

DOCKET: EXAMINER HEARING - THURSDAY - JULY 9, 1998

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

Dockets Nos. 20-98 and 21-98 are tentatively set for July 23 and August 6, 1998. 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 11988: (Continued from June 25, 1998, Examiner Hearing.)

Application of Merrion Oil & Gas Corporation for compulsory pooling, San Juan County, New Mexico. The applicant seeks an order pooling all mineral interests in the Basin-Dakota Pool underlying Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 5, Township 29 North, Range 11 West, thereby forming a standard 293.68-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to its proposed Fifield Com Well No. 1-E (API No. 30-045-29517) to be drilled at a standard gas well location in the NW/4 equivalent of said Section 5. 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 unit and a charge for risk involved in drilling said well. Said unit area is located approximately 4 miles south of Aztec, New Mexico.

CASE 11997: **Application of Merrion Oil & Gas Corporation for compulsory pooling, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Basin Fruitland Coal Gas Pool underlying the S/2 of Section 10, Township 26 North, Range 12 West. Applicant proposes to dedicate this pooled unit to its Hickman "A" Well No. 3 to be drilled at a standard location in the SW/4 SW/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 the operator of the well and a charge for risk involved in drilling the well. The area is located approximately 20 miles northwest of Nageezi, New Mexico.

CASE 11998: **Application of Costilla 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 Chester series or formation underlying the following described acreage in Section 33, Township 16 South, Range 26 East, and in the following manner: The N/2 of Section 33 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 POW-Morrow Gas Pool and Undesignated P.O.W.-Strawn Gas Pool; the NW/4 of Section 33 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 SE/4 NW/4 of Section 33 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. The units are to be dedicated to its Funk "45" Well No.2, located at an orthodox location 1980 feet from the South line and 1680 feet from the West line (Unit K) of Section 33. 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. Said units are located approximately 3 miles north-northeast of Artesia, New Mexico.

CASE 11999: **Application of Costilla Energy, Inc. for compulsory pooling and an unorthodox well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Chester series or formation underlying the following described acreage in Section 33, Township 16 South, Range 26 East, and in the following manner: The S/2 of Section 33 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 POW-Morrow Gas Pool, Undesignated Diamond Mound-Atoka Gas Pool, and Undesignated P.O.W.-Strawn Gas Pool; the SW/4 of Section 33 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 of Section 33 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. The units are to be dedicated to its Funk "49" Well No.1 to be located at an unorthodox location 1650 feet from the South line and 1080 feet from the West line (Unit L) of Section 33. 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 units are located approximately 2.5 miles north-northeast of Artesia, New Mexico.

CASE 11906: (Continued from June 11, 1998, Examiner Hearing.)

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 Cisco/Canyon formation underlying the following described acreage in Section 5, Township 20 South, Range 25 East and in the following manner: Lots 1, 2 and the S/2 NE/4 (the NE/4) to form a standard 160.45-acre oil spacing and proration unit for any formations and/or pools developed on 160-acre spacing within said vertical extent, including the Undesignated North Dagger Draw-Upper Pennsylvanian Pool; and the SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools spaced on 40-acres within said vertical extent, including the Undesignated Seven Rivers-Yeso Pool. Said units are to be dedicated to its S.P. Johnson Com Well No. 2, located 1650 feet from the North line and 1980 feet from the East line (Unit G) of said Section 5. 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 4.5 miles west north-west of Seven Rivers, New Mexico.

CASE 11986: (Continued from June 11, 1998, Examiner Hearing.)

Application of Saba Energy of Texas, Incorporated for pool creation and special pool rules, Lea County, New Mexico. Applicant seeks the creation of a new pool for the production of hydrocarbons from the Upper Pennsylvanian formation that is comprised of the E/2 NE/4 and the E/2 SE/4 of Section 7, Township 13 South, Range 36 East, as the result of the discovery of oil in its Saba State Well No. 1 located in Unit I of said Section 7 and the promulgation of Special Pool Rules for this new pool including provisions for 80-acre spacing and special well location requirements. Said area is located approximately 2 miles south-southwest of Tatum, New Mexico.

