

DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 16, 1999

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 30-99 and 31-99 are tentatively set for October 7 and October 21, 1999. 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 12217: Continued from August 19, 1999, 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 Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 2, Township 31 North, Range 8 West, in order to form a standard 320-acre gas spacing and proration unit. This unit is to be dedicated to applicant's proposed U-Da-Well Com. Well No. 1 to be drilled at a previously approved unorthodox coal gas well location in the SE/4 NW/4 (Unit F) of Section 2 (see Division Administrative Order NSL-4281 dated May 13, 1999). Also to be considered will be the cost of drilling and completing the 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 and completing the well. The unit is located approximately nine miles north-northwest of the Navajo Lake Dam.

CASE 11773: Reopened - Continued from September 2, 1999, Examiner Hearing.)

In the matter of Case No. 11773 being reopened pursuant to the provisions of Division Order No. R-10854, which order promulgated temporary special rules and regulations for the West Maljamar-Devonian Pool in Lea County, New Mexico, including a provision for 160-acre spacing. Operators in the subject pool may appear and show cause why the special pool rules should not be rescinded and why the West Maljamar-Devonian Pool should not be developed on statewide 40-acre oil spacing.

CASE 12203: Continued from September 2, 1999, 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 from the surface to the base of the Bone Spring formation underlying the NE/4 SE/4 of Section 3, Township 20 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Teas Yates-Seven Rivers Pool. The unit is to be dedicated to the Python Federal Well No. 3, to be drilled at an orthodox oil well location 1650 feet from the South line and 660 feet from the East line (Unit I) of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost 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 risk involved in drilling and completing the well. The unit is located approximately 5.5 miles northeast of the intersection of State Highway 176 and U.S. Highway 62/180.

CASE 12204: Continued from September 2, 1999, 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 from the surface to the base of the Bone Spring formation underlying the SW/4 SE/4 of Section 3, Township 20 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Teas Yates-Seven Rivers Pool. The unit is to be dedicated to the Python Federal Well No. 2, to be drilled at an orthodox oil well location 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost 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 risk involved in drilling and completing the well. The unit is located approximately 5 miles northeast of the intersection of State Highway 176 and U.S. Highway 62/180.

CASE 12205: Continued from September 2, 1999, 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 from the surface to the base of the Morrow formation underlying the following described acreage in Section 3, Township 20 South, Range 33 East, in the following manner: the S/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated East Gem-Morrow Gas Pool; the SE/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; and the NW/4 SE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Teas Yates-Seven Rivers Pool. These units are to be dedicated to applicant's Viper 3 Fed. Well No. 2, located 1650 feet from the South line and 1980 feet from the East line (Unit J) of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost 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 and completing the well. The unit is located approximately 4.5 miles northeast of Loco Hills, New Mexico.

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CASE 12103: Continued from September 2, 1999, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. and E.G.L. Resources, Inc. to reopen Case No. 12103 and for compulsory pooling, Lea County, New Mexico. Applicant seeks an order reopening Case No. 12103 and pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the SE/4 SE/4 of Section 3, Township 20 South, Range 33 East, to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Teas-Yates-Seven Rivers Pool. The unit is to be dedicated to a well to be drilled at an orthodox oil well location in the SE/4 SE/4 (Unit P) of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost 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 risk involved in drilling and completing the well. The unit is located approximately 5.5 miles northeast of the intersection of State Highway 176 and U.S. Highway 62/180.

CASE 12244: **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 underlying the following described acreage in Section 7, Township 22 South, Range 26 East, in the following manner: the E/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Hackberry Hills-Canyon Gas Pool, Undesignated Happy Valley-Strawn Gas Pool, Undesignated Hackberry Hills-Atoka Gas Pool, and Happy Valley-Morrow Gas Pool; the SE/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; and the NE/4 SE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Filaree Dome-Delaware Pool and Undesignated Happy Valley-Bone Spring Pool. The units are to be dedicated to its White Tip "7" Fed. Well No. 1 to be located 1550 feet from the South line and 990 feet from the East line (Unit I) of Section 7. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as the operator of the well, and a charge for risk involved in drilling and completing the well. The unit is located approximately 6 miles west-southeast of Carlsbad, New Mexico.

CASE 12233: Continued from September 2, 1999, Examiner Hearing.

Application of Mewbourne Oil Company 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 18, Township 17 South, Range 29 East, and in the following manner: (a) Lots 2 and 3, the E/2 SW/4, and the SE/4 (S/2 equivalent) to form a standard 293.96-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within this vertical extent which presently includes but is not necessarily limited to the Undesignated Empire-Atoka Gas Pool, Undesignated North Empire-Atoka Gas Pool, and South Empire-Morrow Gas Pool; and (b) the SE/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 this vertical extent. Both units are to be dedicated to a single well, the proposed Empire "18" State Com. Well No. 1 (API No. 30-015-30692), to be drilled 1650 feet from the South line and 990 feet from the East line (Unit I) of Section 18. This location is considered standard for the 160-acre unit and has been approved as an unorthodox gas well location for the South Empire-Morrow Gas Pool by Division Administrative Order NSL-4319, dated June 28, 1999. Also to be considered will be the cost of drilling and completing the 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 the well. The proposed well location is approximately 7.5 miles west of Loco Hills, New Mexico.

CASE 12237: Continued from September 2, 1999, Examiner Hearing.

Application of Mewbourne Oil Company for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Bone Spring formation to the base of the Morrow formation underlying the W/2 of Section 8, Township 18 South, Range 31 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within this vertical extent, including the Undesignated North Shugart-Atoka Gas Pool and Undesignated North Shugart-Morrow Gas Pool. The unit is to be dedicated to its Fren "8" Fed. Com. Well No. 1, located at an orthodox gas well location in the NW/4 of Section 8. Also to be considered will be the cost of drilling and completing the 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 the well. The unit is located approximately 6 1/2 miles southeast of Loco Hills, New Mexico.

CASE 12238: Continued from September 2, 1999, Examiner Hearing.

Application of Mewbourne Oil Company 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 28, Township 21 South, Range 27 East, in the following manner: the W/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated East Carlsbad-Wolfcamp Gas Pool, Undesignated La Huerta-Strawn Gas Pool, Undesignated La Huerta-Atoka Gas Pool or Undesignated Southeast La Huerta-Atoka Gas Pool, and Burton Flat-Morrow Gas Pool; the SW/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; and the NW/4 SW/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Esperanza-Delaware Pool and Undesignated La Huerta-Wolfcamp Pool. The units are to be dedicated to its Esperanza "28" Fee Com. Well No. 1 to be drilled at an orthodox location in Section 28. Also to be considered will be the cost of drilling and completing the 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 the well. The units are located approximately 3 miles northeast of Carlsbad, New Mexico.

CASE 12245: **Application of Chi Energy, 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 10, Township 17 South, Range 28 East, in the following manner: the S/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Dog Canyon-Strawn Gas Pool and the Undesignated Southeast Crow-Flats-Morrow Gas Pool; the SW/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; and the SW/4 SW/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40 acres within that vertical extent. The units are to be dedicated to its Coal Train Fed. Com. Well No. 1 to be drilled at a location 990 feet from the South and West lines (Unit M). Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Chi Operating, Inc. as the operator of the well, and a charge for risk involved in drilling and completing the well. The units are located approximately 13.5 miles east of Artesia, New Mexico.

CASE 12235: Continued from September 2, 1999, Examiner Hearing.

Application of Louis Dreyfus Natural Gas Corp. 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 2, Township 19 South, Range 28 East, in the following manner: the W/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Millman-Wolfcamp Gas Pool, Undesignated North Turkey Track-Cisco Gas Pool, Undesignated Millman-Atoka Gas Pool, and Undesignated North Turkey Track-Morrow Gas Pool; the SW/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; the N/2 SW/4 to form a standard 80-acre oil spacing and proration unit for any formations and/or pools developed on 80-acre spacing within that vertical extent, including the Undesignated Travis-Upper Pennsylvanian Pool; and the NE/4 SW/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Artesia Queen-Grayburg-San Andres Pool and Undesignated Palmillo-Bone Spring Pool. The units are to be dedicated to its Turkey Track "2" State Well No. 1 located at an orthodox location 1650 feet from the North and West lines (Unit K) of Section 2. Also to be considered will be the cost of drilling and completing the 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 the well. The units are located approximately 13 1/2 miles northeast of Lakewood, New Mexico.

