

DOCKET: EXAMINER HEARING - THURSDAY - JULY 11, 1996

8:15 A.M. - 2040 S. Pacheco

Santa Fe, New Mexico

Dockets Nos 21-96 and 22-96 are tentatively set for July 25, 1996 and August 8, 1996. 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 11549: (Continued from June 27, 1996, Examiner Hearing.)

Application of Santa Fe Energy Resources, Inc. for compulsory pooling, Eddy 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 23, Township 19 South, Range 28 East, and in the following manner: the S/2 of Section 23 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated South Millman-Atoka Gas Pool, the Undesignated Winchester-Morrow Gas Pool, the Undesignated North Winchester-Morrow Gas Pool, the Undesignated Winchester -Upper Pennsylvanian Gas Pool, the Undesignated Winchester-Strawn Gas Pool, and the Undesignated North Winchester-Wolfcamp Pool; the SW/4 of Section 23 to form a standard 160-acre gas spacing and proration unit for any and all pools and/or formations developed on 160-acre spacing within said vertical extent, including the Undesignated Winchester-Wolfcamp Gas Pool; and the SE/4 SW/4 of Section 23 to form a standard 40-acre oil spacing and proration unit for any and all pools and/or formations developed on 40-acre spacing within said vertical extent, including the Undesignated Outpost-Delaware Pool, the Undesignated East Millman-Queen-Grayburg-San Andres Pool, the Undesignated Scanlon Draw-Queen Pool, and the Undesignated Winchester-Bone Spring Pool. Said units are to be dedicated to Applicant's Ten Bears "23" St. Well No. 1, to be drilled at an orthodox well location 990 feet from the South line and 1980 feet from the West line (Unit N) of the section. 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 unit is located approximately 6 miles southeast of Illinois Camp.

CASE 11562: **Application of Shahara Oil Corporation for statutory unitization, Lea County, New Mexico.** Applicant seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests from the surface of the ground to a lower limit of 5500 feet below the surface of those lands underlying its proposed Shahara State 16 Unit Area encompassing some 320 acres, more or less, of state lands comprising the W/2 of Section 16, Township 17 South, Range 33 East. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable and equitable allocation of production and costs of production, including capital investments, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to unit voting procedures, selection, removal or substitution of the unit operator, and time of commencement and termination of unit operations. Said unit area is located approximately 6 miles east-southeast of Maljamar, New Mexico.

CASE 11534: (Continued from June 27, 1996, Examiner Hearing.)

Application of Enron Oil & Gas Company for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks authorization to drill its Greenback State Well No. 2 at an unorthodox oil well location 1980 feet from the North line and 1330 feet from the West line (Unit F) of Section 17, Township 24 South, Range 38 East, to be dedicated to a standard 40-acre oil spacing and proration unit consisting of the SE/4 NW/4 of said Section 17 in the East Fowler-Ellenburger Pool. Said unit is located approximately 6 miles northeast of Jal, New Mexico.

CASE 11539: (Continued from June 27, 1996, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant seeks approval to drill its Mimosa AHS Federal Well No. 3 at an unorthodox location 660 feet from the South line and 330 feet from the East line of Section 4, Township 20 South, Range 24 East. The S/2 of said Section 4 is to be dedicated to the well. Applicant further requests approval of the unorthodox location as to all prospective pools or formations including but not limited to the Upper Pennsylvanian (Canyon) and Morrow formations. Said unit is located approximately 14 miles south-southeast of Hope, New Mexico.

CASE 11552: (Continued from June 27, 1996, Examiner Hearing.)

Application of Oxy USA Inc. for compulsory pooling and a non-standard gas proration unit, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) of Section 30, Township 22 South, Range 27 East, forming a non-standard 315.00-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but not necessarily limited to the Undesignated East Carlsbad-Wolfcamp Gas Pool, South Carlsbad-Strawn Gas Pool, and South Carlsbad-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location thereon. 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 2.5 miles south of Carlsbad, New Mexico.

CASE 11563: **Application of Nearburg Exploration Company, L.L.C for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 80-acre spacing, including but not limited to the West Lovington-Strawn Pool, under Lots 15 and 16 of Section 3 and all interests in all formations developed on 40-acre spacing, including but not limited to the Northeast Eidson-Mississippian Pool, under Lot 16 of Section 3, all in Township 16 South, Range 35 East. Said unit is to be dedicated to its Nike "3" Well No. 1 to be drilled at a standard location 2970 feet from the South line and 330 feet from the East line of said Section 3. 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said area is located approximately 4 miles west of Lovington, New Mexico.

CASE 11547: (Continued from June 13, 1996, Examiner Hearing.)

Application of Nearburg Exploration Company, L.L.C., for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, in all formations developed on 320-acre spacing, underlying the E/2 of Section 11, Township 17 South, Range 25 East. Said unit is to be dedicated to the Eagle Creek 11 Com Well No. 1 to be drilled at a location 1980 feet from the South and East lines of said Section 11. 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 unit is located approximately 2 miles west of Artesia, New Mexico.

CASE 11564: **Application of Nearburg Exploration Company for an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks approval to drill its proposed Black River "3" Federal Well No. 1 at an unorthodox gas well location 1330 feet from the South line and 1650 feet from the West line (Unit K) of Section 3, Township 24 South, Range 26 East, to be dedicated to a standard 320-acre spacing unit consisting of the W/2 of said Section 3 and to be dedicated to any and all production therein including but not necessarily limited to the Undesignated South Carlsbad-Morrow Gas Pool. Said unit is approximately 10 miles southwest of Whites City, New Mexico.

CASE 11565: **Application of Meridian Oil Inc. for an unorthodox coal gas well location, Rio Arriba County, New Mexico.** Applicant seeks approval to drill its proposed San Juan 29-7 Unit Well No. 505R at an unorthodox coal gas well location ("off-pattern") 1850 feet from the South line and 940 feet from the East line of Section 5, Township 29 North, Range 7 West, to be dedicated to a standard 320-acre gas spacing unit consisting of the E/2 of said Section 5 for any and all coal gas production within the limits of the Basin Fruitland Coal Gas Pool. Said well is located approximately 1 mile south of Navajo City, New Mexico.

CASE 11542: (Continued from June 13, 1996, Examiner Hearing.)

Application of Meridian Oil Inc. for compulsory pooling and an unorthodox gas well location, San Juan County, New Mexico. Applicant seeks an order pooling certain mineral interests in the Blanco Mesaverde Pool underlying Lots 1, 2, 7, 8, 9, 10, 15 and 16 (the E/2 equivalent) of Section 23, Township 31 North, Range 9 West, forming a 313.63-acre gas spacing and proration unit. Said unit is to be dedicated to Meridian Oil Inc.'s proposed Seymour Well No. 7A which is an "Infill Blanco-Mesaverde Well" to be drilled at an unorthodox gas well location 1615 feet from the South line and 2200 feet from the East line of said Section 23 to test for production from the Mesaverde formation. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling and completing, the allocation of those costs and income therefrom as well as actual operating costs and charges for supervision, a charge for risk involved in drilling and completing said well and the designation of applicant as the operator of the well. Said well is located approximately 9 miles southeast of Cedar Hills, New Mexico.