CASE 12000: **Application of Marbob Energy Corporation for pool contraction, pool creation, special pool rules and a non-standard spacing and proration unit, Lea County, New Mexico.** Applicant seeks the creation of a new pool for the production of hydrocarbons from the Devonian formation to include the W/2 SE/4 and the E/2 SW/4 of Section 31, Township 9 South, Range 37 East. Applicant also seeks the promulgation of special rules and regulations for this new pool including provisions for 160-acre spacing and special well location requirements and the approval of a non-standard spacing and proration unit comprised of the W/2 SE/4 and the E/2 SW/4 of Section 31. This area is located approximately 8.5 miles east of Crossroads, New Mexico.

CASE 12001: **Application of Petroleum Development Corporation for a unit agreement, Lea County, New Mexico.** Applicant seeks approval of the T.P. "A" State Unit Agreement for an area comprising 160 acres of State lands in portions of Sections 15 and 16, Township 10 South, Range 36 East, which is located approximately 13 miles north-northeast of Tatum, New Mexico.

CASE 11993: (Continued from June 25, 1998, Examiner Hearing.)

Application of John H. Hendrix Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations from the top of the Abo formation (approximately 7,000 feet) to the base of the Strawn formation developed on 40-acre spacing underlying the NE/4 NW/4, and in all formations developed on 80-acre spacing underlying the E/2 NW/4, including the Cass-Pennsylvanian Pool, of Section 16, Township 20 South, Range 37 East. The unit is to be dedicated to its Wood State Well No. 4 which will be drilled at a standard location 660 feet from the North line and 2310 feet from the West line (Unit C) of Section 16. 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. This area is located approximately 3 miles southeast of Monument, New Mexico.

CASE 11994: (Continued from June 25, 1998, Examiner Hearing.)

Application of David H. Arrington Oil and Gas, 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, Townsend-Morrow Gas Pool, underlying Lots 9 through 16 for all formations developed on 320-acre spacing, Lots 11 through 14 for all formations developed on 160-acre spacing, Lots 13 and 14 for all formations developed on 80-acre spacing and Lot 14 for all formations developed on 40-acre spacing, all in Section 3, Township 16 South, Range 35 East. Applicant proposes to dedicate these pooled units to its Parachute Hopper Well No. 1 to be drilled at a standard gas well location 3510 feet from the South line and 1650 feet from the West line 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 applicant as the operator of the well and a charge for risk involved in drilling the well. This area is located approximately 5 miles west of Lovington, New Mexico.

CASE 12002: **Application of Scott E. Wilson and Richard K. Barr d/b/a Wilson & Barr Oil & Gas Exploration for an unorthodox well location, Eddy County, New Mexico.** Applicant seeks authorization to drill a well to the Morrow formation, Undesignated Little Box Canyon-Morrow Gas Pool, at an unorthodox well location 850 feet from the North line and 300 feet from the West line of Section 31, Township 20 1/2 South, Range 22 East. All of irregular Section 31 is to be dedicated to the well. The unit is located approximately 20 miles south of Hope, New Mexico.

CASE 12003: **Application of Manzano Oil Corporation for special pool rules, Lea County, New Mexico.** Applicant seeks the promulgation of special pool rules and regulations for the Featherstone - Bone Spring Pool comprised of portions of Sections 20 and 21 of Township 20 South, Range 35 East, including provisions for 80-acre spacing and special well location requirements. The area is located approximately 9 miles west-southwest of Monument, New Mexico.

CASE 12004: **Application of Stevens & Tull, Inc. for a non-standard subsurface gas well location/producing area and a non-standard gas proration unit, Eddy County, New Mexico.** Applicant, in accordance with Division General Rules 104.F and 111(C)2, seeks approval for a non-standard subsurface gas well location/producing area to be applicable to any and all formations and/or pools developed on 320-acre spacing from the surface to the base of the Morrow formation, which presently includes but is not necessarily limited to the Undesignated Indian Loafer Draw-Upper Pennsylvanian Gas Pool, Undesignated Little Box Canyon-Strawn Gas Pool, Undesignated Little Box Canyon-Atoka Gas Pool, and Undesignated Little Box Canyon-Morrow Gas Pool, for its proposed Sweet Thing Federal Unit Well No. 2 to be drilled from a surface location 660 feet from the North and West lines (Lot 5/Unit M) of irregular Section 31, Township 20-1/2 South, Range 22 East to a proposed bottomhole location that is to be no closer than 660 feet to the North line of said Section 31 nor closer than 435 feet to the West line of said Section 31. Further, all of said irregular Section 31, comprising an area of 233.79 acres, is to be dedicated to said well. This unit is located approximately 20 miles south of Hope, New Mexico.