CASE 12239: Continued from September 2, 1999, Examiner Hearing.

Application of Marks and Garner Production, Ltd. Co. for an Exception to Division Rules 305 and 309 to Permit Lease Commingling and Approval of a Central Delivery Point, Eddy County, New Mexico. Applicant seeks an exception to Division Rules 305 and 309 to permit lease commingling of Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool gas production from 17 wells located in the S/2 of Section 35, Township 16 South, Range 29 East, and Section 4 and the SE/4 NE/4 and NE/4 SE/4 of Section 5, Township 17 South, Range 29 East, without separately metering production from each well. Applicant also requests approval of a central delivery point for the gas production, to be located in the SW/4 SE/4 of Section 8, Township 17 South, Range 29 East. These lands are located approximately 7 miles northwest of Loco Hills, New Mexico.

CASE 12246: **Application of Snow 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 which includes the Esperanza-Delaware Pool, underlying the NW/4 SW/4 for all formations developed on 40-acre spacing in Section 28, Township 21 South, Range 27 East. Applicant proposes to dedicate this pooled unit to a well to be drilled at a standard location (Unit L) in the NW/4 SW/4 of Section 28 to test any and all formations to the base of the Bone Spring formation. Also to be considered will be the cost of drilling and completing the 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 the well. The unit is located approximately 2 miles northeast of the City of Carlsbad, New Mexico.

CASE 12194: Continued from September 2, 1999, Examiner Hearing.

Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NW/4 SE/4 (Unit J) of Section 3, Township 20 South, Range 33 East, thereby forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, which presently includes the Undesignated Teas-Yates-Seven Rivers Pool and the Undesignated West Teas-Yates-Seven Rivers Pool. The unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing the 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 the well. The proposed 40-acre unit is located approximately 1.25 miles north of U. S. Highway 62-180 at mile marker No. 77.

CASE 12196: Continued from September 2, 1999, Examiner Hearing.

Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the SW/4 SE/4 (Unit O) of Section 3, Township 20 South, Range 33 East, thereby forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, which presently includes the Undesignated Teas-Yates-Seven Rivers Pool and the Undesignated West Teas-Yates-Seven Rivers Pool. This unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing the 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 the well. The proposed 40-acre unit is located approximately 1 mile north of U. S. Highway 62-180 at mile marker No. 77.

CASE 12247: **Application of Ameristate Oil and 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 in the following manner: the N/2 for all formations developed on 320-acre gas spacing including the Richard Knob Atoka-Morrow Gas Pool, the NE/4 for all formations developed on 160-acre spacing including the Eagle Creek-Strawn Gas Pool, the S/2 NE/4 for all formations developed on 80-acre spacing, and the SW/4 NE/4 for all formations developed on 40-acre spacing including the Undesignated Eagle Creek-San Andres, all in Section 30, Township 17 South, Range 25 East. Applicant proposes to dedicate these pooled units to its Maneater Federal Com Well No. 1 to be drilled at a standard gas well location in the SW/4 NE/4 of Section 30. Also to be considered will be the cost of drilling and completing the 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 the well. The area is located approximately 5 miles southwest of Artesia New Mexico.

CASE 12234: Continued from September 2, 1999, Examiner Hearing.

Application of Louis Dreyfus Natural Gas for Compulsory Pooling and an Unorthodox Oil Well Location, 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 4, Township 18 South, Range 29 East, in the following manner: (a) 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 this vertical extent which presently includes the Undesignated Grayburg-Strawn Gas Pool, Undesignated Grayburg-Atoka Gas Pool, Undesignated Grayburg-Morrow Gas Pool, and Undesignated South Empire-Morrow Gas Pool; (b) 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 that vertical extent; (c) the S/2 NE/4 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing which presently includes the Undesignated South Empire-Wolfcamp Pool; and (d) the SW/4 NE/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 this vertical extent which presently includes the Loco Hills-Queen-Grayburg-San Andres Pool, Undesignated Loco Hills-Bone Spring Pool, and Undesignated Loco Hills-Cisco Pool. These four units are to be dedicated to a single well, the proposed Loco Hills 4 Federal Com Well No. 1, to be drilled 1980 feet from the North line and 1650 feet from the East line (Unit G) of Section 4, being a standard well location for the 40, 160, and 320-acre spacing and proration units but an unorthodox oil well location in the Undesignated South Empire-Wolfcamp Pool for the 80-acre unit. Also to be considered will be the cost of drilling and completing the 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 the well. The proposed well location is approximately 6.5 miles west-southwest of Loco Hills, New Mexico.

CASE 12229: Continued from September 2, 1999, Examiner Hearing.

Application of OXY USA, Inc. for Compulsory Pooling and an Unorthodox Oil Well Location, 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 4, Township 18 South, Range 29 East, and in the following manner: (a) 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 this vertical extent which presently includes but is not necessarily limited to the Undesignated Grayburg-Strawn Gas Pool, Undesignated Grayburg-Atoka Gas Pool, Undesignated Grayburg-Morrow Gas Pool, and Undesignated South Empire-Morrow Gas Pool; (b) the NW/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; (c) the S/2 NW/4 to form a standard 80-acre oil spacing and proration unit for the Undesignated South Empire-Wolfcamp Pool; and (d) 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 this vertical extent which presently includes but is not necessarily limited to the Loco Hills-Queen-Grayburg-San Andres Pool, Undesignated Loco Hills-Bone Spring Pool, and Undesignated Loco Hills-Cisco Pool. These four units are to be dedicated to a single well, the proposed Buckskin Federal Well No. 1, to be drilled 1980 feet from the North line and 1650 feet from the East line (Unit F) of Section 4 being a standard well location for the 40, 160, and 320-acre spacing and proration units but an unorthodox oil well location in the Undesignated South Empire-Wolfcamp Pool for the 80-acre unit. Also to be considered will be the cost of drilling and completing the 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 the well. Further, the Loco Hills-Queen-Grayburg-San Andres Pool underlying the SE/4 NW/4 of Section 4 is currently dedicated to SDX Resources, Inc.'s Federal "632" Well No. 2 (API No. 30-015-23912), located at a standard oil well location 1650 feet from the North and West lines of Section 4. At the time of the hearing it will be necessary for the applicant to address certain issues created by the forced pooling of producing acreage currently operated by another operator. The proposed well location is approximately 6.5 miles west-southwest of Loco Hills, New Mexico.

CASE 12086: Consolidated – Continued from August 19, 1999, Examiner Hearing.

Application of Yates Petroleum Corporation and Hanley Petroleum Inc. for allowable reduction and the escrow of production proceeds, Lea County, New Mexico. Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

CASE 12086: Consolidated - Continued from August 19, 1999, Examiner Hearing.

Application of Energen Resources Corporation for allowable reduction and the escrow of production proceeds, Lea County, New Mexico. Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and Snyder "C" Well No. 4, and the Snyder "EC" Com Well No. 1, less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

DOCKET: COMMISSION HEARING - THURSDAY - SEPTEMBER 23, 1999

**10:00 A.M. - San Juan College
Room 7103, Computer Science Building,
Farmington, New Mexico**

The Land Commissioner's designee for this hearing will be Jami Bailey or Gary Carlson

The minutes of the August 12, 13, 19, 20, 21, 26, and 27, 1999, Commission hearing will be adopted.

The Oil Conservation Commission may vote to close the open meeting to deliberate any De Novo cases heard at this hearing.

The Annual "Industry Speaks - Commission Listens" Meeting will begin at 10:00 a.m.. The cases listed below will be heard at the conclusion of this meeting.

CASE 12248: **Application of Oil Conservation Division to Amend Division Rule 34 Regarding the New Well Tax Incentive.** The Division seeks the amendment of Division Rule 34 to (i) change the deadline in 34.C(3)(a) for filing from 60 days after the completion date to 90 days after the spud date and (ii) delete from 34.D(2) the sentence "Any application not acted upon by the Division within thirty (30) days from the date it is filed is deemed denied."

CASE 12161: **De Novo - Continued from August 12, 1999, Commission Hearing.**

Application of Ridgeway Arizona Oil Corporation for a unit agreement, Catron County, New Mexico. Applicant seeks approval of the Cottonwood Canyon Carbon Dioxide Gas Unit Agreement, and exploratory unit comprising 109,309.33 acres, more or less, of federal, state, and fee lands in Catron County, New Mexico, and certain lands in Apache County, Arizona, covering all or parts of the following sections.

