

CASE 12181: **Application of David H. Arrington Oil and Gas, Inc. for an unorthodox location and for an exception to Division Rule 104.D(3), Lea County, New Mexico.** Applicant seeks an exception to all applicable well location set-back requirements governing any and all formations and/or pools from the surface to the base of the Mississippian formation for its Mayfly "14" State Com. Well No. 1 to be drilled 330 feet from the North and West lines (Unit D) of Section 19, Township 17 South, Range 34 East, to be dedicated to the following described spacing and proration units: (i) the W/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, which presently includes but not necessarily limited to the Undesignated North Shoe Bar-Atoka Gas Pool, Undesignated Shoe Bar-Atoka Gas Pool, Townsend-Morrow Gas Pool, and Undesignated North Townsend-Mississippian Gas Pool; and (ii) the NW/4 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing, which presently includes but not necessarily limited to the Undesignated North Shoe Bar-Wolfcamp Pool and the Undesignated Shoe Bar-Strawn Pool. The applicant further seeks an exception to Division Rule 104.D(3) to continuously and concurrently produce gas from the Townsend-Morrow Gas Pool from its above-described Mayfly "14" State Com. Well No. 1 and from the existing Mark L. Shidler, Inc. operated Monsanto State Com. Well No. 1 (API No. 30-025-24895), located at a standard gas well location 1980 feet from the South and West lines (Unit K) of Section 14, and for the simultaneous dedication of both wells to the existing 320-acre gas spacing and proration unit comprising the W/2 of Section 14. **Further, the applicant at the time of the hearing shall designate a common operator for both of these Morrow gas wells and this 320-acre unit within the Townsend-Morrow Gas Pool.** The proposed well location is approximately five miles south of Lovington, New Mexico.

CASE 12120: **Readvertised**

Application of Universal Resources Corporation for surface commingling, Sandoval 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 Oil Pool and Lybrook-Gallup Oil 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, Sandoval County, New Mexico, Section 2, Township 22 North, Range 8 West, and Section 26, Township 23 North, Range 8 West, San Juan County, New Mexico. These leases are located approximately 50 miles southeast of Farmington, New Mexico.

CASE 12182: *(Reopened.)* **Application of Conoco, Inc. for pool creation, special pool rules and the assignment of a special depth bracket allowable, Lea County, New Mexico.** Applicant seeks the creation of a new pool for the production of oil from the Strawn formation comprising the NE/4 of Section 36, Township 20 South, Range 37 East (being approximately eight miles south-southeast of Monument, New Mexico), the promulgation of special pool rules therefor including provisions for 160-acre spacing and proration units and designated well location requirements, and for the assignment of a special depth bracket oil allowable, pursuant to Division Rule 505.D, of 600 barrels of oil per day.

CASE 12183: **Application of McKay Oil Corporation for an unorthodox infill gas well location, Chaves County, New Mexico.** Applicant seeks an exception to the well location requirements provided within the "Special Rules and Regulations for the West Pecos Slope-Abo Gas Pool" set forth in Division Order No. R-9976-C for an unorthodox Abo infill gas well location in an existing standard 160-acre gas spacing unit for the West Pecos Slope-Abo Gas Pool comprising the NE/4 of Section 24, Township 6 South, Range 22 East, which is located approximately 14 miles south of Mesa, New Mexico. The South Four Mile Draw Federal "B" Com. Well No. 12 (API No. 30-005-63175) is to be drilled 600 feet from the North line and 1958 feet from the East line (Unit B) of Section 24. This unit is currently dedicated to McKay Oil Corporation's Remmele Federal Com. Well No. 8 (API No. 30-005-62328), located at an unorthodox gas well location (approved by Division Administrative Order NSL-2285, dated September 2, 1986) 1905 feet from the North line and 585 feet from the East line (Unit H) of Section 24.

CASE 12166: **Continued from April 15, 1999, Examiner Hearing.**

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 Carbon 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.

DOCKET: EXAMINER HEARING - THURSDAY - MAY 13, 1999

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

Dockets Nos. 16-99 and 17-99 are tentatively set for May 27 and June 10, 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 12178: Application of Santa Fe Energy Resources, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks an exception to the well location requirements provided within the "*Special Rules and Regulations for the Baish-Wolfcamp Pool*" set forth in Division Order No. R-2765 for an unorthodox oil well location in a standard 80-acre gas spacing unit for the Undesignated Baish-Wolfcamp Pool comprising the E/2 NE/4 of Section 15, Township 17 South, Range 32 East, which is located approximately 1.25 miles southeast of Maljamar, New Mexico. The existing Maljamar "15" Federal Well No. 1 (API No. 30-025-34549), to be recompleted uphole from the deeper Devonian formation into the Wolfcamp formation, is located at a previously approved unorthodox oil well location in the Undesignated

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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

April 19, 1999

HAND DELIVERED

Ms. Lori Wrotenbery, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

12182

Re: Application of Conoco Inc.
for the adoption of special pool rules
for the South Hardy-Strawn Pool,
Lea County, New Mexico.

