

Examiner Hearing - August 21, 1997

Docket No. 26-97

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CASE 11794: (Continued from August 7, 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 11836: **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 Strawn formation underlying the S/2 SE/4 of Irregular Section 1, Township 16 South, Range 36 East, forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre oil spacing within said vertical extent, which presently may include but is not necessarily limited to the Northeast Lovington-Pennsylvanian Pool, and forming a standard 40-acre oil spacing and proration unit underlying the SE/4 SE/4 of said Section 1 for any and all formations/pools developed on 40-acre oil spacing. Said units are to be dedicated to its Kim 1-1 Well to be drilled and completed at a standard oil well location in said Section 1. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 3 miles southeast of Lovington, New Mexico.

CASE 11837: **Application of Burlington Resources Oil & Gas Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling certain owners of mineral interests from the base of the Bone Springs formation to the base of the Wolfcamp formation underlying the N/2 of Section 23, Township 26 South, Range 30 East, forming a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre gas spacing within said vertical extent, including but not limited to the Rosa Draw-Wolfcamp Gas Pool. Said unit is to be dedicated to its El Paso "23" Federal Well No. 2 which in accordance with Rule 111 is to be a multilateral directional wellbore whose producing intervals will be located within its producing area and dedicated to a project area consisting of the N/2 of Section 23, Township 26 South, Range 30 East. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said well is located approximately 12 miles east of the intersection of US Highway 285 and the border between New Mexico and Texas.

CASE 11838: **Application of Premier Oil & Gas Inc. to have the Division order Exxon Company USA to appear and show cause why its Avalon (Delaware) Unit Operating Agreement should not be amended to conform to the requirements of the Statutory Unitization Act, Eddy County, New Mexico.** Applicant seeks an order requiring Exxon Company, U.S.A. to appear before the Division and show cause why Premier Oil & Gas, Inc.'s FV-1 Well located 1980 feet from the North line and 990 feet from the East line (Unit H) Section 25, Township 20 South, Range 27 East, should not be ordered by the Division to be included in the Avalon Delaware Unit in compliance with the Statutory Unitization Act ("the Act"), Section 70-7-1 NMSA (1978), including but not limited to amending Exhibit H of the Unit Operating Agreement to include said wellbore and to qualify said wellbore a useable wellbore committed to the Avalon (Delaware) Unit. Said unit is located approximately 7 miles southeast of Lakewood, New Mexico.

CASE 11812: (Continued from August 7, 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.

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CASE 11789: (Reopened - Continued from August 7, 1997, Examiner Hearing)

Application of Apache Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 160-acre spacing in the SE/4; in all formations developed on 80-acre spacing in the S/2 SE/4; and in all formations developed on 40-acre spacing in the SW/4 SE/4 of Section 28, Township 16 South, Range 38 East. Said units are to be dedicated to its Maltese Falcon "28" Well No. 1 to be drilled at a standard location in the SE/4 of said Section 28. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 13 miles north of Hobbs, New Mexico.

CASE 11833: **Application of Devon Energy Corporation (Nevada) for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S/2 of Section 15, Township 21 South, Range 26 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the Avalon-Morrow Gas Pool; and forming a standard 160-acre gas spacing and proration unit underlying the SW/4 of said Section 15 for any and all formations/pools developed on 160-acre gas spacing. Said units are to be dedicated to its Carlsbad 15 "K" Federal Com Well No. 1 to be drilled and completed at a standard gas well location in Unit K of said Section 15. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5 miles northwest of Carlsbad, New Mexico.

CASE 11815: (Continued from July 24, 1997, Examiner Hearing.)

Application of Conoco Inc. for the establishment of a downhole commingling reference case pursuant to Rule 303.E and an exception to Rule 303.C.(1)(b)(ii), Rio Arriba County, New Mexico. Applicant in accordance with Rule 303.E seeks to establish a downhole commingling reference case to provide for a) marginal economic criteria, b) pressure criteria, c) allocation formulas, and d) modification of notification rules on an area-wide basis authorization for downhole commingling of Dakota, Mesaverde, Fruitland-Coal, Chacra and Pictured Cliffs gas production in the wellbore of existing or future wells drilled anywhere within the San Juan 28-7 Unit located in Township 28 North, Range 7 West. Applicant further seeks an exception from the pressure limitation criteria set forth in Rule 303.C.(1)(b)(ii) for all future "new drills" for Dakota and Mesaverde production within said unit and for four (4) specific Dakota Mesaverde wells currently being drilled. The center of said area is located approximately 10 miles southeast of Navajo City, New Mexico.

CASE 11834: **Application of Marathon Oil Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from 500 feet below the top of the San Andres formation to the base of the Morrow formation underlying the W/2 of Section 27, Township 18 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the North Turkey Track-Morrow Gas Pool; and forming a standard 160-acre gas spacing and proration unit underlying the SW/4 of said Section 27 for any and all formations/pools developed on 160-acre gas spacing; and forming a standard 40-acre oil spacing and proration unit underlying the NE/4 SW/4 of said Section 27 for any and all formations/pools developed on 40-acre oil spacing. Said unit is to be dedicated to its David Crockett "27" State Well No. 1 to be drilled and completed at a standard gas well location in Unit K of said Section 27. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 16 miles southeast of Artesia, New Mexico.

CASE 11835: **Application of Marathon Oil Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from 500 feet below the top of the San Andres formation to the base of the Morrow formation underlying the E/2 of Section 33, Township 18 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the North Turkey Track-Morrow Gas Pool; and forming a standard 160-acre gas spacing and proration unit underlying the SE/4 of said Section 33 for any and all formations/pools developed on 160-acre gas spacing, and forming a standard 40-acre oil spacing and proration unit underlying the NE/4 SE/4 of said Section 33 for any and all formations/pools developed on 40-acre oil spacing. Said units are to be dedicated to its James Buchanan "33" State Well No. 1 to be drilled and completed at a standard gas well location in Unit I of said Section 33. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 16 miles southeast of Artesia, New Mexico.