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CASE 11984: **Application of Nearburg Exploration Company, L.L.C., for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the S/2, in all formations developed on 160-acre spacing in the SE/4, in all formations developed on 80-acre spacing in the W/2 SE/4, and in all formations developed on 40-acre spacing in the SW/4 SE/4 of Section 23, Township 18 South, Range 24 East. Said units are to be dedicated to its Poco Mesa "23" State Com Well No. 1 to be drilled at a standard location 660 feet from the South line and 1650 feet from the East line of said Section 23 to a depth sufficient to test all formations from the surface to the base of the Morrow formation, Penasco Draw-Morrow Gas Pool. 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 9 miles southwest of Artesia, New Mexico.

(Continued from May 14, 1998, 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 Cisco/Canyon formation underlying the following described acreage in Section 5, Township 20 South, Range 25 East and in the following manner: Lots 1, 2 and the S/2 NE/4 (the NE/4) to form a standard 160.45-acre oil spacing and proration unit for any formations and/or pools developed on 160-acre spacing within said vertical extent, including the Undesignated North Dagger Draw-Upper Pennsylvanian Pool; and the SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools spaced on 40-acres within said vertical extent, including the Undesignated Seven Rivers-Yeso Pool. Said units are to be dedicated to its S.P. Johnson Com Well No. 2, located 1650 feet from the North line and 1980 feet from the East line (Unit G) of said Section 5. 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 4.5 miles west north-west of Seven Rivers, New Mexico.

CASE 11976: **(Continued from May 14, 1998, Examiner Hearing.)**

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and an unorthodox well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in Lots 1, 2, 7, 8, 9, 10, 15 and 16, containing 319.97 acres, more or less, for all formations developed on 320-acre spacing, including but not limited to the Hat Mesa-Morrow Gas Pool; in Lots 9, 10, 15, and 16 for all formations developed on 160-acre spacing; in Lots 15 and 16 for all formations developed on 80-acre spacing; and in Lot 16 for all formations developed on 40-acre spacing, of Section 2, Township 21 South, Range 32 East. Said units are to be dedicated to its Minis "2" Federal Well No. 1 to be drilled to the Morrow formation at an unorthodox location 3630 feet from the South line (990 feet from the South line of the dedicated stand-up spacing unit) and 660 feet from the East line of said Section 2. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 5 miles southeast of Halfway, New Mexico.

CASE 11985: **Application of Saga Petroleum, L.L.C., for an unorthodox well location, Eddy County, New Mexico.** Applicant seeks authorization to drill its Dero Federal Well No. 3 at an unorthodox gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 35, Township 19 South, Range 28 East, to test all pools developed on 320-acre spacing including the Winchester-Morrow Gas Pool, the Undesignated Winchester-Atoka Gas Pool, the Winchester-Strawn Gas Pool, the Undesignated Winchester-Upper Pennsylvanian Gas Pool, and the Undesignated Winchester-Wolfcamp Pool. The S/2 of said Section 35 is to be dedicated to said well forming a standard 320-acre spacing and proration unit. Said unit is located approximately 13 miles east of Lakewood, New Mexico.

CASE 11975: **(Continued from May 14, 1998, Examiner Hearing.)**

Application of Saba Energy of Texas, Incorporated for special pool rules, Lea County, New Mexico. Applicant seeks the promulgation of Special Pool Rules for the Tatum-Wolfcamp Pool located in portions of Section 32, Township 12 South, Range 36 East and Sections 5, 6, and 7 of Township 13 South, Range 36 East, including provisions for 80-acre spacing and special well location requirements. Said area is located approximately 2 miles south-southwest of Tatum, New Mexico.

CASE 11986: **Application of Saba Energy of Texas, Incorporated for pool creation and special pool rules, Lea County, New Mexico.** Applicant seeks the creation of a new pool for the production of hydrocarbons from the Upper Pennsylvanian formation that is comprised of the E/2 NE/4 and the E/2 SE/4 of Section 7, Township 13 South, Range 36 East, as the result of the discovery of oil in its Saba State Well No. 1 located in Unit I of said Section 7 and the promulgation of Special Pool Rules for this new pool including provisions for 80-acre spacing and special well location requirements. Said area is located approximately 2 miles south-southwest of Tatum, New Mexico.

