

DOCKET: EXAMINER HEARING - THURSDAY - MAY 27, 1999

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

Dockets Nos. 17-99 and 18-99 are tentatively set for June 10 and June 24, 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 12185:

*Cont. to
6-10-99*

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks authorization to drill a well to the Morrow formation, Undesignated Crow Flats-Morrow Gas Pool, at an unorthodox well location 660 feet from the North and East lines of Section 5, Township 17 South, Range 27 East. The N/2 of Section 5 is to be dedicated to the well forming a standard 320-acre spacing and proration unit. Said unit is located approximately 5 miles east-northeast of Artesia, New Mexico.

CASE 12186:

Application of Chesapeake Operating Inc. 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 following described acreage in Section 15, Township 16 South, Range 35 East, in the following manner: (a) the E/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre gas spacing within that vertical extent, including the Townsend-Morrow Gas Pool and the North Shoe Bar-Atoka Gas Pool; (b) the NE/4 to form a standard 160-acre gas spacing and proration for any formations and/or pools developed on 160-acre gas spacing within that vertical extent, including the North Shoe Bar-Wolfcamp Gas Pool; (c) the E/2 NE/4 to form a standard 80-acre oil spacing and proration unit for any formations and/or pools developed on 80-acre oil spacing within that vertical extent; and (d) the SE/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre oil spacing within that vertical extent, including the Townsend-Permo Upper Pennsylvanian Pool. These units are to be dedicated to its Boyce "15" Well No. 1 which will be located at a standard location within Unit H of the section. Also to be considered will be the costs of drilling and completing 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 risk involved in this well. This unit is located approximately 5 1/2 miles southwest of the center of the City of Lovington, New Mexico.

CASE 12187:

Dismissed

Application of Richardson Operating Company for compulsory pooling and downhole commingling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the NE/4 and all mineral interests in the Basin Fruitland Coal Gas Pool underlying the N/2 of Section 2, Township 30 North, Range 14 West, forming standard 160-acre and 320-acre spacing and proration units, respectively. These units are to be dedicated to its WF State "2" Well No. 1 which is to be located at a standard gas well location within Unit A of this section for downhole commingled production from the Undesignated Harper Hill Fruitland Sand-Pictured Cliffs Gas Pool and the Basin Fruitland Coal Gas Pool. Also to be considered will be the costs of participation in the well, including but not limited to the costs of drilling, completing and equipping, with the inclusion of a risk factor penalty and the allocation of those costs and income therefor as well as actual operating costs and charges for supervision, and the designation of applicant as the operator of the well. The well is located approximately 6 miles north of the northwestern corner of the City of Farmington, New Mexico.

CASE 12157:

Continued from May 13, 1999, Examiner Hearing.

Application of Chi Energy, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the E/2 of Section 19, Township 20 South, Range 34 East, to form a standard 320-acre spacing and proration unit for any formations and/or pools developed on 320-acre gas spacing within that vertical extent, including the Undesignated Quail Ridge-Morrow Gas Pool. The unit is to be dedicated to the Greenstone Fed. Com. Well No. 1, located at an unorthodox surface/bottomhole location 480 feet from the South line and 1650 feet from the East line (Unit O), or in the alternative, directionally drilled from the above surface location to an unorthodox gas well bottomhole location 760 feet from the South line and 1650 feet from the East line (Unit O). 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 Louis Dreyfus Natural Gas Corp. as operator of the well and unit, and a charge for risk involved in drilling and completing the well. This unit is located approximately 20 miles west-southwest of Monument, New Mexico.

CASE 12188:

*Cont. to
6-10-99*

Application of Chi Energy, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 2035 feet below the surface to the base of the Morrow formation underlying the following described acreage in Section 8, Township 17 South, Range 28 East, 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 the Undesignated Dog Canyon-Strawn Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; and the SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to its Silver Streak State Com. Well No. 1 to be drilled at an unorthodox location 1400 feet from the North line and 1650 feet from the East line (Unit G) of Section 8. 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 Chi Operating, Inc. as operator of the well, and a charge for risk involved in drilling and completing the well. The units are located approximately 11.5 miles east of Artesia, New Mexico.

