

*Examiner Hearing – July 13, 2000*

*Docket No. 19-00*

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**CASE 12451:**

**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 N/2 of Section 3, Township 19 South, Range 31 East, 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 but not limited to the Undesignated Shugart-Morrow Gas Pool. The unit is to be dedicated to its Red Cloud Fed. Com. Well No. 1, to be drilled at a location 1650 feet from the North line and 660 feet from the East line 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 Nearburg Producing Company as operator of the well, and a charge for the risk involved in drilling and completing the well. The units are located approximately 12½ miles southeast of Loco Hills, New Mexico.

**CASE 12353:**

**Continued from June 1, 2000, Examiner Hearing.**

**Application of Southwestern Energy Production Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the N/2 of Section 10, Township 17 South, Range 35 East, 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 South Shoe Bar-Atoka Gas Pool, the Undesignated South Shoe Bar-Morrow Gas Pool, and the Undesignated South Shoe Bar-Mississippian Gas Pool. The unit is to be dedicated to its South Shoe Bar "10" State Com. Well No. 4 to be drilled at an orthodox location in the NE/4 NW/4 of Section 10. 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 operator of the well, and a charge for risk involved in drilling and completing the well. The unit is located approximately 8 ½ miles southwest of Lovington, New Mexico.

**CASE 12386:**

**Continued from June 1, 2000, Examiner Hearing.**

**Application of Threshold Development Company for Compulsory Pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation, underlying the following described acreage in Section 16, Township 24 South, Range 33 East, and in the following manner: (a) 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 within this vertical extent which presently includes the Undesignated Johnson Ranch-Wolfcamp Gas Pool; (b) 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 said vertical extent; and (c) the NE/4 NW/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. These three units are to be dedicated to a single well, the proposed Johnson Ranch State "16" Well No. 1, to be drilled within the NE/4 NW/4 of Section 16 at a location considered to be standard for all three units. 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 units, and a charge for risk involved in drilling the well. The proposed well location is approximately four miles west-northwest of the junction of New Mexico State Road 128 and the Delaware Basin Road.

**CASE 12452:**

**Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing from the base of the Pictured Cliffs Formation to the base of the Mesaverde formation in the E/2 of Section 4, Township 25 North, Range 2 West. The units are to be dedicated to its Cougar Com "4" Well No. 1A to be re-entered and drilled to a depth sufficient to test all formations to the base of the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the NE/4 SE/4 of Section 4. Also to be considered will be the cost of drilling and completing said well and 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 risk involved in drilling the well. The area is located approximately 9 miles north of Lindrith, New Mexico.

**CASE 12453:**

**Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing from the base of the Pictured Cliffs Formation to the base of the Mesaverde formation in Lots 3, 4, S/2 NW/4, SW/4 (W/2 Equivalent) of Section 4, Township 25 North, Range 2 West. The units are to be dedicated to its Cougar Com "4" Well No. 2 to be drilled to a depth sufficient to test all formations to the base of the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the NW/4 NW/4 of Section 4. 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 operator of the well and a charge for risk involved in drilling the well. The area is located approximately 9.5 miles north of Lindrith, New Mexico.

**CASE 12369:** Continued from June 15, 2000, Examiner Hearing

**Application Concho Resources, Inc. for Compulsory Pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the N/2 of Section 10, township 17 South, Range 35 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 Shoe Bar-Atoka Gas Pool, Undesignated South shoe Bar-Morrow Gas Pool, Undesignated Shoe Bar-Mississippian Gas Pool, and Undesignated South Shoe Bar-Mississippian Gas Pool. This unit is to be dedicated to its proposed South Shoebar 10 State Com Well No. 2 (API No. 30-025-34783) to be drilled at a standard gas well location in the SW/4 NW/4 (Unit E) of Section 10. 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 operator of the well and a charge for risk involved in drilling the well. The area is located approximately 8 miles southwest of Lovington, New Mexico.

**CASE 12429:** Continued from June 15, 2000, Examiner Hearing

**Application of Concho Resources, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the W/2 including but not limited to the South Carlsbad-Morrow Gas Pool, in all formations developed on 160-acre spacing in the NW/4, and in all formations developed on 80-acre spacing in the W/2 NW/4 of Section 14, Township 23 South, Range 26 East. The units are to be dedicated to its Beretta 14 State Com Well No. 1 to be drilled at a standard location 1980 feet from the North line and 660 feet from the West line of Section 14 to a depth sufficient to test all formations from the surface to the base of the Morrow formation, South Carlsbad-Morrow Gas Pool. Also to be considered will be the cost of drilling and completing said well and 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 risk involved in drilling said well. The area is located approximately 1 mile South of Carlsbad, New Mexico.

