

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 18, 1999

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 36-99 and 37-99 are tentatively set for December 2 and December 16, 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 12282: **Application of Yates Petroleum Corporation for Approval of a Unit Agreement, Lea County, New Mexico.** Applicant seeks approval of the Sand Springs State Unit for an area comprising 4573.92 acres, more or less, of state lands in all or portions of Sections 34 and 35, Township 10 South, Range 34 East; Sections 13 and 24, Township 11 South, Range 34 East; and Sections 5, 6, 7, and 18, Township 11 South, Range 35 East. The unit area is located approximately 12 miles east of Caprock, New Mexico.

CASE 12283: **Application of Yates Petroleum Corporation for an Unorthodox Gas Well Location, Chaves County, New Mexico.** Applicant seeks to reinstate the unorthodox gas well location provision of Division Order No. R-8914 by granting an exception to Division Rule 104.C(2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999. Yates Petroleum Corporation proposes to re-enter the plugged and abandoned Hanson Operating Company, Inc. Yates Valley State Com. Well No. 1 (API No. 30-005-62691), to be redesignated the Yates Valley "ATM" State Well No. 1, which is located at an unorthodox gas well location 1650 feet from the North line and 2310 feet from the East line (Unit G) of Section 36, Township 10 South, Range 26 East. The E/2 of Section 36 is to be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit for any formations from the top of the Wolfcamp formation to the base of the Montoya formation developed on 320-acre spacing. This unit is located approximately 16 miles east of Roswell, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12284: **Application of McElvain Oil & Gas Properties, Inc. for Compulsory Pooling and an Unorthodox Well Location, Rio Arriba 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 33, Township 26 North, Range 2 West, in the following manner: (a) the S/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 within this vertical extent which presently includes but is not necessarily limited to the Blanco-Mesaverde Pool, Basin-Dakota Pool, and Undesignated Gavilan Greenhorn-Graneros-Dakota Oil Pool; (b) the SE/4 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within this vertical extent which presently includes but is not necessarily limited to the Undesignated Northeast Ojito Gallup-Dakota Oil Pool; and (c) the NW/4 SE/4 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 this vertical extent. All three units are to be dedicated to a single well, the proposed Cougar Com. "33" Well No. 1, to be drilled 1970 feet from the South line and 2125 feet from the East line (Unit J) of Section 33. This location: (i) is considered standard for the Blanco-Mesaverde Pool and for all formation spaced on 40 acres; (ii) is unorthodox for the Undesignated Gavilan Greenhorn-Graneros-Dakota Oil Pool and for all formation spaced on 160 acres; and (iii) has been approved as an unorthodox gas well location for the Basin-Dakota Pool by Division Administrative Order NSL-4370, dated October 25, 1999. 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 applicant as the operator of the well, and a charge for risk involved in drilling the well. The proposed well location is approximately 9 miles north of Lindrith, New Mexico.

CASE 12285: **Application of Nearburg Exploration, Company, LLC. 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 N/2 for all formations developed on 320-acre spacing including but not limited to the Undesignated San Simon Wolfcamp Gas Pool, the NW/4 for all formations developed on 160-acre spacing, the N/2 NW/4 for all formations developed on 80-acre spacing, and the NW/4 NW/4 for all formations developed on 40-acre spacing, all in Section 17, Township 22 South, Range 35 East. Applicant proposes to dedicate these pooled units to a well to be drilled at a standard gas well in the NW/4 NW/4 of Section 17. 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 Nearburg Producing Company as operator of the well, and a charge for risk involved in drilling and completing the well. The area is located approximately 10.5 miles southwest of Oil Center, New Mexico.

CASE 12286: **Application of Nearburg Exploration Company L.L.C. for an Unorthodox Gas Well Location, Eddy County, New Mexico.** Applicant seeks an exception to Division Rule 104.C(2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, to drill its South Boyd "27" Well No. 10 to the Morrow formation at an unorthodox gas well location 510 feet from the North line and 990 feet from the East line (Unit A) of Section 27, Township 19 South, Range 25 East. The N/2 of Section 27 is to be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit for the Undesignated Cemetery-Morrow Gas Pool. This unit is located approximately 6 miles west of Lakewood, New Mexico.

