

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 8, 1996

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

Santa Fe, New Mexico

Dockets Nos 24-96 and 25-96 are tentatively set for August 22, 1996 and September 5, 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 11583: **Application of Dugan Production Corporation for Surface Commingling, San Juan County, New Mexico.** Applicant seeks authority to surface commingle Basin-Dakota and Harper Hill Fruitland Sand-Pictured Cliffs Gas Pool production from its Com Well No. 1E (API No. 30-045-23940) located 810 feet from the North line and 940 feet from the East line (Unit A), and its Com Well No. 2 (API No. 30-045-23199) located 1125 feet from the North line and 1070 feet from the East line (Unit A), respectively, both in Section 2, Township 29 North, Range 14 West. Said wells are located approximately 5 miles northwest of Farmington, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.**

CASE 11572: (Continued from July 25, 1996, Examiner Hearing.)

Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the N/2 of Section 27, Township 32 North, Range 13 West, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled and completed at a standard coal gas well location in the SE/4 NE/4 (Unit H) of said Section 27. 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 miles north of La Plata, New Mexico.

CASE 11584: **Application of Merrion Oil & Gas Corporation for compulsory pooling, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the N/2 of Section 27, Township 32 North, Range 13 West, forming a standard 320-acre spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled and completed at a standard coal gas well location in the SE/4 NE/4 (Unit H) of said Section 27. 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 said well. Said unit is located approximately 2 miles north of La Plata, New Mexico.

CASE 11562: (Continued from July 11, 1996, Examiner Hearing.)

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 11549: (Continued from July 25, 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 11585: **Application of Santa Fe Energy 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 Bone Spring formation underlying the SW/4 SW/4 of Section 8, Township 23 South, Range 32 East. Applicant proposes to dedicate the unit to its Tomcat "8" Federal Well No. 1, to be drilled at an orthodox oil well location 660 feet from the South line and 467 feet from the West line (Unit M) of said Section 8 to test any and all formations to the base of the Bone Spring formation, including the Undesignated Sand Dunes-Bone Spring Pool and the Undesignated South Sand Dunes-Delaware Pool. 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 said well. Said unit is located approximately 5 miles north-northeast of the intersection of State Highway 128 and the Eddy/Lea County lines.

CASE 11586: **Application of Amoco Production Company for simultaneous dedication, San Juan County, New Mexico.** Applicant seeks an exception to Division General Rule 104(D)(3) to continuously and concurrently produce Ute Dome-Dakota Pool gas production from both its proposed Ute Indian "A" Well No. 22, to be drilled at a standard gas well location in the NE/4 equivalent of Section 2, Township 31 North, Range 14 West, and from its existing Ute Indian "A" Well No. 17 (API No. 30-045-24604), located at a standard gas well location 1120 feet from the North and West lines (Lot 4/Unit D) of said Section 2, and for the simultaneous dedication of both wells to the 160.24-acre gas spacing and proration unit comprising Lots 3 and 4 and the E/2 NW/4 (NW/4 equivalent) of said Section 2. Said unit is located approximately 5 miles west of La Plata, New Mexico.

CASE 11547: **(Continued from July 11, 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 11587: **Application of Penwell Energy, Inc. for compulsory pooling and a non-standard gas proration unit, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from a depth of 4,000 feet to the base of the Morrow formation, underlying the following described acreage in Section 30, Township 18 South, Range 31 East, and in the following manner: (a) Lots 1, 2, 3 and 4 and the E/2 W/2 (W/2 equivalent) to form a non-standard 301.68-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 is not necessarily limited to the Undesignated North Shugart-Atoka Gas Pool and Undesignated North Shugart-Morrow Gas Pool; (b) Lots 1 and 2 and the E/2 NW/4 (NW/4 equivalent) to form a non-standard 150.68-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and, (c) the SE/4 NW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said units are to be dedicated to a single well to be drilled at a standard location 1980 feet from the North and West lines (Unit F) of said Section 30. 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 said well. Said well location is approximately 8 miles southeast by south of Loco Hills, New Mexico.

CASE 11534: **(Continued from July 25, 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.

DOCKET: EXAMINER HEARING - THURSDAY - JULY 25, 1996

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

Santa Fe, New Mexico

Dockets Nos 22-96 and 23-96 are tentatively set for August 8, 1996 and August 22, 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 11571: **Application of Robert L. Bayless for a non-standard gas proration unit, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval to establish a non-standard 238.94-acre gas spacing and proration unit in the Blanco-Mesaverde Pool comprising Lot 2, the E/2 SW/4, the N/2 SE/4, and the SE/4 SE/4 of Section 10, Township 30 North, Range 11 West, which is located approximately one mile east of the junction of State Highway No. 44 and U. S. Highway 550. Said unit is to be dedicated to its existing Hazel Bolack "10" Well No. 1, located at a standard gas well location 1000 feet from the South line and 1650 feet from the East line (Unit O) of said Section 10.

