

DOCKET: COMMISSION HEARING - THURSDAY - APRIL 22, 1999

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

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The minutes of the March 25, 1999, Commission hearing will be adopted.

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**CASE 12119:** Continued from January 14, 1999, Commission Hearing.

In the matter of the hearing called by the Oil Conservation Division to discuss possible amendments to 19 NMAC 15.C.104 pertaining to well spacing and the notice requirements throughout the rules including 19 NMAC 15.N.

**CASE 12169:** **Application of the Oil Conservation Division to amend and/or adopt tax incentive rules.** Applicant seeks the amendment of Division Rules 712 and 713 and the adoption of new rules to facilitate the implementation of new laws granting oil and gas tax incentives. House Bill 11 amending the production restoration tax incentive has been signed by the Governor into law. House Bill 290, granting a tax credit for new wells, and House Bills 281 and 436, granting a tax incentive to stripper wells and amending the well workover tax incentive, have passed both the House and Senate and await the governor's signature.

**CASE 12086:** Continued from March 25, 1999, Commission Hearing.

**Application of Yates Petroleum Corporation and Hanley Petroleum Inc. for allowable reduction, and the escrow of production proceeds, 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.