CASE 12275: **Continued from November 4, 1999, Examiner Hearing.**

Application of Nearburg Exploration Company, L.L.C. for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the S/2 including but not limited to the East Gem-Morrow Gas Pool, in all formations developed on 160-acre spacing in the SE/4, in all formations developed on 80-acre spacing in the N/2 SE/4, and in all formations developed on 40-acre spacing in the NW/4 SE/4 of Section 13, Township 19 South, Range 33 East. The units are to be dedicated to its Stetson 13 Federal Com Well. No. 1 to be drilled at a standard location 1650 feet from the South and East lines of Section 13 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. 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 Nearburg Producing Company as the operator of the well, and a charge for risk involved in drilling and completing the well. These units are located approximately 9 miles northeast of Halfway, New Mexico.

CASE 12259: **Readvertised**

Application of Southwestern Energy Production Company for Compulsory Pooling, 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 36, Township 17 South, Range 27 East, in the following manner: the N/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 within that vertical extent, including the Undesignated North Illinois Camp-Morrow Gas Pool, and the NW/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 that vertical extent, including the Logan Draw-Wolfcamp Gas Pool and the Undesignated Empire-Pennsylvanian Gas Pool. The units are to be dedicated to applicant's No Bluff "36" State Com. Well No. 1 to be drilled at a location 660 feet from the North line and 860 feet from the West line of Section 36, as well as any other well drilled on 320-acre spacing pursuant to Division rules. Also to be considered will be 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 the risk involved in drilling and completing the well. The units are located approximately 10 miles southeast of Artesia, New Mexico.

CASE 12237: **Continued from November 4, 1999 Examiner Hearing.**

Application of Mewbourne Oil Company for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Bone Spring formation to the base of the Morrow formation underlying the W/2 of Section 8, Township 18 South, Range 31 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, including the Undesignated North Shugart-Atoka Gas Pool and Undesignated North Shugart-Morrow Gas Pool. The unit is to be dedicated to its Fren "8" Fed. Com. Well No. 1, located at an orthodox gas well location in the NW/4 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 applicant as the operator of the well, and a charge for risk involved in drilling and completing the well. The unit is located approximately 6 1/2 miles southeast of Loco Hills, New Mexico.

CASE 12287: **Application of Nearburg Exploration Company, L.L.C. for Compulsory Pooling, 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 7, Township 22 South, Range 26 East, 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 spacing within that vertical extent, including the Undesignated Hackberry Hills-Canyon Gas Pool, Undesignated Happy Valley-Strawn Gas Pool, Undesignated Hackberry Hills-Atoka Gas Pool, and Happy Valley-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 NE/4 SW/4 for 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 Filaree Dome-Delaware Pool and Undesignated Happy Valley-Bone Spring Pool. The units are to be dedicated to its White Tip "7" Fed. Well No. 2 to be located 1500 feet from the South line and 1980 feet from the East line (Unit K) of Section 7. 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 Nearburg Producing Company as the operator of the well, and a charge for risk involved in drilling and completing the well. These units are located approximately 6.5 miles west-southwest of Carlsbad, New Mexico.

CASE 12244: **Continued from November 4, 1999, Examiner Hearing.**

Application of Nearburg Exploration Company, L.L.C. for Compulsory Pooling, 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 7, Township 22 South, Range 26 East, in the following manner: the E/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 Hackberry Hills-Canyon Gas Pool, Undesignated Happy Valley-Strawn Gas Pool, Undesignated Hackberry Hills-Atoka Gas Pool, and Happy Valley-Morrow Gas Pool; the SE/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 NE/4 SE/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 Filaree Dome-Delaware Pool and Undesignated Happy Valley-Bone Spring Pool. The units are to be dedicated to its White Tip "7" Fed. Well No. 1 to be located 1550 feet from the South line and 990 feet from the East line (Unit I) of Section 7. 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 Nearburg Producing Company as the operator of the well, and a charge for risk involved in drilling and completing the well. The unit is located approximately 6 miles west-southeast of Carlsbad, New Mexico.

CASE 12288: **Application of Kerr-McGee Oil & Gas Onshore, L.L.C. for a Non-standard Subsurface Gas Well Location/Producing Area, Eddy County, New Mexico.** Applicant, in accordance with Division Rules 104.F and 111.C(2), seeks approval for a non-standard subsurface gas well location/producing area within the Indian Basin-Upper Pennsylvanian Gas Pool for its existing West Indian Basin Unit Well No. 1 (API No. 30-015-10219), located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 17, Township 21 South, Range 23 East (which is located approximately 25 miles west by north of Carlsbad, New Mexico). This well is to be recompleted back into a 640-acre gas spacing and proration unit consisting entirely of Section 17, which is a standard spacing unit for the Indian Basin-Upper Pennsylvanian Gas Pool, in such a manner that the subsurface/bottomhole location will be no closer than 660 feet from the South line of Section 17 nor closer than 1650 feet from the West, North, and East lines of Section 17.