A. State of Arizona
Township 12 North, Range 29 East, G.&S.R.M.
 Section 24
Township 12 North, Range 30 East, G.&S.R.M.
 Sections 9, 10, 11, 13, 14, 19-21, 23-29, 34 and 35
Township 12 North, Range 31 East, G.&S.R.M.
 Sections: 18-21, 27-31, 33, and 34
Township 10 North, Range 31 East, G.&S.R.M.
 Sections: 3 and 10
Township 9 North, Range 31 East, G.&S.R.M.
 Sections: 3, 10, 15, 22, and 27

B. State of New Mexico
Township 2 North, Range 20 West, NMPM
 Sections: 30, 31, and 32
Township 2 North, Range 21 West, NMPM
 Sections: 9, 14-16, 21-28, and 33-36
Township 1 North, Range 20 West, NMPM
 Sections: 4-9, 16-21, 26, 27, and 28-35
Township 1 North, Range 21 West, NMPM
 Sections: 1-4, 9-16, 21-28, and 33-36
Township 1 South, Range 20 West, NMPM
 Sections: 2-10, 16-21, and 28-33
Township 1 South, Range 21 West, NMPM
 Sections: 1-4, 9-16, 21-28, and 33-36
Township 2 South, Range 20 West, NMPM
 Sections: 5-6, 18, and 19
Township 2 South, Range 21 West, NMPM
 Sections: 1-4, 9-16, 21-28, and 33-36
Township 3 South, Range 21 West, NMPM
 Sections: 3 and 4

The unit area is centered approximately where US Highway 60 intersects the Arizona - New Mexico state line. Upon application of Gary L. Kiehne, this case will be heard De Novo pursuant to the provisions of Rule 1220.

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CASE 12186: **De Novo - Continued from August 12, 1999, Commission Hearing.**

Application of Chesapeake Operating 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 underlying the following described acreage in Section 15, Township 16 South, Range 35 East, in the following manner: (a) the E/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre gas spacing within that vertical extent, including the Townsend-Morrow Gas Pool and the North Shoe Bar-Atoka Gas Pool; (b) the NE/4 to form a standard 160-acre gas spacing and proration for any formations and/or pools developed on 160-acre gas spacing within that vertical extent, including the North Shoe Bar-Wolfcamp Gas Pool; (c) the E/2 NE/4 to form a standard 80-acre oil spacing and proration unit for any formations and/or pools developed on 80-acre oil spacing within that vertical extent; and (d) the SE/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre oil spacing within that vertical extent, including the Townsend-Permo Upper Pennsylvanian Pool. These units are to be dedicated to its Boyce "15" Well No. 1 which will be located at a standard location within Unit H of the section. Also to be considered will be the costs of drilling and completing this 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 this well. This unit is located approximately 5 1/4 miles southwest of the center of the City of Lovington, New Mexico. Upon application of Ameristate Oil & Gas, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

MEMORANDUM

TO: All Operators and Interested Parties

FROM: Lori Wrotenbery, Chair *LW*
Oil Conservation Commission

SUBJECT: Oil Conservation Commission Meeting
September 23, 1999 - 10:00 am

DATE: August 19, 1999

The New Mexico Oil Conservation Commission has set Thursday, September 23, 1999, as the date for a meeting with the oil and gas industry and other interested parties. This meeting is an opportunity for you to give the Commission your recommendations for the Oil Conservation Division's operations and programs. This forum has been successful the past four years with many of your recommendations being implemented by the Division and the Commission.

If you would like to make a presentation at this meeting, please send me a brief request setting forth the subject matter of your comments and the time requested for your presentation. Written statements and letters will be incorporated in the record, and there will be time scheduled for oral statements. The meeting will be informal with discussion evolving from key issues that you bring up. It's your agenda and your participation is critical to a successful meeting.

Please note the meeting will be held at the San Juan Community College in Farmington, New Mexico.

cc: Robert Lee, Commissioner
Jami Bailey, Commissioner

DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 2, 1999**8:15 A.M. - 2040 South Pacheco****Santa Fe, New Mexico**

Dockets Nos. 28-99 and 29-99 are tentatively set for September 16 and October 7, 1999. 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 11773: Re(opened - Continued from August 19, 1999, Examiner Hearing.)

In the matter of Case No. 11773 being reopened pursuant to the provisions of Division Order No. R-10854, which order promulgated temporary special rules and regulations for the West Maljamar-Devonian Pool in Lea County, New Mexico, including a provision for 160-acre spacing. Operators in the subject pool may appear and show cause why the special pool rules should not be rescinded and why the West Maljamar-Devonian Pool should not be developed on statewide 40-acre oil spacing.

CASE 12234: Application of Louis Dreyfus Natural Gas for Compulsory Pooling and an Unorthodox Oil Well Location, 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 4, Township 18 South, Range 29 East, in the following manner: (a) 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 this vertical extent which presently includes the Undesignated Grayburg-Strawn Gas Pool, Undesignated Grayburg-Atoka Gas Pool, Undesignated Grayburg-Morrow Gas Pool, and Undesignated South Empire-Morrow Gas Pool; (b) 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 that vertical extent; (c) the S/2 NE/4 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing which presently includes the Undesignated South Empire-Wolfcamp Pool; and (d) the SW/4 NE/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 this vertical extent which presently includes the Loco Hills-Queen-Grayburg-San Andres Pool, Undesignated Loco Hills-Bone Spring Pool, and Undesignated Loco Hills-Cisco Pool. These four units are to be dedicated to a single well, the proposed Loco Hills 4 Federal Com Well No. 1, to be drilled 1980 feet from the North line and 1650 feet from the East line (Unit G) of Section 4, being a standard well location for the 40, 160, and 320-acre spacing and proration units but an unorthodox oil well location in the Undesignated South Empire-Wolfcamp Pool for the 80-acre unit. Also to be considered will be the cost of drilling and completing the 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 the well. The proposed well location is approximately 6.5 miles west-southwest of Loco Hills, New Mexico.

CASE 12235: Application of Louis Dreyfus Natural Gas Corp. 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 2, Township 19 South, Range 28 East, in the following manner: the W/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Millman-Wolfcamp Gas Pool, Undesignated North Turkey Track-Cisco Gas Pool, Undesignated Millman-Atoka Gas Pool, and Undesignated North Turkey Track-Morrow Gas Pool; the SW/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; the N/2 SW/4 to form a standard 80-acre oil spacing and proration unit for any formations and/or pools developed on 80-acre spacing within that vertical extent, including the Undesignated Travis-Upper Pennsylvanian Pool; and the NE/4 SW/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Artesia Queen-Grayburg-San Andres Pool and Undesignated Paimillo-Bone Spring Pool. The units are to be dedicated to its Turkey Track "2" State Well No. 1 located at an orthodox location 1650 feet from the North and West lines (Unit K) of Section 2. Also to be considered will be the cost of drilling and completing the 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 the well. The units are located approximately 13 1/2 miles northeast of Lakewood, New Mexico.

CASE 12221: Continued from August 5, 1999, Examiner Hearing.

Application of Yates Petroleum Corporation for Compulsory Pooling, Chaves County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation, the SE/4 of the SE/4 to form a standard 40-acre spacing unit for any formations and/or pools developed on 40-acre spacing and the SE/4 underlying the following acreage Section 17, Township 6 South, Range 26 East; in order to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing, including the Pecos Slope-Abo Gas Pool. This unit is to be dedicated to its Getty "PS" 17 Well No. 2 at an orthodox location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 17. Also to be considered will be the cost of drilling and completing the 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 and completing the well. The unit is located approximately 13 miles north of the intersection of U.S. Highway 70 and the Pecos River.

CASE 12219: Continued from August 19, 1999, Examiner Hearing.

Application of Yates Petroleum Corporation for Compulsory Pooling, Chaves County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 160-acre spacing underlying the SE/4, in all formations developed on 80-acre spacing underlying the N/2 SE/4, and in all formations developed on 40-acre spacing underlying the NE/4 SE/4, from the surface to the base of the Abo formation, Pecos slope-Abo Gas Pool, of Section 20, Township 7 South, Range 25 East. The units are proposed to be dedicated to the proposed Reinauer "RC" Federal Com Well No. 3 which will be drilled at a standard location 1980 feet from the South line and 1000 feet from the East line of (Unit I) of Section 20. Also to be considered will be the cost of drilling and completing the 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 and completing the well. The unit is located approximately 30 miles northeast of Roswell, New Mexico.