CASE 11549: (Continued from July 11, 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 11572: **Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the N/2 of Section 27, Township 32 North, Range 13 West, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled and completed at a standard coal gas well location in the SE/4 NE/4 (Unit H) of said Section 27. 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 miles north of La Plata, New Mexico.

CASE 11570: (Readvertised)

Application of Richardson Operating Company for compulsory pooling, downhole commingling, and an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated West Kutz-Pictured Cliffs Pool underlying the NE/4 of Section 15, Township 29 North, Range 13 West and all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the E/2 of said Section 15, thereby forming a standard 160-acre and 320-acre gas spacing and proration unit for both pools, respectively. Said units are to be dedicated to a single well to be drilled at an unorthodox gas well location for both intervals 2171 feet from the North line and 775 feet from the East line (Unit H) of said Section 15. Applicant further seeks authorization to commingle Undesignated West Kutz-Pictured Cliffs Pool production with gas production from the Basin-Fruitland Coal (Gas) Pool within the wellbore of the proposed well. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling, completing and equipping, with the inclusion of a risk factor penalty and the allocation of those costs and income therefrom, as well as actual operating costs and charges for supervision, and the designation of applicant as the operator of the well. Said well site is located near the intersection of US Highway 64 and Meadow View Drive within the City of Farmington, New Mexico.

CASE 11573: **Application of Chi Energy, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S/2 of Section 29, Township 18 South, Range 26 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and or pools developed on 320-acre spacing within said vertical extent, which currently includes but is not necessarily limited to the Dayton-Wolfcamp Gas Pool and Atoka-Pennsylvanian Gas Pool. The applicant proposes to dedicate the existing Ralph Nix Well No. 1, located at a standard gas well location within said 320-acre drilling tract, 1980 feet from the South and East lines (Unit J) of said Section 29. Also to be considered will be the costs of re-entering and the recompletion of said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in the re-entry of said well. Said unit is located approximately one mile southwest of Dayton, New Mexico.

CASE 11542: (Continued from July 11, 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.

CASE 11574: **Application of Texaco Exploration & Production, Inc. for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Jalmat Gas Pool for its E. E. Blinebry "A" Federal Com NCT-1 Well No. 4 to be drilled 1870 feet from the South line and 990 feet from the West line (Unit L) of Section 31, Township 23 South, Range 37 East. Jalmat gas production from said well is to be simultaneously dedicated with the E.E. Blinebry "A" Federal (NCT-1) Well No. 2 located in Unit "I" of said Section 31 and the E.E. Blinebry "B" Federal NCT-1 Well No. 3, located at a previously approved unorthodox gas well location [approved by Division Administrative Order NSL-2984(SD)] 1980 feet from the South and West lines (Unit K) of said Section 31 to the existing 355.96-acre non-standard gas spacing and proration unit comprising Lots 3 and 4, E/2 SW/4, N/2 SE/4, and SE/4 SE/4 of said Section 31 and the S/2 SW/4 of Section 32, Township 23 South, Range 37 East (approved by Division Order No. R-2474). Said unit is located approximately 10 miles north of Jal, New Mexico.

CASE 11544: (Continued from June 13, 1996, Examiner Hearing.)

Application of SDX 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 Drinkard formation underlying Lot 7 of Irregular Section 4, Township 21 South, Range 37, East forming a standard 40.4-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not limited to the North Eunice Blinebry-Tubb-Drinkard Pool. Said unit is to be dedicated to its Exxon Fee Well No. 1 to be drilled and completed at a standard well location in Lot 7 of said Section 4. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs 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 north of Eunice, New Mexico.

CASE 11575: **Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from a depth of 4,000 feet to the base of the Morrow formation in all formations developed on 320-acre spacing under the W/2 of Section 34; in all formations developed on 160-acre spacing under the SW/4 of Section 34; in all formations developed on 80-acre spacing under the W/2 SW/4 of Section 34 and in all formations developed on 40-acre spacing under the NW/4 SW/4 of Section 34, Township 17 South, Range 28 East. Said unit is to be dedicated to its Artesia "34" State Com Well No. 1 to be drilled at a standard location 1650 feet from the South line and 990 feet from the West line of said Section 34. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs 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 said well. Said area is located approximately 13 miles east by north of Atoka, New Mexico.