

DOCKET: COMMISSION HEARING – WEDNESDAY – AUGUST 23, 2000

**9:00 A.M. - OCD Hearing Room
2040 S. Pacheco
Santa Fe, New Mexico**

The Land Commissioner's designee for this hearing will be Jami Bailey.

The minutes of the July 21, 2000, Commission hearing will be adopted.

The Oil Conservation Commission may vote to close the open meeting to deliberate any De Novo cases heard at this hearing.

CASE 12008: De Novo - Continued from July 21, 2000 Commission Hearing.

Application of Robert E. Landreth for a determination of reasonable well costs, Lea County, New Mexico. Applicant, as a mineral interest owner in the standard 320-acre gas spacing and proration unit comprising the S/2 of Section 29, Township 22 South, Range 34 East, seeks an order ascertaining the reasonableness of actual well costs for: (i) the Santa Fe Energy Resources, Inc. Gaucho Unit Well No. 2-Y (**API No. 30-025-34026**), located 1650 feet from the South line and 1725 feet from the West line (Unit K) of Section 29; and (ii) the plugged and abandoned Gaucho Unit Well No. 2 (**API No. 30-025-33682**), located 1650 feet from the South and West lines (Unit K) of Section 29. This 320-acre unit was the subject of compulsory pooling Order No. R-10764, dated February 14, 1997. This area is located approximately 20 miles west by south of Eunice, New Mexico. Upon application of Robert E. Landreth, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12325: De Novo - Continued from July 21, 2000 Commission Hearing.

Application of Chesapeake Operating Inc. for Compulsory Pooling and an Unorthodox Subsurface Location, 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 17, Township 16 South, Range 36 East, in the following manner: 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 gas spacing within that vertical extent, including the West Lovington Pennsylvanian Gas Pool; the SW/4 for form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within that vertical extent, including the North Shoe Bar-Wolfcamp Gas Pool; and the S/2 SW/4 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre oil spacing within that vertical extent, including the Northeast Show Bar-Strawn Pool. The unit(s) is to be dedicated to its College of Southwest "15" Well No. 1 which was drilled as a directional wellbore at total depth in the Morrow formation which is at an unorthodox subsurface location 580 feet from the South line and 1085 feet from the West line of this section. Also to be considered will be the costs of drilling and completing the well and the actual operating costs 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 unit is located approximately 3 miles south of the center of the City of Lovington, New Mexico. Upon application of Chesapeake Operating, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.