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CASE 12236: **Application of Prairie Sun, Inc. for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation through the base of the Morrow formation underlying the E/2 of Section 28, Township 23 South, Range 29 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within this vertical extent. The unit is to be dedicated to the existing Laguna Grande Well No. 1 located 1380 feet from the South line and 990 feet from the East line (Unit I) of Section 28. Also to be considered will be the cost of re-entering and recompleting the 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 re-entering and recompleting the well. The unit is located approximately 7 1/2 miles east of Lovington, New Mexico.

CASE 12233: **Continued from August 19, 1999, Examiner Hearing.**

Application of Mewbourne Oil Company 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 18, Township 17 South, Range 29 East, and in the following manner: (a) Lots 2 and 3, the E/2 SW/4, and the SE/4 (S/2 equivalent) to form a standard 293.96-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within this vertical extent which presently includes but is not necessarily limited to the Undesignated Empire-Atoka Gas Pool, Undesignated North Empire-Atoka Gas Pool, and South Empire-Morrow Gas Pool; and (b) the SE/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 this vertical extent. Both units are to be dedicated to a single well, the proposed Empire "18" State Com. Well No. 1 (API No. 30-015-30692), to be drilled 1650 feet from the South line and 990 feet from the East line (Unit I) of Section 18. This location is considered standard for the 160-acre unit and has been approved as an unorthodox gas well location for the South Empire-Morrow Gas Pool by Division Administrative Order NSL-4319, dated June 28, 1999. Also to be considered will be the cost of drilling and completing the 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 the well. The proposed well location is approximately 7.5 miles west of Loco Hills, New Mexico.

CASE 12237: **Application of Mewbourne Oil Company for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the base of the Bone Spring formation to the base of the Morrow formation underlying the W/2 of Section 8, Township 18 South, Range 31 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within this vertical extent, including the Undesignated North Shugart-Atoka Gas Pool and Undesignated North Shugart-Morrow Gas Pool. The unit is to be dedicated to its Fren "8" Fed. Com. Well No. 1, located at an orthodox gas well location in the NW/4 of Section 8. Also to be considered will be the cost of drilling and completing the 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 the well. The unit is located approximately 6 1/2 miles southeast of Loco Hills, New Mexico.

CASE 12238: **Application of Mewbourne Oil Company 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 28, Township 21 South, Range 27 East, in the following manner: the W/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated East Carlsbad-Wolfcamp Gas Pool, Undesignated La Huerta-Strawn Gas Pool, Undesignated La Huerta-Atoka Gas Pool or Undesignated Southeast La Huerta-Atoka Gas Pool, and Burton Flat-Morrow Gas Pool; the SW/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; and the NW/4 SW/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Esperanza-Delaware Pool and Undesignated La Huerta-Wolfcamp Pool. The units are to be dedicated to its Esperanza "28" Fee Com. Well No. 1 to be drilled at an orthodox location in Section 28. Also to be considered will be the cost of drilling and completing the 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 the well. The units are located approximately 3 miles northeast of Carlsbad, New Mexico.

CASE 12232: **Continued from August 19, 1999, Examiner Hearing.**

Application of Elm Ridge Resources, Inc. for Acreage Rededication, the Formation of Two Non-Standard Gas Spacing and Proration Units, and an unorthodox Coal Gas Well Location, San Juan County, New Mexico. Applicant seeks to rededicate acreage within the Basin-Fruitland Coal (Gas) Pool that is currently dedicated to its: (i) G. H. Callow Well No. 6 (API No. 30-045-20733), located at an unorthodox coal gas well location (approved by Division Administrative Order NSL-477-A, dated June 7, 1996) 2340 feet from the North line and 2420 feet from the East line (Unit G) of Section 28, Township 29 North, Range 13 West, from a standard stand-up 320-acre gas spacing and proration unit that comprises the E/2 of Section 28 to a standard lay-down 320-acre gas spacing and proration unit that comprises the N/2 of Section 28; and (ii) G. H. Callow Well No. 2 (API No. 30-045-07740), located at a standard coal gas well location 890 feet from the North line and 1750 feet from the East line (Unit B) of Section 33, Township 29 North, Range 13 West, from a standard lay-down 320-acre gas spacing and proration unit that comprises the N/2 of Section 33 to a non-standard 320-acre gas spacing and proration unit that comprises the SE/4 of Section 28 and the NE/4 of Section 33. Applicant further seeks to establish a second non-standard 320-acre gas spacing and proration unit within the Basin-Fruitland Coal (Gas) Pool that comprises the SW/4 of Section 28 and the NW/4 of Section 33, in which the coal gas production from the existing Callow Well No. 7 (API No. 30-045-29520), located at an off-pattern unorthodox coal gas well location 850 feet from the North line and 1780 feet from the West line (Unit C) is to be dedicated. This area is located 2 to 3 miles south of Farmington, New Mexico.

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CASE 12239: **Application of Marks and Garner Production, Ltd. Co. for an Exception to Division Rules 305 and 309 to Permit Lease Commingling and Approval of a Central Delivery Point, Eddy County, New Mexico.** Applicant seeks an exception to Division Rules 305 and 309 to permit lease commingling of Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool gas production from 17 wells located in the S/2 of Section 35, Township 16 South, Range 29 East, and Section 4 and the SE/4 NE/4 and NE/4 SE/4 of Section 5, Township 17 South, Range 29 East, without separately metering production from each well. Applicant also requests approval of a central delivery point for the gas production, to be located in the SW/4 SE/4 of Section 8, Township 17 South, Range 29 East. These lands are located approximately 7 miles northwest of Loco Hills, New Mexico.

CASE 12240: **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 base of the Cisco/Canyon formation to the base of the Morrow formation underlying the N/2 of Section 31, Township 19 South, Range 25 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Dagger Draw-Strawn Gas Pool, North Cemetery-Atoka Gas Pool, and Undesignated Cemetery-Morrow Gas Pool. The unit is to be dedicated to the Dagger Draw "31" Fed. Well No. 6, to be deepened at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 31. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as the operator of the well, and a charge for risk involved in drilling and completing the well. The unit is located approximately 6 miles northwest of Seven Rivers, New Mexico.

CASE 12203: **Continued from August 19, 1999, 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 from the surface to the base of the Bone Spring formation underlying the NE/4 SE/4 of Section 3, Township 20 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Teas Yates-Seven Rivers Pool. The unit is to be dedicated to the Python Federal Well No. 3, to be drilled at an orthodox oil well location 1650 feet from the South line and 660 feet from the East line (Unit I) of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost 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 risk involved in drilling and completing the well. The unit is located approximately 5.5 miles northeast of the intersection of State Highway 176 and U.S. Highway 62/180.

CASE 12204: **Continued from August 19, 1999, 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 from the surface to the base of the Bone Spring formation underlying the SW/4 SE/4 of Section 3, Township 20 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Teas Yates-Seven Rivers Pool. The unit is to be dedicated to the Python Federal Well No. 2, to be drilled at an orthodox oil well location 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost 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 risk involved in drilling and completing the well. The unit is located approximately 5 miles northeast of the intersection of State Highway 176 and U.S. Highway 62/180.

CASE 12205: **Continued from August 19, 1999, 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 from the surface to the base of the Morrow formation underlying the following described acreage in Section 3, Township 20 South, Range 33 East, in the following manner: the S/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated East Gem-Morrow Gas Pool; the SE/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; and the NW/4 SE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Teas Yates-Seven Rivers Pool. These units are to be dedicated to applicant's Viper 3 Fed. Well No. 2, located 1650 feet from the South line and 1980 feet from the East line (Unit J) of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost 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 and completing the well. The unit is located approximately 4.5 miles northeast of Loco Hills, New Mexico.

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CASE 12103: Continued from August 19, 1999, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. and E.G.L. Resources, Inc. to reopen Case No. 12103 and for compulsory pooling, Lea County, New Mexico. Applicant seeks an order reopening Case No. 12103 and pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the SE/4 SE/4 of Section 3, Township 20 South, Range 33 East, to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Teas-Yates-Seven Rivers Pool. The unit is to be dedicated to a well to be drilled at an orthodox oil well location in the SE/4 SE/4 (Unit P) of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost 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 risk involved in drilling and completing the well. The unit is located approximately 5.5 miles northeast of the intersection of State Highway 176 and U.S. Highway 62/180.

