

**Examiner Hearing – December 2, 1999**

**Docket No. 36-99**

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**CASE 12302:**     **Application of SDX Resources, Inc. for an unorthodox infill gas well location, Lea County, New Mexico.** Applicant seeks an exception to the well location requirements provided within the "*Special Rules and Regulations for the Jalmat Gas Pool*", as promulgated by Division Order No. R-8170, as amended, for an unorthodox Jalmat infill gas well location within an existing non-standard 120-acre gas spacing and proration unit (approved by Division Order No. R-369-A, dated September 28, 1953) comprising the N/2 SW/4 and SW/4 SW/4 of Section 5, Township 25 South, Range 37 East, which is located approximately 3 miles north of Jal, New Mexico. The proposed E. J. Wells Well No. 25 is to be drilled 2180 feet from the South line and 1980 feet from the West line (Unit K) of Section 5. This unit is currently dedicated to SDX Resources, Inc.'s: (i) E. J. Wells Well No. 13 (API No. 30-025-11458), located at a standard gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 5; and (ii) E. J. Wells Well No. 16 (API No. 30-025-28768), located at an unorthodox infill gas well location (approved by Division Administrative Order NSL-1823, dated June 22, 1984) 2310 feet from the South line and 610 feet from the West line (Unit L) of Section 5.

**CASE 12303:**     **Application of Raptor Resources, Inc. for two unorthodox infill gas well locations, Lea County, New Mexico.** Applicant seeks exceptions to the well location requirements provided within the "*Special Rules and Regulations for the Jalmat Gas Pool*", as promulgated by Division Order No. R-8170, as amended, for two unorthodox Jalmat infill gas well locations within an existing non-standard 480-acre gas spacing and proration unit (approved by Division Order No. R-9073, dated December 14, 1989) comprising the N/2 and the SW/4 of Section 9, Township 22 South, Range 36 East, which is located approximately 8 miles west by south of Eunice, New Mexico. The two existing: (i) State "A" A/C-2 Well No 30 (API No. 30-025-08855), located at an unorthodox Jalmat infill gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 9; and (ii) State "A" A/C-2 Well No. 48 (API No. 30-025-08845), located at an unorthodox Jalmat infill gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 9, are currently completed in the South Eunice-Seven Rivers-Queen Pool at standard oil well locations; however, both are to be plugged back and recompleted up-hole into the Jalmat Gas Pool. This unit is currently simultaneously dedicated to the applicant's State "A" A/C-2 Wells No. 1, 4, 29, 38, 40, 57, 63, 67, and 72.

**CASE 12304:**     **Application of Raptor Resources, Inc. for an unorthodox infill gas well location, Lea County, New Mexico.** Applicant seeks an exception to the well location requirements provided within the "*Special Rules and Regulations for the Jalmat Gas Pool*", as promulgated by Division Order No. R-8170, as amended, for an unorthodox Jalmat infill gas well location within an existing standard 640-acre gas spacing and proration unit comprising all of Section 8, Township 22 South, Range 36 East, which is located approximately 8 miles west by south of Eunice, New Mexico. The existing State "A" A/C-2 Well No. 54 (API No. 30-025-08841), located at an unorthodox Jalmat infill gas well location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 8, is currently completed in the South Eunice-Seven Rivers-Queen Pool at a standard oil well location; however, this well is to be plugged back and recompleted up-hole into the Jalmat Gas Pool. This unit is currently simultaneously dedicated to the applicant's State "A" A/C-2 Wells No. 3, 24, 25, 26, 43, and 70.

**CASE 12236:**     **Continued from October 21, Examiner Hearing.**

**Application of Prairie Sun, Inc. for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation through the base of the Morrow formation underlying the E/2 of Section 28, Township 23 South, Range 29 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within this vertical extent. The unit is to be dedicated to the existing Laguna Grande Well No. 1 located 1380 feet from the South line and 990 feet from the East line (Unit I) of Section 28. Also to be considered will be the cost of re-entering and recompleting the 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 re-entering and recompleting the well. The unit is located approximately 7 1/2 miles east of Lovington, New Mexico.

**CASE 12086:**     **Consolidated – Continued from November 18, 1999, Examiner 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 reduced 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, and 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.

**CASE 12086:**     **Consolidated - Continued from November 18, 1999, Examiner Hearing.**

**Application of Energen Resources Corporation 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 reduced 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, and Snyder "C" Well No. 4, and the Snyder "EC" Com Well No. 1, 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.

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**CASE 12280:** Continued from November 18, 1999, Examiner Hearing.

**Application of Oil Conservation Division for an order requiring Rault Petroleum Corporation to plug four (4) wells in Lincoln, De Baca and Chaves Counties, New Mexico.** In the matter of the hearing called by the Oil Conservation Division to permit the operator, Rault Petroleum Corporation and all other interested parties to appear and show cause why the following four (4) wells located in (i) Unit J, Section 2, Township 3, South, Range 19 East, Lincoln County (the Armstrong State Well No. 1), (ii) Unit M, Section 33, Township 3 South, Range 25 East, De Baca County (the Mark W. Isler Well No. 1), (iii) Unit G, Section 24, Township 1 North, Range 20 East, De Baca County (the Ridge State Well No. 1), and (iv) Unit F, Section 24, Township 8 South, Range 27 East, Chaves County, (the Union State Well No. 1), should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells, (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order.