section 21. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The units are located approximately 7 miles southwest of Oil Center, New Mexico.

**CASE 13226:** Application of OXY USA WTP Limited Partnership for rescission of the approval of an application for permit to drill and for compulsory pooling, Eddy County, New Mexico. Applicant seeks rescission of the Division's prior approval of an Application for Permit to Drill covering the W/2 of Section 15, Township 22 South, Range 27 East, and an order pooling all mineral interests in the W/2 of said Section 15 in all formations and/or pools developed on 320-acre spacing and proration units which includes but is not necessarily limited to the Undesignated South Carlsbad-Morrow Gas Pool. Applicant proposes to dedicate the pooled unit to its Redemption Well No. 1 to be drilled at a standard gas well location 660 feet from the South and West lines of said Section 15. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 2 miles east of Carlsbad, New Mexico.

**CASE 13222:** Continued from February 19, 2004, Examiner Hearing

Application of Yates Petroleum Corporation for pool creation and the adoption of special pool rules, Eddy County, New Mexico. Applicant seeks creation of a new pool comprised of the N/2 of Section 36, Township 21 South, Range 21 East, as a result of the discovery of hydrocarbons in the Abo formation in its Duvel "BCD" State Com Well No. 1 located 710 feet from the North line and 1980 feet from the West line of Section 36. Applicant also seeks the adoption of Special Pool Rules and Regulations for the pool including provisions for 320-acre gas spacing and proration units. This pool is located approximately 26 miles south of Hope, New Mexico.