**CASE 12417:** Continued from June 29, 2000 Examiner Hearing.

**Application of Saga Petroleum, L.L.C. for statutory unitization, Lea County, New Mexico.** Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interests in the Devonian formation, Crossroads Siluro-Devonian Pool, underlying 800 acres, more or less, of fee lands in the following acreage:

Township 9 South, Range 36 East, N.M.P.M.

Section 27: N/2, SE/4

Section 34: E/2

The unit is to be designated the Crossroads Siluro-Devonian Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. The unit area is located approximately 6 miles east of Crossroads, New Mexico.

**CASE 12418:** Continued from June 29, 2000 Examiner Hearing.

**Application of Saga Petroleum, L.L.C. for approval of a waterflood project for its Crossroads Siluro-Devonian Unit Area and qualification of said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.** Applicant seeks approval of its Crossroads Siluro-Devonian Unit Waterflood Project for injection of water into the Devonian formation, Crossroads Siluro-Devonian Pool, through four injection wells located in the following described area:

Township 9 South, Range 36 East, N.M.P.M.

Section 27: N/2, SE/4

Section 34: E/2

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for said waterflood operations. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). The unit is located approximately 6 miles east of Crossroads, New Mexico.

**CASE 12378:**     **Application of Tamarack Petroleum Company, Inc. for an Unorthodox Subsurface Oil and Gas Well Location, Lea County, New Mexico.** Applicant, in accordance with Division Rule 111.C (2), seek exceptions to Division Rules 104.B (1) and 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. Tamarack Petroleum Company, Inc. proposes to re-enter the plugged and abandoned Anadarko Petroleum Corporation Hood "8" Well No. 1 (API No. 30-025-30513), located 859 feet from the North line and 1981 feet from the East line (Unit B) of Section 8, Township 17 South, Range 38 East, and directionally drill to an approximate depth of 12,200 feet (TVD) at an unorthodox subsurface gas well location to be within 110 feet of a target point that is 1179 feet from the North line and 2211 feet from the East line (Unit B) of Section 8. Further, the: (i) E/2 of Section 8 is to be dedicated to this well in order to form a standard 320-acre stand-up gas spacing and proration unit for any and all formations from the top of the Wolfcamp formation to the base of the Atoka formation developed on 320-acre spacing; and (ii) NW/4 NE/4 of Section 8 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for any and all formations from the top of the Wolfcamp formation to the base of the Atoka formation developed on 40-acre spacing. The proposed well location is approximately two miles west of Knowles, New Mexico.

**CASE 12353:**     **Continued from April 6, 2000, Examiner Hearing.**

**Application of Southwestern Energy Production Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the N/2 of Section 10, Township 17 South, Range 35 East, 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 South Shoe Bar-Atoka Gas Pool, the Undesignated South Shoe Bar-Morrow Gas Pool, and the Undesignated South Shoe Bar-Mississippian Gas Pool. The unit is to be dedicated to its South Shoe Bar "10" State Com. Well No. 4 to be drilled at an orthodox location in the NE/4 NW/4 of Section 10. 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 operator of the well, and a charge for risk involved in drilling and completing the well. The unit is located approximately 8 1/2 miles southwest of Lovington, New Mexico.

**CASE 12379:**     **Application of KCS Medallion Resources, Inc. for Compulsory Pooling and an Unorthodox Gas Well Location, 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 23, Township 19 South, Range 29 East, and in the following manner: (i) the N/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 but not limited to the Undesignated West Parkway-Atoka Gas Pool and Undesignated West Parkway-Morrow Gas Pool; (ii) the NW/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, including but not limited to the Undesignated Parkway-Strawn Pool; (iii) and the NW/4 NW/4 for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, including but not limited to the Undesignated Parkway-Delaware Pool, Undesignated North Parkway-Wolfcamp Pool, and Undesignated North Parkway-Upper Pennsylvanian Pool. These units are to be dedicated to applicant's West Parkway State Well No. 1 to be drilled from a surface location 400 feet from the South line and 1050 feet from the East line (Unit P) of Section 15, Township 19 South, Range 29 East to a bottomhole location 660 feet from the North and West lines of Section 23. Applicant also requests approval of an unorthodox gas well location. 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 operator of the well and units, and a charge for risk involved in drilling and completing the well. The units are located approximately 12 1/2 miles south-southwest of Loco Hills, New Mexico.