CASE 12189:

Dismissed

Application of BTA Oil Producers for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval to drill its Grama "C" 8817 JV-P Well No. 1 at an unorthodox Morrow gas well location 660 feet from the South and West lines (Unit M) of Section 16, Township 22 South, Range 34 East, located approximately 19 miles southwest of Eunice, New Mexico. The S/2 of Section 16 is to be dedicated to the well to form a standard 320-acre gas spacing and proration unit within the Undesignated Grama Ridge-Morrow Gas Pool.

CASE 12166: Continued from May 13, 1999, Examiner Hearing.

Dismissed

Application of Energen Resources Corporation for compulsory pooling, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in the Mesaverde and Dakota formations in the W/2 of Section 19, Township 30 North, Range 4 West, forming standard 320-acre spacing and proration units respectively. These units are to be dedicated to its Carson Well No. 4 which is to be located in Unit E of Section 19. Applicant also seeks approval to dedicate the pooled units to its Carson No. 4-M infill well to be drilled at an orthodox infill location in Unit L of Section 19, following the completion of the Carson Well No. 4. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for the risk involved in drilling the wells. These wells are located approximately 6 miles northeast of Gobernador, New Mexico.

CASE 12167: Continued from May 13, 1999, Examiner Hearing.

Dismissed

Application of Energen Resources Corporation for compulsory pooling and an unorthodox well location, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in the Mesaverde and Dakota formations in the E/2 of Section 30, Township 30 North, Range 4 West, forming standard 320-acre spacing and proration units respectively. These units are to be dedicated to its Carson Well No. 5 which is to be drilled at an unorthodox well location in Unit B of Section 30. Applicant also seeks approval to dedicate the pooled units to its Carson No. 5-M infill well to be drilled at an orthodox infill location in Unit P of Section 30, following the completion of the Carson Well No. 5. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for the risk involved in drilling the wells. These wells are located approximately 6 miles northeast of Gobernador, New Mexico.

CASE 12168: Continued from May 13, 1999, Examiner Hearing.

Dismissed

Application of Energen Resources Corporation for compulsory pooling and an unorthodox well location, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in the Mesaverde and Dakota formations in the W/2 of Section 29, Township 30 North, Range 4 West, forming standard 320-acre spacing and proration units respectively. These units are to be dedicated to its Carson Well No. 6 which is to be drilled at an unorthodox well location in Unit M of Section 29. Applicant also seeks approval to dedicate these pooled units to its Carson No. 6-M infill well to be drilled at an orthodox infill location in Unit C of Section 29, following the completion of the Carson Well No. 6. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for the risk involved in drilling the wells. These wells are located approximately 6 miles northeast of Gobernador, New Mexico.

CASE 12171: Continued from April 29, 1999, Examiner Hearing.

Application of Gillespie Oil, Inc. for unit expansion, statutory unitization, and qualification of the expanded unit area for the recovered oil tax rate and certification of a positive production response pursuant to the "New Mexico Enhanced Oil Recovery Act," Lea County, New Mexico. Applicant seeks an order expanding the West Lovington Strawn Unit and unitizing all mineral interests in the designated and undesignated West Lovington-Strawn Pool underlying all or parts of: Sections 28, 32, 33, 34, and 35, Township 15 South, Range 35 East; Section 1, Township 16 South, Range 35 East; and Sections 5 and 6, Township 16 South, Range 36 East, comprising 2742.90 acres, more or less, of state, federal, and fee lands. Among the matters to be considered at the hearing, pursuant to the New Mexico Statutory Unitization Act, NMPM 1978 Sections 70-7-1 *et. seq.*, will be: the necessity of unit operations; the determination of horizontal and vertical limits of the expanded unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investments, to each of the tracts in the expanded unit area; the determination of credits and charges to be made among the various owners in the expanded unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate. Applicant further seeks to qualify the expanded unit area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" Sections 7-29A-1 through 7-29A-5, NMSA 1978, and to certify two wells within the expanded unit area for a positive production response. The unit is located approximately 4 miles northwest of Lovington, New Mexico.