

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF CASE 11612 BEING REOPENED
PURSUANT TO THE PROVISIONS OF ORDER R-10679-A
EAST STALLION-DEVONIAN POOL
LEA COUNTY, NEW MEXICO.**

CASE NO. 11621 (Reopened)

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by FASKEN OIL AND RANCH, LTD., as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

PARTY

Fasken Oil and Ranch, Ltd.
303 West Wall Street
Midland, Texas 79701
(915) 687-1777
attn: Sally Kvasnicka

ATTORNEY

W. Thomas Kellahin
KELLAHIN & KELLAHIN
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STATEMENT OF THE CASE

Fasken will appear and present evidence to support making these temporary rule permanent.

PROPOSED EVIDENCE

WITNESSES

EST. TIME

EXHIBITS

Carl Brown (petroleum engineer) 30 min. @ 8 exhibits

PROCEDURAL MATTERS

None

KELLAHIN AND KELLAHIN

By: 

W. Thomas Kellahin

CASE 11928: (Continued from February 19, 1998, Examiner Hearing.)

Application of Oryx Energy Company for the expansion of the Indian Basin-Upper Pennsylvanian Associated Pool and the contraction of the Indian Basin-Upper Pennsylvanian Gas Pool and for approval of a non-standard gas proration and spacing unit, Eddy County, New Mexico. Applicant seeks an order expanding the Indian Basin-Upper Pennsylvanian Associated Pool to include the E/2 of Section 36, Township 21 South, Range 23 East, and the corresponding contraction of the Indian Basin-Upper Pennsylvanian Gas Pool to delete said acreage from that pool. In addition, applicant seeks the approval of a non-standard gas proration and spacing unit consisting of the W/2 of said Section 36 to be dedicated to production from the Indian Basin-Upper Pennsylvanian Gas Pool. This acreage is located approximately 14 miles southwest of Seven Rivers, New Mexico.

CASE 11896: (Continued from February 19, 1998, Examiner Hearing.)

Application of OXY USA, 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 area in Section 17, Township 17 South, Range 27 East and in the following manner: the N/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 Jennings Spring-Wolfcamp Pool, Undesignated Logan Draw-Cisco Canyon Gas Pool, Undesignated Hart Draw-Atoka Gas Pool and the Undesignated Logan Draw-Morrow Gas Pool; the NE/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; the N/2 NE/4 to form a standard 80-acre gas spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent; and the NW/4 NE/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said unit is to be dedicated to its Livan Fed. Com Well No. 1 to be drilled at a standard location 660 feet from the North line and 1650 feet from the East line (Unit B) of said Section 17. 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 the risk involved in drilling said well. Said area is located approximately 6 miles east of Artesia, New Mexico.

CASE 11952: **Application of Nearburg Exploration Company, L.L.C. 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 31, Township 18 South, Range 33 East, and in the following manner: the N/2 of said Section 31 to form a standard 325.37-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 may include but is not necessarily limited to the South Corbin-Morrow Gas Pool; the NE/4 of said Section 31 to form a standard 160-acre gas spacing and proration unit underlying the NE/4 of said Section 31 for any and all formations/pools developed on 160-acre gas spacing; and the SW/4 NE/4 of said Section 31 to form a standard 40-acre spacing unit for any and all formations/pools developed on 40-acre spacing. Said units are to be dedicated to its Gazelle "31" Well No. 1 to be drilled and completed at a standard gas well location 1980 feet from the North line and 1650 feet from the East line (Unit G) of said Section 31. 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 Nearburg Producing Company as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 12 miles southeast of Maljamar, New Mexico.

CASE 11089: (Reopened - Continued from February 19, 1998, Examiner Hearing.)

Application of Burlington Resources Oil and Gas Company to amend Order No. R-46-C to provide for an infill well in the Barker Dome-Desert Creek Pool, San Juan County, New Mexico. Applicant seek to amend Order No. R-46-C to increase the density of wells in the Barker Dome-Desert Creek Pool from one well to two wells per 320-acre gas spacing unit, provided the infill well is located in a quarter section not containing the original well, within a horizontal area containing all or parts of Sections 7 through 11, 14 through 23, 27 through 32, Township 32 North, Range 14 West, and Sections 12, 13, 24, 25, 36, Township 32 North, Range 15 West. Said area is located approximately 9 miles west-northwest of La Plata, New Mexico.

