

CASE 11976: (Continued from June 11, 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 12007: Application of Chesapeake Operating Inc. For compulsory pooling and directional drilling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation, underlying the following described acreage in Section 10, Township 16 South, Range 36 East, and in the following manner: (a) the E/2 NW/4 to form a standard 80-acre oil spacing and proration unit for any pools developed on 80-acre spacing within said vertical extent, which presently includes the Undesignated North Lovington-Wolfcamp Pool and the Undesignated Northeast Lovington-Pennsylvanian Pool; and, (b) 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 said vertical extent. The units are to be dedicated to its proposed Warehouse "10" Well No. 1 which applicant seeks to drill as a directional wellbore from a surface location 1172 feet from the North line and 2445 feet from the East line (Unit B) of Section 10 to an approximate bottomhole location within the Strawn interval 1438 feet from the North line and 1856 feet from the West line (Unit F) of said Section 10. 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 the operator of the well, and a charge for risk involved in drilling the well. The well location is approximately one-half mile south of the Lea County Fair Grounds in Lovington, New Mexico.

CASE 11981: (Continued from June 11, 1998, Examiner Hearing.)

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 12008: Application of Robert E. Landreth for a determination of reasonable well costs, Lea County, New Mexico. Applicant, as a mineral interest owner in the standard 320-acre gas spacing and proration unit comprising the S/2 of Section 29, Township 22 South, Range 34 East, seeks an order ascertaining the reasonableness of actual well costs for: (i) the Santa Fe Energy Resources, Inc. Gaucho Unit Well No. 2-Y (API No. 30-025-34026), located 1650 feet from the South line and 1725 feet from the West line (Unit K) of Section 29; and (ii) the plugged and abandoned Gaucho Unit Well No. 2 (API No. 30-025-33682), located 1650 feet from the South and West lines (Unit K) of Section 29. This 320-acre unit was the subject of compulsory pooling Order No. R-10764, dated February 14, 1997. This area is located approximately 20 miles west by south of Eunice, New Mexico.

CASE 11996: (Continued from June 25, 1998, Examiner Hearing.)

Application of Pendragon Energy Partners, Inc. and J. K. Edwards Associates, Inc. to confirm production from the appropriate common source of supply, San Juan County, New Mexico. The applicants, pursuant to Rule 3 of the "Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool," as promulgated by Division Order No. R-8768, as amended, seeks an order confirming that the following described wells completed within the vertical limits of the WAW-Fruitland Sand-Pictured Cliffs Pool and the Basin-Fruitland Coal (Gas) Pool are producing from the appropriate common source of supply and providing further relief as the Division deems necessary: (i) the Pendragon Energy Partners, Inc. operated Chaco Well Nos. 1, 2-R, 4, and 5 and Chaco Ltd. Well Nos. 1-J and 2-J located in Sections 7 and 18, Township 26 North, Range 12 West and Section 1, Township 26 North, Range 13 West, and (ii) the Whiting Petroleum Corporation operated Gallegos Federal "26-12-6" Well No. 2, Gallegos Federal "26-12-7" Well No. 1, Gallegos Federal "26-13-" Well Nos. 1 and 2, and Gallegos Federal "26-13-12" Well No. 1 located in Sections 6 and 7, Township 26 North, Range 12 West and Sections 1 and 12, Township 26 North, Range 13 West. The area in which these wells are located is approximately 15 miles south-southeast of Farmington, New Mexico.

CASE 12009: In the matter of the hearing called by the Oil Conservation Division for an order creating and extending certain pools in Eddy County, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Delaware production and designated as the Cottonwood Draw-Delaware Gas Pool. The discovery well is the Chevron U.S.A., Inc. Cable 26 Well No. 2 located in Unit B of Section 26, Township 25 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM

Section 26: NE/4

CASE 12005: **Application of Enron Oil & Gas Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all formations developed on 320-acre spacing underlying the W/2, including but not limited to the Grayburg-Morrow Gas Pool, in all formations developed on 160-acre spacing in the NW/4, in all formations developed on 80-acre spacing in the E/2 NW/4, and in all formations developed on 40-acre spacing from the surface to the base of the Chester formation in the SE/4 NW/4 of Section 2, Township 18 South, Range 29 East. Applicant proposes to dedicate this acreage to its STW "2" State Com Well No. 1 to be drilled at a standard location 1650 feet from the North and West lines (Unit F) 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 area is located approximately 4 miles southwest of Loco Hills, New Mexico.

CASE 11984: (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 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.

CASE 11985: (Continued from June 11, 1998, Examiner Hearing.)

