

Case 11766

MERRION

OIL & GAS

April 14, 1997

To: Interested Parties

From: George Sharpe *GF Sharpe*

**Re: Revised Hearing Date - 5-1-97
Powell #1 and Havasu #1
Section 22, Township 32 North, Range 13 West
San Juan County, NM**

Merrion has applied to the NMOCD for Compulsory Pooling on the above two wells and for a Non-standard Location for the Havasu #1. Please be advised that the above cases have been delayed and will now be heard before the NMOCD on Thursday, May 1, 1997.

Please contact me at (505) 327-9801, ext. 114 with questions or comments.

xc: Frank Chavez - OCD - Aztec
~~Michael Stogner~~ - OCD - Santa Fe
Burlington Resources
Harold Fields Estate
Eaon & Gretchen Waymen-Palmer
Hallwood Petroleum
Thompson Engineering
Tommy Roberts
Crystal Williams

DOCKET: EXAMINER HEARING - THURSDAY - MAY 1, 1997

8:15 AM - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 14-97 and 15-97 are tentatively set for May 15, 1997 and May 29, 1997. 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 11766: Application of Merrion Oil & Gas Corporation for compulsory pooling and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the S/2 of Section 22, 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 at an unorthodox "off pattern" coal gas well location 790 feet from the South and East lines (Unit P) of said Section 22. 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 3 miles north of La Plata, New Mexico.

CASE 11767: 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 22, Township 32 North, Range 13 West, thereby forming a standard 320-acre spacing and proration unit for said pool. Said unit is to be dedicated 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 completing said well. Said area is located approximately 3 miles north of La Plata, New Mexico.

CASE 11768: Application of Sirgo Brothers Energy Corporation for Compulsory Pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Cha Cha-Gallup Pool underlying the S/2 NW/4 of Section 12, Township 29 North, Range 15 West, thereby forming a standard 80-acre spacing and proration unit for said pool. Said unit is to be dedicated to the existing Moore Well No. 1 (API No. 30-045-24742) located at a standard oil well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 12. Also to be considered will be the costs of participating in said well, including but not limited to the costs of re-entry, completing and equipping, as well as actual operating costs and charges for supervision, and the designation of Mountain States Petroleum Corporation as the operator of the well. Said well is located approximately 9 miles west of Farmington, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.**

CASE 11769: Application of Enserch Exploration, Inc. for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Custer Mountain North Unit Agreement for an area comprising 8,124.62 acres, more or less, of state, federal and fee lands in all or portions of Sections 1, 2, 3, 4, 9, 10, 11, 12, 14, 15, 16, 21, 22 and 23, Township 23 South, Range 35 East. Said unit is located 11 miles southwest of Eunice, New Mexico.

CASE 11766: (Continued from April 17, 1997, Examiner Hearing.)

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 320-acre spacing from the surface to 12,300 feet or the base of the Atoka formation, whichever is less, under Lots 9 through 16 of Section 2, Township 16 South, Range 32 East. Said unit is to be dedicated to its Sunray State Land 76 Well No. 1 to be re-entered at a standard location 4620 feet from the South line and 1980 feet from the East line of said Section 2, or, if the proposed re-entry is unsuccessful, to a well to be drilled at a standard well location to a depth sufficient to test the Atoka formation. 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 5 miles of Maljamar, New Mexico.

CASE 11770: Application of Enron Oil & Gas Company for compulsory pooling and simultaneous dedication, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, Sand Tank-Morrow Gas Pool, underlying the S/2 for all formations developed on 320-acre spacing; the SE/4 for all formations developed on 160-acre spacing; the N/2 SE/4 for all formations developed on 80-acre spacing; and the NW/4 SE/4 for all formations developed on 40-acre spacing, Section 32, Township 17 South, Range 30 East. Applicant proposes to dedicate this pooled unit to its Sand Tank "32" State Com Well No. 2 to be drilled at a standard location in the SE/4 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 operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 2 miles south-southwest of Loco Hills, New Mexico.

CASE 11748: (Continued from April 17, 1997, Examiner Hearing.)

Application of Enron Oil & Gas Company for downhole commingling, Eddy County, New Mexico. Applicant seeks approval to downhole commingle production from the Atoka formation, Sand Tank-Atoka Gas Pool, and the Morrow formation, Undesignated Sand Tank-Morrow Gas Pool, within the wellbore of its Sand Tank "6" Federal Well No. 1 located 1980 feet from the North line and 1650 feet from the East line (Unit G) of Section 6, Township 18 South, Range 30 East. Said area is located approximately three miles south-southwest of Loco Hills, New Mexico.

CASE 11714: (Continued from April 17, 1997, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the S/2, in all formations developed on 160-acre spacing underlying the SE/4, in all formations developed on 80-acre spacing underlying the S/2 SE/4, and in all formations developed on 40-acre spacing underlying the SW/4 SE/4 from the surface to the base of the Morrow formation in Section 3, Township 24 South, Range 33 East. Said unit is to be dedicated to its Quest "AQS" State Well No. 1 which will be drilled as a wildcat well at a standard location 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 3. 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 the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 9 miles east of the intersection of Highway EAS 1271 with the Lea County/Eddy County line.

CASE 11771: **Application of OXY, USA, 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 in all formations developed on 640-acre spacing underlying Section 21, in all formations developed on 320-acre spacing underlying the N/2 of Section 21, in all formations developed on 160-acre spacing underlying the NW/4 of Section 21, and in all formations developed on 80-acre spacing underlying the E/2 NW/4 of Section 21, Township 20 South, Range 36 East. Said units are to be dedicated to its Tiger Fed. Com Well No. 1 to be drilled at a standard location 1650 feet from the North and West lines of Section 21. 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 22.5 miles southwest of Hobbs, New Mexico.

CASE 11726: (Continued from April 3, 1997, Examiner Hearing.)

Application of ARCO Permian, a unit of Atlantic Richfield for compulsory pooling, directional drilling and unorthodox well locations, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the S/2, in all formations developed on 160-acre spacing underlying the SW/4, in all formations developed on 80-acre spacing underlying the S/2 SW/4, and in all formations developed on 40-acre spacing underlying the SE/4 SW/4, from below 3300 feet to the base of the Upper Mississippian formation, of Section 8, Township 18 South, Range 28 East. Said units are to be dedicated to its Mimosa 8 State Com Well No. 1 which will be directionally drilled from an unorthodox surface location 350 feet from the South line and 2003 feet from the West line (Unit N) to an unorthodox bottomhole location in the Mississippian and Morrow formations, within 55 feet of a point 404 feet from the South line and 1749 feet from the West line of said Section 36. 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 14 miles southeast of Artesia, New Mexico.

CASE 11772: **Application of Richardson Operating Company for downhole commingling and an unorthodox coal gas well location, San Juan County, New Mexico.** Applicant seeks approval to downhole commingle conventional Pictured Cliffs/Fruitland Sand formations gas production (Twin Mounds Fruitland Sand-Pictured Cliffs Pool) to be dedicated to a standard 160-acre spacing unit comprising the SE/4 with coal gas production from the Basin-Fruitland Coal Gas Pool to be dedicated to a standard 320-acre gas spacing unit comprising the E/2 of Section 6, Township 29 North, Range 14 West, within the wellbore of its proposed Bushman "6" Federal Well No. 1 to be located 1041 feet from the South line and 1136 feet from the East line (Unit P) of said Section 6. Said well is considered to be located at an unorthodox "off-pattern" coal-gas well location. Said well is located 1/3 of a mile east of the intersection of County Road 6446 and Jennefer Street, Kirtland, New Mexico.