CASE 12241: **Application of Texaco Exploration and Production Inc. for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the base of the Lovington Sand to the base of the Morrow formation underlying the following described acreage in Section 36, Township 16 South, Range 31 East, in the following manner: (a) 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 that vertical extent, and (b) the NW/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 that vertical extent. These units are to be dedicated to a single well, the proposed Texmack "36" State Com Well No. 1 to be drilled as a wildcat well at a standard location 990 feet from the North line and 2310 feet from the West line (Unit C) of Section 36. Also to be considered will be the cost of drilling and completing the 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 and completing the well. The proposed well location is approximately 10 miles northeast of Loco Hills, New Mexico.

CASE 12224: Continued from August 19, 1999, Examiner Hearing.

Application of McElvain Oil & Gas Properties, Inc. for Compulsory Pooling, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing from the base of the Pictured Cliffs formation to the base of the Mesaverde formation in the N/2 of Section 10, Township 25 North, Range 2 West. These units are to be dedicated to its Elk Com. Well No. 10-8 to be drilled to a depth sufficient to test all formations to the base of the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the NE/4 of Section 10. Also to be considered will be the cost of drilling and completing the 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 and completing the well. The unit is located approximately 7 1/2 miles north-northeast of Lindreth, New Mexico.

CASE 12194: Continued from August 5, 1999, Examiner Hearing.

Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NW/4 SE/4 (Unit J) of Section 3, Township 20 South, Range 33 East, thereby forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, which presently includes the Undesignated Teas-Yates-Seven Rivers Pool and the Undesignated West Teas-Yates-Seven Rivers Pool. The unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing the 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 the well. The proposed 40-acre unit is located approximately 1.25 miles north of U. S. Highway 62-180 at mile marker No. 77.

CASE 12196: Continued from August 5, 1999, Examiner Hearing.

Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the SW/4 SE/4 (Unit O) of Section 3, Township 20 South, Range 33 East, thereby forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, which presently includes the Undesignated Teas-Yates-Seven Rivers Pool and the Undesignated West Teas-Yates-Seven Rivers Pool. This unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing the 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 the well. The proposed 40-acre unit is located approximately 1 mile north of U. S. Highway 62-180 at mile marker No. 77.

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CASE 12229: Continued from August 19, 1999, Examiner Hearing.

Application of OXY USA, Inc. for Compulsory Pooling and an Unorthodox Oil Well Location, 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 4, Township 18 South, Range 29 East, and in the following manner: (a) 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 this vertical extent which presently includes but is not necessarily limited to the Undesignated Grayburg-Strawn Gas Pool, Undesignated Grayburg-Atoka Gas Pool, Undesignated Grayburg-Morrow Gas Pool, and Undesignated South Empire-Morrow Gas Pool; (b) the NW/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; (c) the S/2 NW/4 to form a standard 80-acre oil spacing and proration unit for the Undesignated South Empire-Wolfcamp Pool; and (d) 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 this vertical extent which presently includes but is not necessarily limited to the Loco Hills-Queen-Grayburg-San Andres Pool, Undesignated Loco Hills-Bone Spring Pool, and Undesignated Loco Hills-Cisco Pool. These four units are to be dedicated to a single well, the proposed Buckskin Federal Well No. 1, to be drilled 1980 feet from the North line and 1650 feet from the East line (Unit F) of Section 4 being a standard well location for the 40, 160, and 320-acre spacing and proration units but an unorthodox oil well location in the Undesignated South Empire-Wolfcamp Pool for the 80-acre unit. Also to be considered will be the cost of drilling and completing the 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 the well. Further, the Loco Hills-Queen-Grayburg-San Andres Pool underlying the SE/4 NW/4 of Section 4 is currently dedicated to SDX Resources, Inc.'s Federal "632" Well No. 2 (API No. 30-015-23912), located at a standard oil well location 1650 feet from the North and West lines of Section 4. At the time of the hearing it will be necessary for the applicant to address certain issues created by the forced pooling of producing acreage currently operated by another operator. The proposed well location is approximately 6.5 miles west-southwest of Loco Hills, New Mexico.

CASE 12242: In the matter of the hearing called by the Oil Conservation Division for an order creating, contracting, and extending certain pools in Chaves, Lea, and Roosevelt Counties, New Mexico.

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Southwest Anderson Ranch-Wolfcamp Pool. The discovery well is the Nearburg Producing Company Rancho Verde 10 State Well No. 1 located in Unit L of Section 10, Township 16 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
Section 17: SW/4

Further, ASSIGN a discovery allowable of 48,940 barrels of oil to the discovery well to be produced over a two-year period.

- (b) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Abo production and designated as the North Apache Spring-Abo Gas Pool. The discovery well is the Primero Operating Inc. Apache Spring Federal Well No. 1 located in Unit F of Section 34, Township 10 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 30 EAST, NMPM
Section 34: NW/4

- (c) CREATE a new pool in Roosevelt County, New Mexico, classified as an oil pool for San Andres production and designated as the Northeast Bluit-San Andres Pool. The discovery well is the Manzano Oil Corporation Appaloosa Federal Well No. 1 located in Unit J of Section 35, Township 7 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 7 SOUTH, RANGE 37 EAST, NMPM
Section 35: SE/4

- (d) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the Cross Bough-Atoka Gas Pool. The discovery well is the Reliance Operating Company Federal D Well No. 3 located in Unit O of Section 31, Township 9 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM
Section 31: E/2

- (e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the Northeast Cruz-Delaware Pool. The discovery well is the Yates Petroleum Corporation Quay AQU State Well No. 1 located in Unit C of Section 10, Township 23 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM
Section 10: NW/4

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- (f) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the Southwest Diamondtail-Delaware Pool. The discovery well is the Concho Resources Inc. Tomcat 16 State Well No. 2 located in Unit M of Section 16, Township 23 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NJPM

Section 16: SW/4

Section 21: NW/4

- (g) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production and designated as the East Dublin-Devonian Pool. The discovery well is the Yates Petroleum Corporation Ed Powell Unit Well No. 2 located in Unit N of Section 7, Township 26 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 38 EAST, NMPM

Section 7: SE/4 SW/4

- (h) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for San Andres production and designated as the West Eunice-San Andres Gas Pool. The discovery well is the Texaco E&P Inc. V M Henderson Well No. 16 located in Unit E of Section 30, Township 21 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Section 30: NW/4

- (i) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Abo production and designated as the Hightower-Abo Gas Pool. The discovery well is the Toco LLC. Tower Well No. 1 located in Unit N of Section 23, Township 12 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM

Section 23: SW/4

- (j) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Canyon production and designated as the Kemnitz-Canyon Pool. The discovery well is the Kaiser Francis Oil Company TCH Ranch 6 Well No. 1 located in Unit X of Section 6, Township 16 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM

Section 6: SE/4

- (k) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Klein Ranch-Morrow Gas Pool. The discovery well is the Louis Dreyfus Natural Gas Toro 33 State Well No. 1 located in Unit G of Section 33, Township 19 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM

Section 33: N/2

- (l) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the North Shoe Bar-Morrow Gas Pool. The discovery well is the Yates Petroleum Corporation Field APK State Com Well No. 3 located in Unit K of Section 2, Township 16 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM

Section 2: Lots 11, 12, 13, 14 and SW/4

- (m) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Glorieta production and designated as the Teague-Glorieta Gas Pool. The discovery well is the Arch Petroleum, Inc. C E Lamunyon Well No. 41 located in Unit M of Section 21, Township 23 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 21: SW/4

- (n) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the Teas-Delaware Pool. The discovery well is the Shackelford Oil Company Tonto Federal Well No. 1 located in Unit H of Section 10, Township 20 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM

Section 10: NE/4

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- (o) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Vest Ranch-Wolfcamp Pool. The discovery well is the Manzano Oil Corporation S V Vest State Well No. 1 located in Unit N of Section 16, Township 14 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM
Section 16: SW/4

- (p) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Bone Spring production and designated as the South Wilson-Bone Spring Gas Pool. The discovery well is the V-F Petroleum Inc. Merchants A Well No. 1 located in Unit L of Section 30, Township 21 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 35 EAST, NMPM
Section 30: SW/4