CASE 11953: **Application of Nearburg Exploration Company, L.L.C. for an order shutting in wells operated by Chesapeake Operating, Inc. until the operator is in compliance with Division reporting rules, Lea County, New Mexico.** Applicant seeks an order shutting-in wells operated by Chesapeake Operating, Inc. in the NW/4 of Section 20, Township 16 South, Range 36 East, until production information on these wells has been filed as required by Oil Conservation Division rules and all overproduction, if any, has been made up. Said wells are located approximately 2 miles south of Lovington, New Mexico.

CASE 11612: (Reopened)

In the matter of Case No. 11612 being reopened pursuant to the provisions of Division Order No. R-10679-A, which order promulgated temporary special rules and regulations for the East Stallion-Devonian Pool in Lea County, New Mexico, including a provision for 80-acre spacing. Operators in the subject pool may appear and show cause why said temporary special pool rules and regulations should not be rescinded. Said pool is located approximately 13 miles east of Tatum, New Mexico.

CASE 11900: (Continued from February 19, 1998, Examiner Hearing.)

Application of Yates Petroleum Corporation to rescind Administrative Order No. SWD-657, Lea County, New Mexico. Applicant seeks rescission of Administrative Order No. SWD-657 which approved the application of Manzano Oil Corporation for authorization to convert the State "22" Well No. 1, located 2310 feet from the South line and 990 feet from the East line (Unit I) of Section 22, Township 10 South, Range 37 East, to a salt water disposal well for the injection of Devonian water into the San Andres formation. Said well is located approximately 12 miles northeast of Tatum, New Mexico.

CASE 11887: (Continued from February 19, 1998, Examiner Hearing.)

Application of Santa Fe Energy Resources, Inc. for compulsory pooling and a non-standard gas spacing and proration unit, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 3-6 and 11-14 of Section 1, Township 21 South, Range 34 East, to form a non-standard 315.22-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Wilson-Morrow Gas Pool. Said unit is to be dedicated to its Outland "1" State Well No. 1, to be drilled at an orthodox gas well location 3300 feet from the North line and 1650 feet from the West line of said Section 1. 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 10 miles west-northwest of Oil Center, New Mexico.

CASE 11921: (Continued from March 5, 1998, Examiner Hearing.)

Application of Whiting Petroleum Corporation and Maraalex Resources, Inc. for an order shutting in certain wells, San Juan County, New Mexico. Applicants seek an order requiring that the following wells be shut-in because they are producing from a formation or pool owned by applicants: Thompson Engineering & Production Corp. Stacey Well No. 1; and the Pendragon Energy Partners, Inc. Chaco Well Nos. 1, 2R, 4 and 5, and Chaco Ltd. Well Nos. 1J and 2J. Said wells are located in Sections 6, 7, and 18, Township 26 North, Range 12 West and Sections 1 and 12, Township 26 North, Range 13 West. Said area is located approximately 15 miles south-southeast of Farmington, New Mexico.

CASE 11811: (Continued from December 4, 1997, Examiner Hearing.)

Application of the Oil Conservation Division for an order requiring Hanson Energy to plug seventeen (17) wells in Eddy County, New Mexico. In the matter of the hearing called by the Oil Conservation Division ("Division") to permit the operator, Hanson Energy, Gulf Insurance Company, and all other interested parties to appear and show cause why seventeen (17) wells located in Township 18 South, Range 28 East and Township 17 South, Ranges 27 and 28 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug said wells, the Division seeks an order (i) authorizing the Division to plug said wells, (ii) declaring forfeiture of the plugging bond, if any, covering said wells, and (iii) authorizing the Division to recover from the operator the costs of plugging the wells in excess of the amount of the bond. Said wells are located approximately 10 miles south-southeast of Artesia, New Mexico.

CASE 11942: (Continued from March 5, 1998, Examiner Hearing.)

Application of Oil Conservation Division for an order requiring Rocky Mountain Resources, Inc. to properly plug a well, Lincoln County, New Mexico. Applicant seeks an order requiring Rocky Mountain Resources, Inc. to properly plug its Border Hills State Well No. 1 located in Unit O of Section 17, Township 11 South, Range 20 East, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond, if any. Said well is located approximately 6 miles east of Sunset, New Mexico.