

DOCKET: COMMISSION HEARING - MONDAY - NOVEMBER 16, 1998

9:00 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

The Land Commissioner's designee for this hearing will be Jami Bailey or Gary Carlson**The minutes of September 9 and 10 and October 15, 1998 Commissioner hearing will be adopted.****CASE 11839: De Novo - Continued from September 10, 1998, Commission Hearing.**

Application of Odessa Oil Investments, Inc. for salt water disposal, Eddy County, New Mexico. Applicant seeks authority to re-enter the existing Lakewood State Com Well No. 1 (formerly the Monsanto Company Lakewood State Com Well No. 1), located 1980 feet from the North and West lines (Unit F) of Section 30, Township 19 South, Range 26 East, and utilize the well to dispose of produced water into the Devonian formation through the open-hole interval from approximately 10,300 feet to 10,700 feet. Said well is located approximately 3 miles west of Lakewood, New Mexico. Upon application of Odessa Oil Investments, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12003: De Novo - Continued from October 15, 1998, Commission Hearing.

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. Upon application of Manzano Oil Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12086: Application of Yates Petroleum Corporation and Hanley Petroleum Inc. for allowable reduction, and the escrow of production process, 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 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, 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 11958: De Novo - Continued from October 15, 1998, Commission Hearing.

Application of Ocean Energy, Inc. for compulsory pooling and an unorthodox well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the following described acreage in irregular Section 2, Township 16 South, Range 35 East, and in the following manner: Lots 9-16 of Section 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 said vertical extent, including the Undesignated Townsend-Morrow Gas Pool and the Undesignated North Townsend-Mississippian Gas Pool; and Lots 13 and 14 of Section 2 to form a standard 80-acre oil spacing and proration unit for any formations and/or pools spaced on 80 acres within said vertical extent, including the South Big Dog-Strawn Pool. Said units are to be dedicated to its Townsend State Com. Well No. 2, located at an unorthodox location 3250 feet from the South line and 1400 feet from the West 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 the risk involved in drilling said well. Said unit is located approximately 5 miles west-northwest of Lovington, New Mexico. Upon application of Ocean Energy Resources, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 11959: De Novo - Continued from October 15, 1998, Commission Hearing.

Application of Ocean Energy, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the S/2 of irregular Section 2, Township 16 South, Range 35 East, to form 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, including the Undesignated Townsend-Morrow Gas Pool and the Undesignated North Townsend-Mississippian Gas Pool. Said unit is to be dedicated to its Townsend State Com. Well No. 6, located at an orthodox location 990 feet from the South line and 1650 feet from the West 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 the risk involved in drilling said well. Said unit is located approximately 5 miles west of Lovington, New Mexico. Upon application of Ocean Energy Resources, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

Commission Hearing - November 16, 1998
Docket No. 31-98
Page Two

De Novo - Continued from October 15, 1998, Commission Hearing.

Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the following described acreage in irregular Section 2, Township 16 South, Range 35 East, in the following manner: Lots 11, 12, 13, 14 and the SW 1/4 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 said vertical extent; Lots 11, 12, 13 and 14 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; Lots 13 and 14 to form a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent; Lot 13 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said units are to be dedicated to the proposed Fields "APK" State Com Well No. 3 which will be drilled at a standard location 3300 feet from the South line and 760 feet from the West 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 the risk involved in drilling said well. Said area is located approximately 4 miles west of Lovington, New Mexico. Upon application of Ocean Energy Resources, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

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