- (q) CONTRACT the Anderson Ranch-Wolfcamp Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
Section 1: SW/4
Section 9: SE/4
Section 10: S/2 NE/4 and S/2
Section 12: W/2
Section 13: W/2 NW/4
Section 14: E/2
Section 15: N/2 NE/4, NW/4 and S/2
Section 23: S/2 NW/4

- (r) EXTEND the West Anderson Ranch-Wolfcamp Pool in Lea County, New Mexico, to include:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
Section 9: E/2 NW/4, E/2 SW/4 and W/2 SE/4

- (s) CONTRACT the North Monument-Abo Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM
Section 23: SW/4 SE/4

- (t) EXTEND the Monument-Abo Pool in Lea County, New Mexico, to include:

TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM
Section 23: SW/4 SE/4

- (u) EXTEND the Antelope Ridge-Morrow Gas Pool in Lea County, New Mexico, to include:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 3: NW/4
Section 4: N/2

- (v) EXTEND the Baish-Wolfcamp Pool in Lea County, New Mexico, to include:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM
Section 15: NE/4

- (w) EXTEND the East Bell Lake-Delaware Pool in Lea County, New Mexico, to include:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 28: NE/4

- (x) EXTEND the South Big Dog-Strawn Pool in Lea County, New Mexico,, to include:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 2: SE/4
Section 11: NE/4

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- (y) EXTEND the West Bilbrey-Atoka Gas Pool in Lea County, New Mexico, to include:
- TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 31: SE/4
Section 32: W/2
- (z) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include:
- TOWNSHIP 20 SOUTH, RANGE 39 EAST, NMPM
Section 18: SW/4
Section 19: NW/4
- (aa) EXTEND the West Casey-Strawn Pool in Lea County, New Mexico, to include:
- TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 28: S/2 SW/4
- (bb) EXTEND the Diamond-Strawn Pool in Lea County, New Mexico, to include:
- TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 15: N/2 SW/4
- (cc) EXTEND the Diamondtail-Delaware Pool in Lea County, New Mexico, to include:
- TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 14: SW/4
Section 15: SE/4
Section 22: E/2
- (dd) EXTEND the Eumont-Yates-Seven Rivers Pool in Lea County, New Mexico, to include:
- TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM
Section 17: SW/4
Section 18: SE/4
Section 19: NE/4
- (ee) EXTEND the South Eunice-San Andres Pool in Lea County, New Mexico, to include:
- TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 11: SE/4
- (ff) EXTEND the Southwest Eunice-San Andres Pool in Lea County, New Mexico, to include:
- TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 8: NW/4
- (gg) EXTEND the Gem-Morrow Gas Pool in Lea County, New Mexico, to include:
- TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 21: S/2
- (hh) EXTEND the East Gem-Morrow Gas Pool in Lea County, New Mexico, to include:
- TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM
Section 3: N/2
- (ii) EXTEND the East Grama Ridge-Strawn Gas Pool in Lea County, New Mexico, to include:
- TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 1: SW/4
Section 12: W/2

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(jj) EXTEND the Hat Mesa-Delaware Pool in Lea County, New Mexico, to include:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM
Section 30: SW/4

(kk) EXTEND the Johnson Ranch-Wolfcamp Gas Pool in Lea County, New Mexico, to include:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM
Section 34: S/2

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 3: NE/4

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM
Section 1: N/2
Section 2: N/2 and SW/4
Section 3: All

(ll) EXTEND the Southeast Lane-Abo Pool in Lea County, New Mexico, to include:

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM
Section 10: SW/4

(mm) EXTEND the Lovington-Drinkard Pool in Lea County, New Mexico, to include:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM
Section 1: NE/4 and S/2

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 6: N/2

(nn) EXTEND the McCormack-Silurian Pool in Lea County, New Mexico, to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 29: NE/4

(oo) EXTEND the North Monument-Abo Pool in Lea County, New Mexico, to include:

TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM
Section 1: SE/4

(pp) EXTEND the Southeast Monument-Abo Pool in Lea County, New Mexico, to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 8: N/2
Section 9: SE/4
Section 17: NE/4

(qq) EXTEND the Monument-Tubb Pool in Lea County, New Mexico, to include:

TOWNSHIP 19 SOUTH, RANGE 37 EAST, NMPM
Section 35: SW/4

(rr) EXTEND the Oil Center-Blaine Pool in Lea County, New Mexico, to include:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 32: SE/4

(ss) EXTEND the West Ojo Chiso-Morrow Gas Pool in Lea County, New Mexico, to include:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 20: SW/4

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- (tt) EXTEND the Red Tank-Bone Spring Pool in Lea County, New Mexico, to include:
- TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 12: E/2 and SW/4
Section 13: NW/4
- (uu) EXTEND the East Saunders-Permo Pennsylvanian Pool in Lea County, New Mexico, to include:
- TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
Section 16: NE/4
- (vv) EXTEND the Southeast Scharb-Wolfcamp Pool in Lea County, New Mexico, to include:
- TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 21: NE/4
- (ww) EXTEND the North Shoe Bar-Atoka Pool in Lea County, New Mexico, to include:
- TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 2: Lots 9, 10, 15, 16 and SE/4
- (xx) EXTEND the Tatum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include:
- TOWNSHIP 13 SOUTH, RANGE 36 EAST, NMPM
Section 5: SW/4
- (yy) EXTEND the Vacuum-Atoka Pool in Lea County, New Mexico, to include:
- TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 6: NW/4
- (zz) EXTEND the North Vacuum-Atoka-Morrow Gas Pool in Lea County, New Mexico, to include:
- TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 32: W/2
- (aaa) EXTEND the South Vacuum-Bone Spring Pool in Lea County, New Mexico, to include:
- TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 26: S 2
Section 35: NE/4
- (bbb) EXTEND the Vacuum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include:
- TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 6: NW/4
- (ccc) EXTEND the Vacuum-Yates Gas Pool in Lea County, New Mexico, to include:
- TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 36: W/2

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

- CASE 12243 :** In the matter of the hearing called by the Oil Conservation Division for an order creating and extending certain pools in Chaves and Eddy Counties, New Mexico.
- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Glorieta-Yeso production and designated as the Artesia-Glorieta-Yeso Pool. The discovery well is the Arco Permian Washington "33" State Well No. 9 located in Unit F of Section 33, Township 17 South, Range 28 East, NMPM. Said pool would comprise:
- TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 33: NW/4

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- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the Crooked Creek-Upper Pennsylvanian Gas Pool. The discovery well is the Yates Petroleum Corporation Bat "ARO" Federal Well No. 1 located in Unit E of Section 34, Township 23 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM

Section 34: W/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the North McKittrick Hills-Strawn Gas Pool. The discovery well is the Yates Petroleum Corporation Indian Hills "ARG" State Well No. 1 located in Unit M of Section 36, Township 21 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 36: W/2

- (d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka-Morrow production and designated as the Red Tank Draw-Atoka-Morrow Gas Pool. The discovery well is the Yates Petroleum Corporation Triangle Ranch "ASW" State Com. Well No. 1 located in Unit K of Section 13, Township 19 South, Range 23 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM

Section 13: W/2

- (e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Southeast Revelation-Strawn Gas Pool. The discovery well is the Concho Resources, Inc. Filaree "24" Federal Com. Well No. 1 located in Unit H of Section 24, Township 22 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 25 EAST, NMPM

Section 24: E/2

- (f) EXTEND the Black River-Delaware Pool in Eddy County, New Mexico, to include:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM

Section 10: NW/4

- (g) EXTEND the Cedar Lake-Yeso Pool in Eddy County, New Mexico, to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 18: SE/4

Section 20: S/2

- (h) EXTEND the Cemetery-Wolfcamp Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 23: W/2

- (i) EXTEND the Northeast Corral Canyon-Delaware Pool in Eddy County, New Mexico, to include:

TOWNSHIP 25 SOUTH, RANGE 30 EAST, NMPM

Section 11: N/2

Section 12: NW/4

- (j) EXTEND the Crow Flats-Morrow Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM

Section 33: S/2

- (k) EXTEND the Diamond Mound-Morrow Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM

Section 2: SW/4

Section 11: W/2

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- (l) EXTEND the East Empire-Yeso Pool in Eddy County, New Mexico, to include:
TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 20: SW/4
- (m) EXTEND the Foor Ranch-Wolfcamp Gas Pool in Chaves County, New Mexico, to include:
TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM
Section 1: N/2
Section 2: NE/4
- (n) EXTEND the Loco Hills-Paddock Pool in Eddy County, New Mexico, to include:
TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 22: SW/4
Section 23: SW/4
- (o) EXTEND the North Malaga-Delaware Pool in Eddy County, New Mexico, to include:
TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 3: NE/4
- (p) EXTEND the West Parkway-Morrow Gas Pool in Eddy County, New Mexico, to include:
TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 33: W/2
- (q) EXTEND the Penasco Draw-Permo Pennsylvanian Gas Pool in Eddy County, New Mexico, to include:
TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
Section 15: S/2
Section 16: W/2 and SE/4
- (r) EXTEND the Quahada Ridge-Atoka Gas Pool in Eddy County, New Mexico, to include:
TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 16: W/12
- (s) EXTEND the Southeast Quahada Ridge-Delaware Pool in Eddy County, New Mexico, to include:
TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 6: N/2
- (t) EXTEND the Travis-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include:
TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 27: SE/4

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 19, 1999

8:15 A.M. - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos. 27-99 and 28-99 are tentatively set for September 2 and September 16, 1999. 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 12226: **Application of Williams Production Company for a Non-Standard Gas Proration Unit, San Juan County, New Mexico.** Applicant seeks to establish a non-standard 345.77-acre, more or less, gas spacing and proration unit within the Blanco-Mesaverde Pool comprising all of irregular Section 4, Township 31 North, Range 6 West, which is located approximately 5 miles south of that point where Archuleta County, Colorado, La Plata County, Colorado, and the State of New Mexico meet. Blanco-Mesaverde gas production from both the Williams Production Company's: (i) Rosa Unit Well No. 60 (*API No. 30-045-29798*), located 790 feet from the South line and 1845 feet from the West line (Unit N) of Section 4; and (ii) Rosa Unit Well No. 60-A (*API No. 30-045-29799*), located 350 feet from the South line and 1920 feet from the East line (Unit O) of Section 4, is to be dedicated to this unit. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12227: **Application of Williams Production Company for a Non-Standard Gas Proration Unit, Rio Arriba and San Juan Counties, New Mexico.** Applicant seeks to establish a non-standard 352.87-acre, more or less, gas spacing and proration unit within the Blanco-Mesaverde Pool comprising all of irregular Section 3, Township 31 North, Range 6 West, which lays in both Rio Arriba and San Juan Counties and is located approximately 12.5 miles northeast of the Navajo Lake Dam. Blanco-Mesaverde gas production from both the Williams Production Company's: (i) Rosa Unit Well No. 169 (*API No. 30-039-26130*), located 2375 feet from the South line and 1750 feet from the East line (Unit J) of Section 3; and (ii) Rosa Unit Well No. 169-A (*API No. 30-039-26149*), located on the surface 2460 feet from the South line and 1695 feet from the East line (Unit J) of Section 3, is to be dedicated to this unit. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12228: **Application of Williams Production Company for a Non-Standard Gas Proration Unit, Rio Arriba County, New Mexico.** Applicant seeks to establish a non-standard 303.88-acre gas spacing and proration unit within the Blanco-Mesaverde Pool comprising all of irregular Section 1, Township 31 North, Range 6 West, which is located approximately 5.5 miles south of the New Mexico/Colorado state line at mile corner marker No. 240. Blanco-Mesaverde gas production from both the Williams Production Company's: (i) Rosa Unit Well No. 164 (*API No. 30-039-26151*), located on the surface 1500 feet from the South line and 1310 feet from the East line (Unit J) of Section 1; and (ii) Rosa Unit Well No. 164-A (*API No. 30-039-26080*), located 1495 feet from the South line and 1210 feet from the East line (Unit J) of Section 1, is to be dedicated to this unit. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12219: **Continued from July 22, 1999, Examiner Hearing.**

Application of Yates Petroleum Corporation for Compulsory Pooling, Chaves County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 160-acre spacing underlying the SE/4, in all formations developed on 80-acre spacing underlying the N/2 SE/4, and in all formations developed on 40-acre spacing underlying the NE/4 SE/4, from the surface to the base of the Abo formation, Pecos slope-Abo Gas Pool, of Section 20, Township 7 South, Range 25 East. The units are proposed to be dedicated to the proposed Reinauer "RC" Federal Com Well No. 3 which will be drilled at a standard location 1980 feet from the South line and 1000 feet from the East line of (Unit I) of Section 20. Also to be considered will be the cost of drilling and completing the 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 and completing the well. The unit is located approximately 30 miles northeast of Roswell, New Mexico.

CASE 12217: **Continued from August 5, 199, 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 Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 2, Township 31 North, Range 8 West, in order to form a standard 320-acre gas spacing and proration unit. This unit is to be dedicated to applicant's proposed U-Da-Well Com. Well No. 1 to be drilled at a previously approved unorthodox coal gas well location in the SE/4 NW/4 (Unit F) of Section 2 (see Division Administrative Order NSL-4281 dated May 13, 1999). Also to be considered will be the cost of drilling and completing the 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 and completing the well. The unit is located approximately nine miles north-northwest of the Navajo Lake Dam.

CASE 12224: **Continued from August 5, 1999, Examiner Hearing.**

Application of McElvain Oil & Gas Properties, Inc. for Compulsory Pooling, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing from the base of the Pictured Cliffs formation to the base of the Mesaverde formation in the N/2 of Section 10, Township 25 North, Range 2 West. These units are to be dedicated to its Elk Com. Well No. 10-8 to be drilled to a depth sufficient to test all formations to the base of the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the NE/4 of Section 10. Also to be considered will be the cost of drilling and completing the 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 and completing the well. The unit is located approximately 7 1/2 miles north-northeast of Lindreth, New Mexico.

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CASE 11773: (Reopened)

In the matter of Case No. 11773 being reopened pursuant to the provisions of Division Order No. R-10854, which order promulgated temporary special rules and regulations for the West Maljamar-Devonian Pool in Lea County, New Mexico, including a provision for 160-acre spacing. Operators in the subject pool may appear and show cause why the special pool rules should not be rescinded and why the West Maljamar-Devonian Pool should not be developed on statewide 40-acre oil spacing.

CASE 12229: **Application of OXY USA, Inc. for Compulsory Pooling and an Unorthodox Oil Well Location, 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 4, Township 18 South, Range 29 East, and in the following manner: (a) 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 this vertical extent which presently includes but is not necessarily limited to the Undesignated Grayburg-Strawn Gas Pool, Undesignated Grayburg-Atoka Gas Pool, Undesignated Grayburg-Morrow Gas Pool, and Undesignated South Empire-Morrow Gas Pool; (b) the NW/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; (c) the S/2 NW/4 to form a standard 80-acre oil spacing and proration unit for the Undesignated South Empire-Wolfcamp Pool; and (d) 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 this vertical extent which presently includes but is not necessarily limited to the Loco Hills-Queen-Grayburg-San Andres Pool, Undesignated Loco Hills-Bone Spring Pool, and Undesignated Loco Hills-Cisco Pool. These four units are to be dedicated to a single well, the proposed Buckskin Federal Well No. 1, to be drilled 1980 feet from the North line and 1650 feet from the East line (Unit F) of Section 4 being a standard well location for the 40, 160, and 320-acre spacing and proration units but an unorthodox oil well location in the Undesignated South Empire-Wolfcamp Pool for the 80-acre unit. Also to be considered will be the cost of drilling and completing the 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 the well. Further, the Loco Hills-Queen-Grayburg-San Andres Pool underlying the SE/4 NW/4 of Section 4 is currently dedicated to SDX Resources, Inc.'s Federal "632" Well No. 2 (API No. 30-015-23912), located at a standard oil well location 1650 feet from the North and West lines of Section 4. At the time of the hearing it will be necessary for the applicant to address certain issues created by the forced pooling of producing acreage currently operated by another operator. The proposed well location is approximately 6.5 miles west-southwest of Loco Hills, New Mexico.

