

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 22, 1996

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

Santa Fe, New Mexico

Dockets Nos 25-96 and 26-96 are tentatively set for September 5, 1996 and September 19, 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 11584: (Continued from August 8, 1996, Examiner Hearing.)

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 11595: **Application of Benson-Montin-Greer Drilling Corp. for an unorthodox oil well location and simultaneous dedication, Rio Arriba County, New Mexico.** Applicant seeks authority to drill its Canada Ojitos Unit "B-22" Well to the Mancos formation, West Puerto Chiquito-Mancos Oil Pool, at an unorthodox oil well location 227 feet from the North line and 2480 feet from the East line (Unit B) of Section 22, Township 26 North, Range 1 West. Applicant also seeks an exception to the provisions of the Special Pool Rules for the West Puerto Chiquito-Mancos Oil Pool to permit the simultaneous dedication of the 640-acre spacing unit comprised of all of said Section 22 to the Canada Ojitos Unit Well Nos. "B-22" and 23. Said unit is located approximately 11 miles north-northeast of Lindrith, New Mexico.**CASE 11597:** **Application of Amoco Production Company for an unorthodox well location, Eddy County, New Mexico.** Applicant seeks authority to drill its Evelyn "35" State Com Well No. 1 as a wildcat well to the Morrow formation, at an unorthodox location 1730 feet from the North line and 660 feet from the East line (Unit H) of Section 35, Township 17 South, Range 28 East. The N/2 of Section 35 is to be dedicated to said well forming a standard 320-acre spacing and proration unit. Said unit is located approximately 14 miles east-southeast of Artesia, New Mexico.**CASE 11572:** (Continued from August 8, 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 11578: (Continued from July 25, 1996, Examiner Hearing.)

Application of Enron Oil & Gas Company 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 following described acreage in Section 32, Township 17 South, Range 30 East, and in the following manner: (a) the S/2 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 presently includes but is not necessarily limited to the Undesignated Sand Tank-Strawn Gas Pool, Undesignated South Loco Hills-Morrow Gas Pool, Undesignated Sand Tank-Morrow Gas Pool, and Undesignated Cedar Lake-Morrow Gas Pool; (b) the SW/4 to form a standard 160-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 S/2 SW/4 to form a standard 80-acre oil spacing and proration unit for any pools developed on 80-acre spacing within said vertical extent, which there does not appear to be any at this time. Said units are to be dedicated to a single well to be drilled at a standard location in the SE/4 SW/4 (Unit N) of said Section 32. 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 2 miles south by west of Loco Hills, New Mexico.

CASE 11534: (Continued from August 8, 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 11598: **Application of Enron Oil & Gas Company 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 E/2 of Section 7, Township 24 South, Range 34 East for all formations developed on 320-acre spacing. Applicant proposes to dedicate this pooled unit to its Bell Lake Unit 7 Well No. 1 to be drilled at a standard location 2200 feet from the North line and 1980 feet from the East line in Unit G of said Section 7 to test any and all formations to the base of the Morrow formation, South Bell Lake-Morrow Gas 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 area is located approximately 20 miles southwest of Eunice, New Mexico.

CASE 11599: **Application of Gillespie-Crow, Inc. for an allowable reduction, Lea County, New Mexico.** Applicant seeks an order restricting production from wells completed in the West Lovington-Strawn Pool that are in communication with wells in the West Lovington Strawn Unit, and which adjoin but are outside the unit, to rates equal to the average producing rate for wells within the unit. The unit comprises all of Section 33 and the W/2 of Section 34, Township 15 South, Range 35 East; Lots 1 through 8 of Section 1, Township 16 South, Range 35 East; and Lots 3 through 5 of Section 6, Township 16 South, Range 36 East. Said unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

CASE 11549: (Continued from August 8, 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 11542: (Continued from August 8, 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 11600: **Application of Burlington Resources Oil & Gas Company for the establishment of a downhole commingling reference case pursuant to Division Rule 303.E and the adoption of special administrative rules therefor, San Juan and Rio Arriba Counties, New Mexico.** Applicant, in accordance with Division Rule 303.E and the testimony presented in Division Case 11353 on January 18, 1996, seeks to establish a downhole commingling reference case to provide for (1) marginal economic criteria and (2) pressure criteria on a pool-wide basis for downhole commingling of Dakota, Mesaverde and Pictured Cliffs gas production in the wellbores of existing or future wells for the Basin-Dakota Gas Pool, the Blanco-Mesaverde Gas Pool and Blanco-Pictured Cliffs Gas Pool. Said pools are located in the San Juan Basin of San Juan and Rio Arriba Counties, New Mexico. IN THE ABSENCE OF OBJECTION THIS CASE WILL BE TAKEN UNDER ADVISEMENT BASED UPON THE RECORD PRESENTED IN DIVISION CASE 11353.

DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 5, 1996

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

Santa Fe, New Mexico

Dockets Nos 26-96 and 27-96 are tentatively set for September 19, 1996 and October 3, 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 11595: (Continued from August 22, 1996, Examiner Hearing.)

Application of Benson-Montin-Greer Drilling Corp. for an unorthodox oil well location and simultaneous dedication, Rio Arriba County, New Mexico. Applicant seeks authority to drill its Canada Ojitos Unit "B-22" Well to the Mancos formation, West Puerto Chiquito-Mancos Oil Pool, at an unorthodox oil well location 227 feet from the North line and 2480 feet from the East line (Unit B) of Section 22, Township 26 North, Range 1 West. Applicant also seeks an exception to the provisions of the Special Pool Rules for the West Puerto Chiquito-Mancos Oil Pool to permit the simultaneous dedication of the 640-acre spacing unit comprised of all of said Section 22 to the Canada Ojitos Unit Well Nos. "B-22" and 23. Said unit is located approximately 11 miles north-northeast of Lindrieth, New Mexico.

CASE 11041: (Reopened)

In the matter of Case 11041 being reopened pursuant to the provisions of Division Order No. R-10183, which order created the Diamond-Strawn Pool in Lea County, New Mexico, and promulgated temporary special pool rules for said pool including a provision for 80-acre spacing. All operators in the subject pool may appear and show cause why the Diamond-Strawn Pool should not be developed on 40-acre proration units.

CASE 11562: (Continued from August 8, 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 11605: **Application of Amoco Production Company for an unorthodox gas well location and simultaneous dedication, San Juan County, New Mexico.** Applicant seeks authority to drill its Ute Indian A Well No. 26 to the Dakota formation, Ute Dome-Dakota Pool, at an unorthodox gas well location 625 feet from the North line and 2620 feet from the East line (Unit B) of Section 1, Township 31 North, Range 14 West. Applicant also seeks the simultaneous dedication of the NE/4 of said Section 1 to the subject well and applicant's Mountain Ute Gas Com C Well No 1. Said area is located approximately 3 1/2 miles west of La Plata, New Mexico.

CASE 11597: (Continued from August 22, 1996, Examiner Hearing.)

Application of Amoco Production Company for an unorthodox well location, Eddy County, New Mexico. Applicant seeks authority to drill its Evelyn "35" State Com Well No. 1 as a wildcat well to the Morrow formation, at an unorthodox location 1730 feet from the North line and 660 feet from the East line (Unit H) of Section 35, Township 17 South, Range 28 East. The N/2 of Section 35 is to be dedicated to said well forming a standard 320-acre spacing and proration unit. Said unit is located approximately 14 miles east-southeast of Artesia, New Mexico.

CASE 11575: (Continued from August 22, 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 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.

CASE 11606: **Application of Naumann Oil & Gas, 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 S/2 of Section 33, Township 17 South, Range 30 East, in the following described manner: the S/2 forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing. Applicant proposes to dedicate said pooled unit to a well to be drilled at a standard 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 operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 2 miles southwest of Loco Hills, New Mexico.

CASE 11607: **Application of Naumann Oil & Gas Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation, Undesignated South Culebra Bluff-Bone Spring Pool, underlying the W/2 SE/4 of Section 33, Township 22 South, Range 28 East, in the following described manner: the W/2 SE/4 forming a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing, and the SW/4 SE/4 forming a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing. Applicant proposes to dedicate this pooled unit to the Shalk Federal "33" Com. Well No. 1 to be reentered at a standard location 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 33. Also to be considered will be the cost of drilling and recompleting 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 4 miles north of Loving, New Mexico.

CASE 11547: (Continued from August 8, 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 11578: (Continued from August 22, 1996, Examiner Hearing.)

Application of Enron Oil & Gas Company 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 following described acreage in Section 32, Township 17 South, Range 30 East, and in the following manner: (a) the S/2 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 presently includes but is not necessarily limited to the Undesignated Sand Tank-Strawn Gas Pool, Undesignated South Loco Hills-Morrow Gas Pool, Undesignated Sand Tank-Morrow Gas Pool, and Undesignated Cedar Lake-Morrow Gas Pool; (b) the SW/4 to form a standard 160-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 S/2 SW/4 to form a standard 80-acre oil spacing and proration unit for any pools developed on 80-acre spacing within said vertical extent, which there does not appear to be any at this time. Said units are to be dedicated to a single well to be drilled at a standard location in the SE/4 SW/4 (Unit N) of said Section 32. 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 2 miles south by west of Loco Hills, New Mexico.

CASE 11574: (Readvertised)

Application of Texaco Exploration & Production, Inc. for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant 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. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**