

Examiner Hearing – April 1, 1999
Docket No. 10-99
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CASE 12145: Continued from March 18, 1999, Examiner Hearing.

Application of Santa Fe Energy Resources, 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 4, Township 23 South, Range 34 East, 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 the Undesignated North Antelope Ridge-Wolfcamp Gas Pool, Undesignated Antelope Ridge-Atoka Gas Pool, and Undesignated North Bell Lake-Morrow Gas Pool; the SW/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 SW/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, including the Undesignated Antelope Ridge-Cherry Canyon Pool, Undesignated Antelope Ridge-Brushy Canyon Pool, and Undesignated Northwest Antelope Ridge-Bone Spring Pool. These units are to be dedicated to its Rio Blanco "4" Fed. Com. Well No. 2, to be located at an unorthodox well location 660 feet from the South and West lines (Unit M) of the section. 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 this well. These units are located approximately 17 miles southwest of Oil Center, New Mexico.

CASE 12160: In the matter of the hearing of the Oil Conservation Division for an order creating, abolishing, and extending certain pools in Eddy County, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Forty Niner Ridge-Bone Spring Pool. The discovery well is the Texaco Exploration and Production, Inc. Remuda Basin State Well No. 4 located in Unit N of Section 19, Township 23 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM
Section 19: SW/4

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Cisco Canyon production and designated as the Northwest Logan Draw-Cisco Canyon Pool. The discovery well is the Costilla Energy, Inc. Funk "49" Well No. 1 located in Unit L of Section 33, Township 16 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 26 EAST, NMPM
Section 33: SW/4

- C CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Canyon production and designated as the Southeast Rocky Arroyo-Canyon Gas Pool. The discovery well is the Penwell Energy, Inc. Wagon Wheel Federal Unit Well No. 2 located in Unit N of Section 22, Township 22 South, Range 22 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM
Section 22: S/2

- (d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Northeast Springs-Strawn Gas Pool. The discovery well is the Yates Petroleum Corporation Spring "ART" Federal Com. Well No. 1 located in Unit O of Section 23, Township 20 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM
Section 23: S/2

- (e) ABOLISH the Dark Canyon-Pennsylvanian Gas Pool in Eddy County, New Mexico, consisting of the following described area:

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM
Section 36: E/2

TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM
Sections 30 through 32: All

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM
Section 1: All

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

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 10: All

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CASE 12143: Continued from March 18, 1999, Examiner Hearing.

Application of Cross Timbers Oil Company for compulsory pooling and an unorthodox oil well location, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Pictured Cliffs formation to the base of the Dakota formation underlying the following described acreage in Section 21, Township 28 North, Range 10 West, in the following manner: the W/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 Undesignated Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool; the NW/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre gas spacing within that vertical extent, including the Otero-Chacra Gas Pool; and the NW/4 NW/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, including the Undesignated Armenta Gallup Pool. These units are to be dedicated to its Kutz Federal Well No. 12E, to be drilled at an orthodox gas well location/unorthodox oil well location 970 feet from the North line and 1000 feet from the West line. 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 Cross Timbers Operating Company as the operator of the well and a charge for risk involved in this well. These units are located approximately 6 miles southeast of Bloomfield, New Mexico.

CASE 12157: **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 applicant as operator of the well, 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 12158: **Application of Chi Energy, Inc. for an unorthodox gas well location or in the alternative for non-standard subsurface gas well location/producing area, Lea County, New Mexico.** Applicant seeks approval to drill its Greenstone Federal Com. Well No. 1 as a straight hole from an unorthodox gas well location 480 feet from the South line and 1650 feet from the East line (Unit O) of Section 19, Township 20 South, Range 34 East, in order to test either the Undesignated West Lynch-Morrow Gas Pool or the Undesignated Quail Ridge-Morrow Gas Pool underlying the E/2 of Section 19, being a standard 320-acre gas spacing and proration unit. IN THE ALTERNATIVE, the applicant, in accordance with Division Rules 104.F and 111(C)2, seeks approval for a non-standard subsurface gas well location/producing area to be applicable to either the Undesignated West Lynch-Morrow Gas Pool or the Undesignated Quail Ridge-Morrow Gas Pool, for its proposed Greenstone Federal Com. Well No. 1 to be drilled from the above-described surface location to a proposed bottomhole location that is to be no closer than 760 feet to the South line of Section 19 nor closer than 990 feet to the western boundary of the proposed 320-acre unit. The E/2 of Section 19 is located approximately eight miles east of the junction of U.S. Highway 62/180 and State Highway No. 176.

CASE 12144: **Readvertised**

Application of KCS Medallion Resources, Inc. for simultaneous dedication and an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its Shugart Fed. "27" Well No. 1 to the base of the Morrow formation at a location 1202 feet from the North line and 660 feet from the West line (Unit D) of Section 27, Township 18 South, Range 31 East, this location being unorthodox for the Shugart-Morrow Gas Pool. Applicant also seeks to dedicate the W/2 of Section 27 to the proposed well and to the existing Greenwood Pre-Grayburg Unit Fed. C Com. Well No. 1, located in Unit L of Section 27. This unit is located approximately 10 miles southeast of Loco Hills, New Mexico.

CASE 12131: Continued from March 4, 1999, Examiner Hearing.

Application of Santa Fe Energy Resources, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval to drill its Rio Blanco Federal Com. Well No. 2 at an unorthodox Morrow gas well location 660 feet from the South and West lines (Unit M) of Section 4, Township 23 South, Range 34 East, located approximately four miles west-northwest of the San Simon Sink. The S/2 of Section 4 is to be dedicated to the well in order to form a standard 320-acre gas spacing and proration unit in either the Undesignated North Bell Lake-Morrow Gas Pool or Undesignated Antelope Ridge-Morrow Gas Pool.