

Examiner Hearing - August 7, 1997
Docket No. 24-97
Page 6 of 6

CASE 11828: In the matter of the hearing called by the Oil Conservation Division for the creation and extension of 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 Delaware production and designated as the North Cottonwood Draw-Delaware Pool. The discovery well is the Chevron U.S.A., Inc. Cable "26" Well No. 1 located in Unit D of Section 26, Township 25 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH. RANGE 26 EAST. NMPM

Section 26: NW/4

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Maroon Cliffs-Bone Spring Pool. The discovery well is the Bass Enterprises Production Company Big Eddy Unit Well No. 8 located in Unit C of Section 30, Township 20 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH. RANGE 31 EAST. NMPM

Section 30: NW/4

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Northwest Pierce Crossing-Wolfcamp Gas Pool. The discovery well is the Santa Fe Energy Resources, Inc. Craft Well No. 1 located in Unit E of Section 13, Township 24 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH. RANGE 28 EAST. NMPM

Section 13: NW/4

- (d) EXTEND the Cedar Canyon-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH. RANGE 29 EAST. NMPM

Section 27: NW/4

- (e) EXTEND the Coyote-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH. RANGE 27 EAST. NMPM

Section 12: N/2

- (f) EXTEND the Ingle Wells-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH. RANGE 31 EAST. NMPM

Section 11: SW/4

- (g) EXTEND the Poker Lake-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH. RANGE 31 EAST. NMPM

Section 17: SW/4

- (h) EXTEND the Turkey Track-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH. RANGE 29 EAST. NMPM

Section 16: E/2

Section 21: E/2

- (i) EXTEND the White City-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH. RANGE 25 EAST. NMPM

Section 10: NE/4

Section 11: N/2

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

CASE 11638: (Continued from July 10, 1997, Examiner Hearing.)

Application of Citation Oil & Gas Corp. for two unorthodox gas well locations and for simultaneous dedication, Lea County, New Mexico. Applicant seeks approval of two unorthodox gas well locations in the Eumont Gas Pool for its existing: (i) Devonian State Well No. 2 (API No. 30-025-04729), located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 20, Township 21 South, Range 36 East; and, (ii) Devonian State Well No. 3 (API No. 30-025-04730), located 660 feet from the North and East lines (Unit A) of said Section 20. Applicant also seeks approval for Eumont gas production from both wells to be simultaneously dedicated to the existing 320-acre non-standard gas spacing and proration unit comprising the E/2 of said Section 20 (established by Division Administrative Order NSP-488, dated May 11, 1959), which is currently dedicated to its Devonian State Com Well No. 1 (API No. 30-025-04728), located at a standard gas well location 1980 feet from the North and East lines (Unit G) of said Section 20. Further, the applicant at the time of the hearing shall review the status of all other Eumont production, both oil and gas, within the E/2 of said Section 20 and the status and/or effect of Division Administrative Order NSL-3646(SD), dated April 3, 1996, with respect to this application. Said unit is located approximately 2.5 miles south-southeast of Oil Center, New Mexico.

CASE 11827: **Application of Gillespie-Crow, Inc. to amend Order No. R-10448-A and to amend the special pool rules for the West Lovington-Strawn Pool, Lea County, New Mexico.** Applicant requests that the special pool rules for the West Lovington-Strawn Pool be amended to provide for a gas:oil ratio of 5000:1. Applicant further requests that Order No. R-10448-A be amended to reinstate a project allowable for the West Lovington-Strawn Unit. Said pool and/or unit covers all or parts of Sections 28, 32, 33, and 34, Township 15 South, Range 35 East; Sections 1 and 2, Township 16 South, Range 35 East; and Section 6, Township 16 South, Range 36 East. Said pool and unit are located approximately 4.5 miles west-northwest of Lovington, New Mexico.

CASE 11794: (Continued from July 10, 1997, Examiner Hearing.)

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 Cisco formation underlying the E/2 of Section 3, Township 19 South, Range 27 East, to form a standard 320-acre gas spacing and proration unit any formations and/or pools developed on 320-acre spacing within said vertical extent. Said unit is to be dedicated a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 7.5 miles northeast of Lakewood, New Mexico

CASE 11811: (Continued from July 10, 1997, Examiner Hearing.)

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

CASE 11812: (Continued from July 10, 1997, Examiner Hearing.)

Application of the Oil Conservation Division for an order requiring Polaris Production Corp. to plug nineteen (19) wells in Lea County, New Mexico. In the matter of the hearing called by the Oil Conservation Division ("Division") to permit the operator, Polaris Production Corp., United States Fidelity & Guaranty Company, and all other interested parties to appear and show cause why nineteen (19) wells located in Townships 14 and 15 South, Range 37 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug said wells, the Division seeks an order (i) authorizing the Division to plug said wells, (ii) declaring forfeiture of the plugging bond, if any, covering said wells, and (iii) authorizing the Division to recover from the operator the costs of plugging the wells in excess of the amount of the bond. Said wells are located approximately 8 miles northeast of Lovington, New Mexico.