

Examiner Hearing – December 16, 1999

Docket No. 37-99

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CASE 12003: Reopened

In the matter of Case 12003 being reopened pursuant to the provisions of Division Order No. R-11053-A, which order established temporary special rules and regulations for the Featherstone-Bone Spring Pool in Lea County, New Mexico, including a provision for 80-acre spacing units. Operators in the Featherstone-Bone Spring Pool may appear and show cause why the temporary special rules for the pool should not be rescinded.

CASE 12313: Application of David H. Arrington Oil & Gas, Inc. for compulsory pooling and directional drilling of a horizontal well, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation, Northeast Lovington-Pennsylvanian Pool, underlying the following described acreage in Section 10, Township 16 South, Range 37 East in the following manner: (a) the NW/4 SW/4 for any formations and/or pools developed on 40-acre spacing and (b) the SW/4 in order to form a 160-acre Project Area, as defined by Division Rule 111.A(9), by combining two standard 80-acre oil spacing and proration units in order to accommodate a horizontally drilled wellbore. The applicant proposes to vertically drill its H & L Variance "10" Well No. 1 at a surface location 2130 feet from the South line and 330 feet from the West line (Unit L) of Section 10 to an approximate depth of 11,600 feet, kick-off, and then drill horizontally in an easterly direction a lateral distance of 1400 feet through the Strawn formation. The applicable drilling window or producing area [see Division Rule 111.A(7)] for the proposed wellbore is to be standard for any 40-acre unit and 80-acre units per the outer setback requirements for 80-acre units in the subject pool. Also to be considered will be the cost of drilling and completing this wellbore 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 location of the proposed well is approximately six miles east of Lovington, New Mexico.

CASE 12272: Continued from October 21, 1999, Examiner Hearing.

Application of Falcon Creek Resources, Inc. for authority to inject water into six wells in the proposed Teas-Yates Seven Rivers Unit Waterflood Project Area, Lea County, New Mexico. Applicant seeks approval to inject water into the Yates and Seven Rivers formations, West Teas-Yates Seven Rivers Pool, through 6 wells in its proposed Teas-Yates Seven Rivers Unit Waterflood Seven Rivers Pool, located in the following area:

Township 20 South, Range 33 East:

Section 4: SE/4

Section 9: N/2

Section 16: NE/4

This area is located approximately 5 miles northeast of the intersection of New Mexico Highways 176 and 62/180.

CASE 12314: Application of Cross Timbers Oil Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant seeks approval to recomplete its existing Federal Gas Com. "H" Well No. 2 (API No. 30-045-29705), at an unorthodox gas well location in the Pictured Cliffs formation 2045 feet from the North line and 1685 feet from the East line (Unit G) of Section 31, Township 30 North, Range 12 West. Lots 1 and 2 and the E/2 NW/4 (NW/4) equivalent) of Section 31 are to be dedicated to this well in order to form a standard 158.74-acre gas spacing and proration unit for the Fulcher Kutz-Pictured Cliffs Pool, which is located approximately 1.5 miles north of U.S. Highway 550 at Foothills Drive.

CASE 12315: Application of Oil Conservation Division for an order requiring Avra Oil Company to clean up and/or close a site containing oil and gas contamination, Lea County, New Mexico. Application of the Oil Conservation Division for a show cause hearing requiring Avra Oil Company to appear and show cause why the Division should not: (1) order Avra's pit and other facilities located in Unit G of Section 11, Township 18 South, Range 38 East, cleaned up and/or closed in accordance with Division requirements; (2) clean up and/or close the site if Avra does not and assess the costs against Avra; (3) declare Avra's \$50,000 blanket bond forfeited, foreclose on that bond and collect any costs in excess of the bond from Avra; (4) revoke Avra's authorization to operate; and (5) assess penalties against Avra for failure to properly clean up and/or close the site. The site is located approximately 13 miles east of Lovington, New Mexico.

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CASE 12287: Continued from December 2, 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 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 12310: **Application of Yates Petroleum Corporation for an order conforming the Special Pool Rules and Regulations for the Burton Flat-Morrow Gas Pool to Division Rule 104, Eddy County, New Mexico.** Applicant seeks an order amending the Special Rules and Regulations for the Burton Flat-Morrow Gas Pool, adopted as codified in Division Order No. R-8170, to conform to the provisions of Division Rule 104 to provide that (1) the initial well on a 320-acre unit is located no closer than 660 feet to the outer boundary of a quarter section on which the well is located and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary; (2) only one infill well on a 320-acre unit shall be allowed provided that the well is located in the quarter section of the 320-acre unit not containing the initial well and is no closer than 660 feet to the outer boundary of the quarter section and no closer than 10 feet to any quarter-quarter section line or subdivision inner boundary, and (3) the Division-designated operator for the infill well is the same operator designated by the Division for the initial well. The Burton Flat-Morrow Gas Pool is located in portions of Townships 20 and 21 South and Ranges 26, 27, and 28 East. The pool is located on the northern outskirts of Carlsbad, New Mexico. IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.

CASE 12291: Continued from December 2, 1999, Examiner Hearing.

Application of Yates Petroleum Corporation for an Unorthodox Gas Well Location, Lea 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 re-enter and deepen the plugged and abandoned R. L. Burns Corporation Witt Well No. 1 (API No. 30-025-24559) to be redesignated the R. T. Burns "ATL" Well No. 1, to the Mississippian formation at an unorthodox gas well location 330 feet from the South and East lines (Unit P) of Section 11, Township 16 South, Range 35 East. The E/2 of Section 2 is to be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit for the Undesignated North Townsend-Mississippian Gas Pool. This unit is located approximately one mile southwest of the Lovington Lea County – Zip Franklin Memorial Airport.

CASE 12311: **Application of Threshold Development Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing from the surface to the base of the Wolfcamp formation in the N/2 of Section 28, Township 24 South, Range 33 East, in the following manner: the N/2 for all formations/pools developed on 320-acre spacing, the NW/4 for all formations/pools developed on 160-acre spacing, the E/2 NW/4 for all formations/pools developed on 80-acre spacing, and the NE/4 NW/4 for all formations/pools developed on 40-acre spacing. The units are to be dedicated to its State Com Well No. 1 to be drilled at a standard location in the NE/4 NW/4 of Section 28. Also to be considered will be the cost of drilling and completing the well and the 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 area is located approximately 8 miles east-southeast of the intersection of Highway 128 with the Eddy-Lea County line.

CASE 12312: **Application of Texaco Exploration and Production 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 30, Township 16 South, Range 32 East, in the following manner: (a) the S/2 to form a standard 320-acre spacing and proration unit for all formations and/or pools developed on 320-acre spacing; (b) the SW/4 to form a standard 160-acre gas spacing and proration unit for all formations and/or pools developed on 160-acre spacing; (c) the S/2 SW/4 to form a standard 80-acre spacing and proration unit for all formations and/or pools developed on 80-acre spacing; and (d) the SW/4 SW/4 to form a standard 40-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing. These units are to be dedicated to a single well, the proposed Texmack "30" State Com Well No. 1 to be drilled as a wildcat well at a standard location in the SW/4 of Section 30. 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 proposed well location is approximately 3 miles northwest of Maljamar, New Mexico.