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 12006: **Application of Marathon Oil Company, Yates Petroleum Corporation, Oryx Energy Company, Devon Energy Corporation (Nevada), and Santa Fe Energy Resources, Inc. for the expansion of the Indian Basin-Upper Pennsylvanian Associated Pool and the Contraction of the Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.** Applicants seek an order expanding the Indian Basin-Upper Pennsylvanian Associated Pool to include the E/2 of Section 36, Township 21 South, Range 23 East; Sections 20, 21, 38, 29, 30, 31, and 32, Township 21 South, Range 24 East; the E/2 of Section 1, the E/2 of Section 12, and the E/2 of Section 13, Township 22 South, Range 23 East; and Section 18, Township 22 South, Range 24 East, and the corresponding contraction of the Indian Basin-Upper Pennsylvanian Gas Pool to delete any conflicting acreage from that pool. Applicants also seek approval for the following four non-standard 320-acre gas proration and spacing units for the Indian Basin-Upper Pennsylvanian Gas Pool: (i) the W/2 of Section 36, Township 21 South, Range 23 East to be dedicated to the Lowe State Gas Com Well No. 1, (ii) the W/2 of Section 1, Township 22 South, Range 23 East on which there is currently no well; (iii) the W/2 of Section 12, Township 22 South, Range 23 East to be dedicated to the Smith Federal Gas Com Well No. 2; (iv) and the W/2 of Section 13, Township 22 South, Range 23 East to be dedicated to the HOC Federal Gas Com Well No. 2. Applicants further seek the approval of an unorthodox gas well location for the Lowe State Gas Com Well No. 1 located 1995 feet from the North line and 1712 feet from the West line of Section 36, Township 21 South, Range 23 East. This acreage is located approximately 12 miles southwest of Seven Rivers, New Mexico.

CASE 11980: (Continued from June 11, 1998, Examiner Hearing.)

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.

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the South Indian Basin-Morrow Gas Pool. The discovery well is the Yates Petroleum Corporation Hickory "AVL" Federal Well No. 5 located in Unit H of Section 18, Township 22 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 24 EAST, NMPM

Section 18: E/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Cisco production and designated as the Southwest Indian Basin-Upper Pennsylvanian Gas Pool. The discovery well is the Yates Petroleum Corporation Big Freddy Unit Well No. 1 located in Unit G of Section 10, Township 23 South, Range 22 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 22 EAST, NMPM

Section 10: E/2

- (d) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Laguna Salado-Bone Spring Pool. The discovery well is the Santa Fe Energy Resources, Inc. Spud "16" State Well No. 1 located in Unit P of Section 16, Township 23 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM

Section 16: SE/4

- (e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Devonian production and designated as the Northwest Paduca-Devonian Gas Pool. The discovery well is the Texaco Exploration and Production Inc. Cotton Draw Unit Well No. 84 located in Unit I of Section 2, Township 25 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 31 EAST, NMPM

Section 2: E/2

- (f) EXTEND the Avalon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 15: All

- (g) EXTEND the Avalon-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 17: SE/4

Section 20: E/2

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

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM

Section 15: N/2

- (i) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 11: S/2

- (j) EXTEND the Cabin Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM

Section 6: SW/4

Section 7: NW/4 and S/2

- (k) EXTEND the South Carlsbad-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM

Section 2: N/2

- (l) EXTEND the Catclaw Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM

Section 22: NW/4

- (m) EXTEND the East Catclaw Draw-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 17: W/2

- (n) EXTEND the Cemetery-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 27: E/2

Section 34: NE/4

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

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 23: E/2

Section 26: E/2

- (p) EXTEND the North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM

Section 11: SE/4

- (q) EXTEND the South Dagger Draw-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 27: E/2

- (r) EXTEND the Empire-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 24: S/2

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 19: SW/4

Section 30: NW/4

- (s) EXTEND the East Empire-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 27: NW/4

Section 28: N/2

Section 29: NE/4

- (t) EXTEND the Frontier Hills-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM

Section 27: N/2

- (u) EXTEND the Golden Lane-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM

Section 16: E/2

- (v) EXTEND the Hackberry-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 18: S/2

Section 19: W/2

Section 30: NW/4

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

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 10: NE/4

(x) EXTEND the South Livingston Ridge-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 12: NE/4

(y) EXTEND the Loco Hills-Paddock Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 17: S/2

Section 20: SE/4

Section 21: NE/4

(z) EXTEND the Nash Draw-Brushy Canyon Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM

Section 13: SW/4

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM

Section 19: NE/4

Section 20: NW/4

(aa)EXTEND the Otis-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 13: W/2

(bb)EXTEND the East Pierce Crossing-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 11: SE/4

(cc)EXTEND the Southeast Quahada Ridge-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM

Section 25: SE/4

(dd)EXTEND the Red Lake-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 32: SE/4

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 18: NE/4

(ee)EXTEND the Ross Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM

Section 23: N/2

(ff)EXTEND the Sand Tank-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 25: All

(gg)EXTEND the Sand Tank-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 8: E/2

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

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 9: S/2

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