

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 21, 1999

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 4-99 and 5-99 are tentatively set for February 4, and February 18, 1999. 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 12120:** **Application of Universal Resources Corporation for surface commingling, Rio Arriba and San Juan Counties, New Mexico.** Applicant seeks an exception to Division Rules 303-A and 309-A to permit surface commingling of Alamito-Gallup and Lybrook-Gallup Pool production from the following Federal Leases NMNM6682, NMNM6681, NMNM16586, NMNM58878, NMNM10087, NMNM048989A, and State Lease: 00016172 and 00016174, covering parts of Sections 21, 22, 23, 27, 28, 31, 32, 34, Township 23 North, Range 7 West, NMPM, San Juan County, New Mexico; Section 2, Township 22 North, Range 8 West, and Section 36, Township 23 North, Range 8 West, Rio Arriba County, New Mexico. These leases are located approximately 50 miles southeast of Farmington, New Mexico.

**CASE 12121:** **Application of Devon Energy Corporation (Nevada) for pool abolishment and pool expansion, Eddy County, New Mexico.** Applicant seeks an order abolishing the Sand Dunes-Cherry Canyon Pool, which covers portions of Sections 23, 24, 25, 26, and 35, Township 23 South, Range 31 East, NMPM, and the concomitant expansion of the Ingle Wells-Delaware Pool to include the Cherry Canyon interval of the Delaware Mountain Group underlying the acreage currently within the Sand Dunes-Cherry Canyon Pool. These pools are centered approximately 20 miles east of Loving, New Mexico.

**CASE 12092:** **Continued from January 7, 1999, Examiner Hearing.**

**Application of Corinne B. Grace d/b/a Grace Oil Company for compulsory pooling or, in the alternative for an order declaring Division Order No. R-4034 applicable, 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 2, Township 23 South, Range 26 East, and in the following manner: the S/2 thereby forming 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, which presently includes but is not necessarily limited to the Undesignated South Carlsbad-Canyon Gas Pool, South Carlsbad-Strawn Gas Pool, South Carlsbad-Atoka Gas Pool, and South Carlsbad-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 said vertical extent; and the SE/4 SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/o pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Happy Valley-Delaware Pool. These units are to be dedicated to the existing Humble Grace Com. Well No. 1 (**API No. 30-015-20350**) located 990 feet from the South line and 660 feet from the East line (Unit P) of Section 2. Also to be considered will be the costs of re-entering and the recompletion of this well and the allocation of the costs 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 the re-entry of this well. IN THE ALTERNATIVE, the applicant seeks an order from the Division that its Order No. R-4034, issued in Case No. 4398 and dated October 2, 1970 be declared applicable and relevant under the circumstances involving this well and in full force and effect. By Order No. R-4034, the Division pooled, in part, all mineral interests in the Strawn, Atoka, and Morrow formations underlying the S/2 of Section 2, in which the subject well was dedicated. This well is located south of Carlsbad, New Mexico approximately 1/4 mile east of U. S. Highway 62/180 between Derrick Street and Haston Road.

**CASE 12104:** **Continued from December 17, 1998, Examiner Hearing.**

**Application of Harvard Petroleum Corporation for compulsory pooling, Roosevelt County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the San Andres formation underlying the following described acreage in Section 5, Township 5 South, Range 37 East, and in the following manner: Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) thereby forming a standard 319.09-acre gas spacing and proration unit for any and all pools developed on 320-acre spacing within said vertical extent which presently includes only the Bluit-San Andres Associated Pool; the SW/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 said vertical extent; the E/2 SW/4 to form a standard 80-acre oil spacing and proration unit for any and all pools developed on 80-acre spacing within said vertical extent which presently includes only the Bluit-San Andres Associated Pool; and, the SE/4 SW/4 (Unit N) 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. All four of these units are to be dedicated to the applicant's proposed Williams Well No. 1 to be drilled 990 feet from the South line and 1650 feet from the West line (Unit N) of Section 5 being a standard well location for the proposed 319.09, 160, and 40-acre spacing and proration units but an unorthodox oil well location for the proposed 80-acre oil spacing and proration unit. 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 said well. The proposed well location is approximately one mile north by east of Bluit, New Mexico.