**CASE 12380:**     **Application of Nadel and Gussman Permian, 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 34, Township 24 South, Range 28 East, and in the following manner: (a) 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 which presently include the Undesignated Salt Draw-Atoka Gas Pool; (b) the NE/4 to form a standard 160-acre gas spacing and proration unit for all formations developed on 160-acre spacing within that vertical extent; and (c) the NE/4 NE/4 to form a standard 40-acre oil spacing and proration unit for all formations developed on 40-acre spacing within that vertical extent, including the Willow Lake-Bone Spring Pool. These three units are to be dedicated to a single well, the Kyle 34 Federal Well No. 1, to be drilled within the NE/4 NE/4 (Unit A) 4 of Section 34 at a location considered to be standard for all three units. 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 operator of the well and units, and a charge for risk involved in drilling and completing the well. The units are located approximately 3 miles south of Malaga, New Mexico.

**CASE 12381:**     **Application of David H. Arrington Oil & Gas, Inc. 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 drill its proposed Mayfly "14" State Com. Well No. 7 to the Mississippian formation at an unorthodox gas well location 330 feet from the North and East lines (Unit A) of Section 14, Township 16 South, Range 35 East. The E/2 of Section 14 is to be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing from the top of the Cisco formation to the base of the Mississippian formation, which includes 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. This unit is located approximately one and one-half miles south-southwest of the Lovington Lea County - Zip Franklin Memorial Airport (E06).

**DOCKET: EXAMINER HEARING - THURSDAY - APRIL 20, 2000**  
8:15 A.M. - 2040 South Pacheco  
Santa Fe, New Mexico

Dockets Nos. 12-00 and 13-00 are tentatively set for May 4 and May 18, 2000. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

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**NOTICE:**

***In the future, all drafts of advertisements for hearing applications must be submitted electronically. You can e-mail them to Sally Martinez at:***

***semartinez@emnrd.state.nm.us.***

***If you are unable to file electronically, please submit them on disk.***

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**CASE 12364:** Continued from April 6, 2000, Examiner Hearing.

**Application of Dugan Production Corporation for Salt Water Disposal, San Juan County, New Mexico.** Applicant seeks authority to utilize its Stella Needs a Corn. Well No. 1 (API No. 30-045-08994), located 1650 feet from the South and West lines (Unit K) of Section 36, Township 30 North, Range 14 West, to dispose of produced salt water into the Blanco-Mesaverde Pool through the perforated interval from approximately 3,690 feet to 3,820 feet. This well is located approximately 2.5 miles northwest of the Farmington Four Corners Regional airport (FMN).

**CASE 12365:** Continued from April 6, 2000, Examiner Hearing.

**Application of Dugan Production Corporation for Salt Water Disposal, San Juan County, New Mexico.** Applicant seeks authority to utilize its West Bisti Unit Well No. 153 (API No. 30-045-05619), located 1990 feet from the South line and 1960 feet from the West line (Unit K) of Section 35, Township 26 North, Range 13 West, to dispose of produced salt water into the Blanco-Mesaverde Pool through the perforated interval from approximately 2,747 feet to 3,875 feet. This well is located approximately 18 miles south of Farmington, New Mexico.

**CASE 12377:** **Application of Concho Resources, Inc. 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 10, Township 17 South, Range 27 East, and 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 the Undesignated Logan Draw-Atoka Gas Pool, Undesignated Logan Draw-Morrow Gas Pool, and Undesignated Crow Flats-Morrow Gas Pool; and (b) the SE/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 this vertical extent which presently includes the Undesignated Empire-Grayburg Gas Pool. Both units are to be dedicated to a single well, its proposed Woody "10" Federal Com. Well No. 1, to be drilled within the SE/4 SE/4 (Unit P) of Section 10 at a location considered to be standard for these two units. 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 this well and the two above-described units, and a charge for risk involved in drilling the well. The proposed well location is approximately 1.5 miles northeast of Riverside, New Mexico.

**CASE 12369:** Continued from April 6, 2000, Examiner Hearing.

**Application Concho Resources, Inc. for Compulsory Pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the N/2 of Section 10, township 17 South, Range 35 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 Shoe Bar-Atoka Gas Pool, Undesignated South shoe Bar-Morrow Gas Pool, Undesignated Shoe Bar-Mississippian Gas Pool, and Undesignated South Shoe Bar-Mississippian Gas Pool. This unit is to be dedicated to its proposed South Shoebar 10 State Com Well No. 2 (API No. 30-025-34783) to be drilled at a standard gas well location in the SW/4 NW/4 (Unit E) of Section 10. 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 operator of the well and a charge for risk involved in drilling the well. The area is located approximately 8 miles southwest of Lovington, New Mexico.