CASE 11921: **(Continued from May 14, 1998, Examiner Hearing.)**

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

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 11, 1998**8:15 A.M. - 2040 South Pacheco
Santa Fe, New Mexico**

Dockets Nos. 17-98 and 18-98 are tentatively set for June 25 and July 9, 1998. 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 11973: (Readvertised)

Application of Shahara Oil, L.L.C. for a waterflood/tertiary recovery project and qualification of the project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act", Eddy County, New Mexico. Applicant seeks approval to institute a waterflood and tertiary recovery project including the utilization of micro-organisms, for enhanced recovery in the Loco Hills-Queen-Grayburg-San Andres Pool on its Beeson "F" Federal lease (U. S. Government lease No. LC-060529), comprising portions of Sections 29 and 31, Township 17 South, Range 30 East, by the injection of water through 12 existing wells. Applicant further seeks to qualify this project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). The proposed project area is located approximately two miles southwest of Loco Hills, New Mexico.

CASE 11974: (Continued from May 14, 1998, Examiner Hearing.)

Application of Richardson Production Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the SW/4 and all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the W/2 of Section 21, Township 30 North, Range 14 West, forming standard 160-acre and 320-acre spacing and proration units, respectively. Said units are to be dedicated to its WP Federal "21" Well No. 1 which is to be located in Unit M of said Section 21 for downhole commingled production from the Pictured Cliffs formation and the Basin-Fruitland Coal Gas Pool. Also to be considered will be the costs of participating in said well, including but not limited to the costs of drilling, completing and equipping said well, including the imposition of a risk factor penalty, and the allocation of those costs and income therefrom as well as actual operating costs and charges for supervision, and the designation of Richardson Operating Company as the operator of the well. Said well is located approximately 5 miles northeast of Kirtland, New Mexico.

CASE 11980: Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an exception to Division Rule 104 to permit it to re-enter the Cities Service Little Box Canyon Well No. 4 which is located at a standard surface location 1980 feet from the North line and 1650 feet from the East line and to directionally drill it to an unorthodox bottomhole location at a point in the top of the Morrow "C" formation of the Little Box Canyon-Morrow Gas Pool being a point not closer than 990 feet from the North line or 660 feet from the East line (Unit A) of Section 12, Township 21 South, Range 21 East, to be dedicated to a 320-acre gas spacing unit consisting of the N/2 of said Section 12, said location being unorthodox for any and all gas production from any and all formations/pools spaced on 320 acres including but not limited to the Little Box Canyon-Morrow Gas Pool. Said location is located approximately 30 miles west-northwest of Carlsbad, New Mexico.

CASE 11981: Application of Devon Energy Corporation (Nevada) for lease commingling, Eddy County, New Mexico. Applicant seeks an exception to Division Rule 309 to permit lease commingling of Red Lake Queen-Grayburg-San Andres Pool production from 32 wells drilled or to be drilled on its Federal Leases LC 069274, LC 026874-B, LC 060894, LC 0026874-F, and 049648-B, covering parts of Section 31, Township 17 South, Range 27 East, and Sections 5 and 6, Township 18 South, Range 27 East, without separately metering production from each well or lease. Said leases are located approximately 6.5 miles southeast of Artesia, New Mexico.

CASE 11982: Application of Pogo Producing Company for approval of a pressure maintenance project and to qualify said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval to institute a pressure maintenance project in the West Red Tank-Delaware Pool on Federal Leases NM 81272 and NM 86149 (comprising portions of Sections 22, 26, and 27, Township 22 South, Range 32 East), by the injection of water into the Prize Fed. Well No. 4, located in Unit H of said Section 27. Applicant further seeks to qualify the project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said project is located approximately 13.5 miles south-southeast of the intersection of State Highway 176 and U.S. Highway 62/180.

CASE 11983: Application of Nearburg Exploration Company, L.L.C., for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the W/2, in all formations developed on 160-acre spacing in the NW/4, in all formations developed on 80-acre spacing in the W/2 NW/4, and in all formations developed on 40-acre spacing in the SW/4 NW/4 of Section 4, Township 20 South, Range 25 East. Said units are to be dedicated to its Culver 4 Federal Com Well No. 1 to be drilled at a standard location 1650 feet from the North line and 660 feet from the West line of said Section 4 to a depth sufficient to test all formations from the surface to the base of the Morrow formation, Cemetary-Morrow Gas Pool. 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 7 miles southwest of Lakewood, New Mexico.