

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 20, 1998

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

Dockets Nos. 24-98 and 25-98 are tentatively set for September 3 and September 17, 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 12021: Continued from August 6, 1998, Examiner Hearing.

Application of Southwest Royalties, Inc. for a waterflood project, Lea County, New Mexico. Applicant seeks authority to institute a waterflood project on its Gonzales "31" Federal lease comprising the N/2 of Section 34, Township 17 South, Range 33 East, by the injection of water into the San Andres formation, Flying M San Andres Pool, through the perforated interval from 4,239 feet to 4,282 feet in its Gonzales "31" Federal Well No. 6Y located 1980 feet from the South line and 860 feet from the East line (Unit I) of Section 31. This project is located approximately 9 miles northwest of Caprock, New Mexico.

CASE 12022: Continued from August 6, 1998, Examiner Hearing.

Application of Southwest Royalties, Inc. for a waterflood project, Lea County, New Mexico. Applicant seeks authority to institute a waterflood project on its Eilliams and Wyatt Phillips Federal lease comprising the N/2 of Section 34, Township 17 South, Range 33 East, by the injection of water into the Grayburg/San Andres formation, Maljamar Grayburg-San Andres Pool, through the perforated interval from 4,325 feet to 4,833 feet in its Eilliams Federal Well No. 14 located 1650 feet from the North line and 1980 feet from the East line (Unit G) of Section 34. This project is located approximately 7 miles southeast of Maljamar, New Mexico.

CASE 12026: **Application of Burlington Resources Oil & Gas Company for a non-standard subsurface gas well location/producing area, Eddy County, New Mexico.** Applicant, in accordance with Division Rules 104.F and 111.C.(2) seeks approval for a non-standard subsurface gas well location/producing area for the Wolfcamp formation, within a standard 320-acre gas spacing and proration unit comprising the S/2 of Section 10, Township 25 South, Range 29 East, which is approximately 7 miles southeast of Malaga, New Mexico. The proposed Corral Draw "10" Federal Well No. 1 is to be drilled from a surface location 800 feet from the South line and 1650 feet from the West line (Unit N) of Section 10, Township 25 South, Range 29 East to a bottomhole location that is no closer than: (i) 660 feet from the north boundary of the subject 320-acre tract; (ii) 660 feet from the South line of Section 10; (iii) 1650 feet to the East line of Section 10; nor (iv) 1500 feet to the West line of Section 10.

CASE 12027: **Application of Bonneville Fuels Corp. for pool contraction, pool creation and special pool rules, San Juan County, New Mexico.** Applicant seeks the contraction of the Kutz-Gallop Pool by the deletion of portions of Sections 11 and 14, Township 27 North, Range 11 West, the creation of a new pool for production from the Gallup formation comprised of portions of Sections 11, 13, 14 and 15 of Township 27 North, Range 11 West and the promulgation of Special Pool Rules for this new pool including the adoption of 80-acre oil well spacing and special well location requirements. This area is located 9 miles south-southeast of Bloomfield, New Mexico.

CASE 11976: (Continued from August 6, 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 12028: **Application of NM&O Operating Company for compulsory pooling, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the E/2 of Section 14, Township 25 North, Range 2 West. Said unit is to be dedicated to its Koon Well No. 1, recompleted at a previously approved unorthodox gas well location in Section 14. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs 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 north-northeast of Lindrith, New Mexico.

CASE 12013: Continued from July 23, 1998, Examiner Hearing.

Application of Costilla Energy, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its Funk "49" Well No. 1 at an unorthodox Morrow gas well location 1650 feet from the South line and 1080 feet from the West line (Unit L) of Section 33, Township 16 South, Range 26 East, located approximately 2.5 miles north of the junction of U.S. Highways 285 and 82 in Artesia, New Mexico. The S/2 of said Section 33 is to be dedicated to said well in order to form a standard 320-acre gas spacing and proration unit in the POW-Morrow Gas Pool.

CASE 12029: 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 S/2 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 but not limited to 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 and all 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 and all 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, located at a previously approved 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 the 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 12030: 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 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 but not limited to the POW-Morrow Gas Pool and the 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 and all 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 and all 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. 2, located at an orthodox location 1980 feet from the North line and 1680 feet from the West line (Unit F) 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. The units are located approximately 3 miles north-northeast of Artesia, New Mexico.

CASE 12031: Application of Santa Fe Energy Resources, Inc. 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 following described acreage in Section 25, Township 18 South, Range 30 East, and in the following manner: the S/2 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 but not limited to the Undesignated North Shugart-Morrow Gas Pool; the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; and the NW/4 SE/4, below 4100 feet subsurface, 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 that vertical extent. The units are to be dedicated to the Benson "25" Fed. Com Well No. 1, located at an unorthodox well location 1980 feet from the South and East lines (Unit J) of Section 25. 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 unit is located approximately 7.5 miles southeast of Loco Hills, New Mexico.

CASE 12032: Application of KCS Medallion Resources, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval of an unorthodox gas well location within the Turkey Track-Morrow Gas Pool for its PDM Well No. 1 to be drilled 860 feet from the South line and 660 feet from the West line (Unit M) of said Section 16, Township 19 South, Range 29 East, being approximately 12.5 miles south-southwest of Loco Hills, New Mexico. The W/2 of Section 16 is to be dedicated to the well to form a standard 320-acre gas spacing and proration unit for pool.

CASE 12014: Continued from July 23, 1998, Examiner Hearing.

Application of Louis Dreyfus Natural Gas Corp. 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 underlying the E/2 of Section 28, Township 19 South, Range 35 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated North Pearl-Morrow Gas Pool. Said unit is to be dedicated to its Toro "28" State Com. Well No. 1, located at an orthodox location 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 28. 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 unit is located approximately 11 miles west of Monument, New Mexico.

CASE 12033: Application of Public Service Company of New Mexico for review of Oil Conservation Division directive dated March 13, 1998 directing applicant to perform additional remediation for hydrocarbon contamination, San Juan County, New Mexico. Applicant seeks review of a Division directive dated March 13, 1998 directive applicant to perform additional remediation for hydrocarbon contamination located in the area of the Burlington Resources Hampton Well No. 4M located in Unit N, Section 13, Township 30 North, Range 11 West, and a determination by the division that applicant is not a responsible person for purposes of further investigation or remediation of the contamination. Applicant further seeks a stay of the March 13, 1998 directive pending an order in this matter. The subject area is located approximately 3 miles east-southeast of Aztec, New Mexico.