99 APR 19 AM 9:03
OIL CONSERVATION DIV.

Dear Ms. Wrotenbery:

On behalf of Conoco Inc., please find enclosed our application in the referenced case which we request be set on the next available examiner's docket now scheduled for May 13, 1999.

Also enclosed is our proposed notice for publication.

Very truly yours,



W. Thomas Kellahin

cc: Conoco Inc.

Attn: Mr. Jimmy D. Carlile

PROPOSED ADVERTISEMENT

CASE 2182 Application of Conoco Inc. for the adoption of special pool rules for the South Hardy-Strawn Pool, Lea County, New Mexico. Applicant seeks the promulgation of special pool rules for the South Hardy-Strawn Pool including provisions for 160-acre oil spacing units, designation of well location requirements and a special 600 barrels of oil per day depth bracket oil allowable. Said pool is located in Section 36, T20S, R37E NMPM and is approximately 12 miles southeast of Hobbs, New Mexico.

8 miles
south-southeast of
Monument NM

OIL CONSERVATION DIV
99 APR 19 AM 9:04

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

OIL CONSERVATION DIV.
APR 19 AM 9:04

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

APPLICATION OF CONOCO INC.
FOR SPECIAL POOL RULES FOR THE
HARDY STRAWN SOUTH POOL
LEA COUNTY, NEW MEXICO.

CASE NO. 12182

APPLICATION

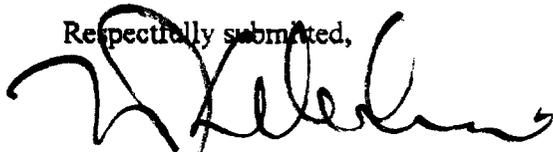
Comes now Conoco Inc. ("Conoco") by its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation for the promulgation of Special Pool Rules and Regulations for the Hardy Strawn South Pool including 160-acre oil spacing and proration units, special well locations requirements and a special depth bracket oil allowable of 600 barrels of oil per day and in support thereof states:

1. Conoco has drilled, completed and now operates its Hardy 36 State Well No. 26 (API No. 30-025-34311) located 870 feet from the North line and 1650 feet from the East line (Unit B) of Section 36, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico.
2. This well constitutes a "new oil discovery" for the production of oil from the Strawn formation.
3. On April 9, 1999, Conoco filed a request with the Division's Hobbs office for the creation of a new Strawn oil pool ("Hardy Strawn South Pool") comprising the NE/4 of Section 36, Township 20 South, Range 37 East.
4. On April 9, 1999, Conoco filed an application with the Division's Hobbs office requesting the assignment of a "discovery oil allowable" to the Hardy 36 State Well No. 26.

5. The nearest historical Strawn oil production was located within one mile to the SW in the South Cass Strawn Pool.
6. The creation of a new pool and approval of a discovery allowable have been docketed for hearing by the Division on its May 13, 1999, Examiner's nomenclature docket.
7. Conoco now requests the adoption of the following Special Rules and Regulations for the Hardy Strawn South Pool:
 - (a) 160-acre oil spacing and proration units;
 - (b) with no more than one producing well for each 160-acre spacing or proration unit;
 - (c) well locations within 660 feet of the side boundary of a governmental quarter section;
 - (d) a special depth bracket maximum oil allowable of 600 barrels of oil per day per oil spacing unit; and
8. Based upon data from the discovery well, the initial rules for the pool should provide for 160-acre oil proration and spacing units combined with the limit of no more than one well per unit to prevent the drilling of unnecessary wells and to protect correlative rights and provide for the orderly development of the reservoir.
9. Notification of this application and request for hearing to be held on May 13, 1999 has been sent to all operators within one mile of the outer boundary of the pool as set forth on Exhibit "A" attached. Conoco currently is the only operator within this pool.

Wherefore, Applicant's request that, after notice and hearing, this application be granted.

Respectfully submitted,



W. Thomas Kellahin
Kellahin & Kellahin
P.O. Box 2265
Santa Fe, New Mexico 87501

**Hardy 36 State # 26
Section 36, T-20-S, R-37-E, B
API # 30-025-34311
Lea County, New Mexico**

RE: Application For Discovery Allowable and Creation of a New Pool (C-109)

Notification of Offset Operators:

Southwest Royalties Inc.
PO Box 11390
Midland, TX 79702-8390

Lynx Petroleum Consultants
PO Box 1979
Hobbs, NM 88241-1979

John H. Hendrix
PO Box 3040
Midland, TX 79702-3040

Burlington Resources
PO Box 51810
Midland, TX 79710-1810

Aitura Energy
PO Box 4294
Houston, TX 77210

Texaco
PO Box 3109
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