CASE 12230: **Application of Gothic Production Corporation for an Unorthodox Infill Gas Well Location, Chaves County, New Mexico.** Applicant seeks an exception to the well requirements provided within the "Special Rules and Regulations for the Pecos Slope-Gas Pool," as promulgated by Division Order No. R-9976-C, for an unorthodox Abo infill gas well location in an existing standard 160-acre gas spacing unit for the Pecos Slope-Abo Gas Pool comprising the NW/4 of Section 29, Township 5 South, Range 25 East, which is located approximately 32 miles north-northeast of Roswell, New Mexico. The proposed McClellan "MOC" Federal Well No. 18 is to be drilled 660 feet from the North line and 330 feet from the West line (Unit D) of Section 29. This unit is currently dedicated to Gothic Production Corporation's McClellan "MOC" Federal Well No. 7 (API No. 30-005-62159), located at a standard gas well location 760 feet from the North line and 1980 feet from the West line (Unit C) of Section 29.

CASE 12231: **Application of Nearburg Exploration Company, L.L.C. for Compulsory Pooling and an unorthodox Gas Well Location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, with the exception of the Cisco and Canyon formations, underlying the W/2 of Section 15, Township 19 South, Range 25 East, thereby forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within this vertical extent, which presently includes but is not necessarily limited to the Undesignated Penasco Draw-San Andres-Yeso Associated Pool, Undesignated Boyd-Strawn Gas Pool, North Cemetery-Atoka Gas Pool, and Undesignated Boyd-Morrow Gas Pool. This unit is to be dedicated to the proposed Osage Boyd "15" Federal Com. Well No. 2 to be drilled 1650 feet from the South line and 1980 feet from the West line (Unit K) of Section 15, which is a standard gas well location for all intervals except the Undesignated Penasco Draw-San Andres-Yeso Associated Pool. Also to be considered will be the cost of drilling and completing this well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as the operator of the well and a charge for risk involved in drilling and completing the well. The proposed unit is located approximately six miles west by north of Lakewood, New Mexico.

CASE 12203: **Continued from August 5, 1999, 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 from the surface to the base of the Bone Spring formation underlying the NE/4 SE/4 of Section 3, Township 20 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Teas Yates-Seven Rivers Pool. The unit is to be dedicated to the Python Federal Well No. 3, to be drilled at an orthodox oil well location 1650 feet from the South line and 660 feet from the East line (Unit I) of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost 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 risk involved in drilling and completing the well. The unit is located approximately 5.5 miles northeast of the intersection of State Highway 176 and U.S. Highway 62/180.

CASE 12204: Continued from August 5, 1999, 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 from the surface to the base of the Bone Spring formation underlying the SW/4 SE/4 of Section 3, Township 20 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Teas Yates-Seven Rivers Pool. The unit is to be dedicated to the Python Federal Well No. 2, to be drilled at an orthodox oil well location 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost 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 risk involved in drilling and completing the well. The unit is located approximately 5 miles northeast of the intersection of State Highway 176 and U.S. Highway 62/180.

CASE 12205: Continued from August 5, 1999, 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 from the surface to the base of the Morrow formation underlying the following described acreage in Section 3, Township 20 South, Range 33 East, in the following manner: the S/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated East Gem-Morrow Gas Pool; the SE/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; and the NW/4 SE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Teas Yates-Seven Rivers Pool. These units are to be dedicated to applicant's Viper 3 Fed. Well No. 2, located 1650 feet from the South line and 1980 feet from the East line (Unit J) of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost 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 and completing the well. The unit is located approximately 4.5 miles northeast of Loco Hills, New Mexico.

CASE 12103: Continued from August 5, 1999, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. and E.G.L. Resources, Inc. to reopen Case No. 12103 and for compulsory pooling, Lea County, New Mexico. Applicant seeks an order reopening Case No. 12103 and pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the SE/4 SE/4 of Section 3, Township 20 South, Range 33 East, to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Teas-Yates-Seven Rivers Pool. The unit is to be dedicated to a well to be drilled at an orthodox oil well location in the SE/4 SE/4 (Unit P) of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost 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 risk involved in drilling and completing the well. The unit is located approximately 5.5 miles northeast of the intersection of State Highway 176 and U.S. Highway 62/180.

CASE 12232: **Application of Elm Ridge Resources, Inc. for Acreage Rededication, the Formation of Two Non-Standard Gas Spacing and Proration Units, and an unorthodox Coal Gas Well Location, San Juan County, New Mexico.** Applicant seeks to rededicate acreage within the Basin-Fruitland Coal (Gas) Pool that is currently dedicated to its: (i) G. H. Callow Well No. 6 (API No. 30-045-20733), located at an unorthodox coal gas well location (approved by Division Administrative Order NSL-477-A, dated June 7, 1996) 2340 feet from the North line and 2420 feet from the East line (Unit G) of Section 28, Township 29 North, Range 13 West, from a standard stand-up 320-acre gas spacing and proration unit that comprises the E/2 of Section 28 to a standard lay-down 320-acre gas spacing and proration unit that comprises the N/2 of Section 28; and (ii) G. H. Callow Well No. 2 (API No. 30-045-07740), located at a standard coal gas well location 890 feet from the North line and 1750 feet from the East line (Unit B) of Section 33, Township 29 North, Range 13 West, from a standard lay-down 320-acre gas spacing and proration unit that comprises the N/2 of Section 33 to a non-standard 320-acre gas spacing and proration unit that comprises the SE/4 of Section 28 and the NE/4 of Section 33. Applicant further seeks to establish a second non-standard 320-acre gas spacing and proration unit within the Basin-Fruitland Coal (Gas) Pool that comprises the SW/4 of Section 28 and the NW/4 of Section 33, in which the coal gas production from the existing Callow Well No. 7 (API No. 30-045-29520), located at an off-pattern unorthodox coal gas well location 850 feet from the North line and 1780 feet from the West line (Unit C) is to be dedicated. This area is located 2 to 3 miles south of Farmington, New Mexico.

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CASE 12233: **Application of Mewbourne Oil Company 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 18, Township 17 South, Range 29 East, and in the following manner: (a) Lots 2 and 3, the E/2 SW/4, and the SE/4 (S/2 equivalent) to form a standard 293.96-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within this vertical extent which presently includes but is not necessarily limited to the Undesignated Empire-Atoka Gas Pool, Undesignated North Empire-Atoka Gas Pool, and South Empire-Morrow Gas Pool; and (b) the SE/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 this vertical extent. Both units are to be dedicated to a single well, the proposed Empire "18" State Com. Well No. 1 (API No. 30-015-30692), to be drilled 1650 feet from the South line and 990 feet from the East line (Unit I) of Section 18. This location is considered standard for the 160-acre unit and has been approved as an unorthodox gas well location for the South Empire-Morrow Gas Pool by Division Administrative Order NSL-4319, dated June 28, 1999. Also to be considered will be the cost of drilling and completing the 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 the well. The proposed well location is approximately 7.5 miles west of Loco Hills, New Mexico.

CASE 12222: **Continued from August 5, 1999, Examiner Hearing.**

Application of Mewbourne Oil Company 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 E/2 of Section 18, Township 23 South, Range 27 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the South Carlsbad-Canyon Gas Pool, Undesignated South Carlsbad-Strawn Gas Pool, South Carlsbad-Atoka Gas Pool, and South Carlsbad-Morrow Gas Pool. This unit is to be dedicated to applicant's Ranch Hand "18" Fed. Com. Well No. 1, located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 18. Also to be considered will be the cost of drilling and completing the 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 and completing the well. The unit is located approximately 4 1/2 miles southwest of Otis, New Mexico.

CASE 12086: **Consolidated – Continued from July 8, 1999, Examiner Hearing.**

Application of Yates Petroleum Corporation and Hanley Petroleum Inc. for allowable reduction and the escrow of production proceeds, Lea County, New Mexico. Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

CASE 12086: **Consolidated - Continued from July 8, 1999, Examiner Hearing.**

Application of Energen Resources Corporation for allowable reduction and the escrow of production proceeds, Lea County, New Mexico. Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and Snyder "C" Well No. 4, and the Snyder "EC" Com Well No. 1, less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
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September 12, 1997

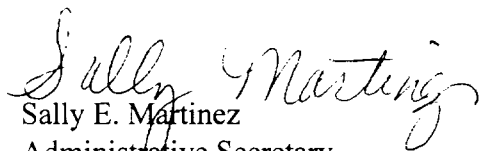
Kellahin and Kellahin
117 N. Guadalupe
P. O. Box 2265
Santa Fe, New Mexico 87504

RE: CASE NO. 11773
ORDER NO. R-10854-A

Dear Sir:

Enclosed are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,


Sally E. Martinez
Administrative Secretary

cc: BLM - Carlsbad