**CASE 12108:** Continued from January 7, 1999, Examiner Hearing.

**Application of Southwestern Energy Production Company 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 W/2 of Section 9, Township 23 South, Range 34 East, 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 that vertical extent, including the Undesignated North Antelope Ridge-Wolfcamp Gas Pool, Undesignated Antelope Ridge-Strawn Gas Pool, Undesignated Antelope Ridge-Atoka Gas Pool, and Undesignated North Bell Lake-Morrow Gas Pool. The unit is to be dedicated to its Mauchos State 9 Well No. 1, to be drilled at an orthodox gas well location in the SW/4 NW/4 (Unit E) of Section 9. Also to be considered will be the cost of drilling and completing this 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 18 miles southwest of Oil Center, New Mexico.

**CASE 12008:** Continued from December 3, 1998, Examiner Hearing.

**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. Gaucha 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 Gaucha 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 12109:** Continued from January 7, 1999, Examiner Hearing.

**Application of Cross Timbers Oil Company for an unorthodox coal gas well location, San Juan County, New Mexico.** Applicant seeks approval to drill its proposed Stanolind Gas Com. "D" Well No. 2 at an off-pattern non-standard coal gas well location 790 feet from the South and East lines (Lot 16/Unit P) of Section 17, Township 32 North, Range 12 West, in the Basin-Fruitland Coal (Gas) Pool. Lots 9 through 16 (N/2 equivalent) of Section 17 are to be dedicated to this well in order to form a standard 302.63-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool. The well is located approximately five miles east-northeast of La Plata, New Mexico.

**CASE 12110:** Continued from January 7, 1999, Examiner Hearing.

**Application of Nearburg Exploration Company, L.L.C. for approval of a unit agreement, Lea County, New Mexico.** Applicant seeks approval of its proposed Range State Unit as an exploratory unit for an area comprising 640 acres, more or less, of state lands consisting of the S/2 of Section 21 and the N/2 of Section 28, Township 21 South, Range 35 East. This unit is located approximately 13 miles west of Eunice, New Mexico.

**CASE 12037:** Readvertised - Continued from January 7, 1999, Examiner Hearing.

**Application of Yates Petroleum Corporation for pool contraction, pool extension and special pool rules, or in the alternative, simultaneous dedication, Lea County, New Mexico.** Applicant seeks contraction and extension of the boundaries of the North Shoe Bar-Atoka Gas Pool to conform to the acreage dedicated to the wells therein, and the promulgation of Special Pool Rules which authorize a second well on each standard spacing and proration unit in the pool. In the alternative, applicant seeks authorization to simultaneously dedicate its Brunson "AQK" State Com Well No. 1 located 2260 feet from the North line and 1795 feet from the East line and its Big Flat "ASN" State Com. Well No. 1 located 1650 feet from the South line and 1980 feet from the East line, both in Section 10, Township 16 South, Range 35 East, to a standard gas spacing unit comprised of the E/2 of Section 10 in the North Shoe Bar-Atoka Gas Pool. Said wells are located approximately 6 miles west of Lovington, New Mexico.

**CASE 12039:** Continued from December 3, 1998, Examiner Hearing.

**Application of Oil Conservation Division for an order requiring Harlow Corporation and/or Willow Pipeline Company to plug fifteen (15) wells in Chaves County, New Mexico.** In the matter of the hearing called by the Oil Conservation Division to permit the operator, Harlow Corporation and/or Willow Pipeline Company, and all other interested parties to appear and show cause why fifteen (15) wells located in Townships 8 South, Ranges 28 and 29 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug said wells, the Division seeks an order (i) requiring operator to properly plug wells in Chaves County; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bonds, and (iv) assessing fines for failure to comply with the order. These wells are located approximately 20 miles east-northeast of the Bitter Lake National Wildlife Refuge.