

Examiner Hearing – April 6, 2000

Docket No. 09-00

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CASE 12373: **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. Yates Petroleum Corporation proposes to re-enter the plugged and abandoned Read & Stevens State "F" Well No. 1 (API No. 30-025-23286) to be redesignated the Caprock "AVD" State Well No. 1, which is located at an unorthodox gas well location 660 feet from the North line and 510 feet from the East line (Unit A) of Section 13, Township 11 South, Range 32 East. The E/2 of Section 13 is to be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit for either the Atoka and Morrow formations and the Undesignated East Caprock-Mississippian Gas Pool. Said unit is located approximately three miles southeast of Caprock, New Mexico **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12374: **Application of Yates Petroleum Corporation for Amendment of the Special Rules and Regulations for the South Big Dog-Strawn Pool, Lea County, New Mexico.** Applicant seeks the amendment of the Special Rules and Regulations for the South Big Dog-Strawn Pool located in portions of Section 32, Township 15 South, Range 35 East, and portions of Sections 1, 2, 3, 11 and 12, Township 16 South, Range 35 East, including the adoption of a special gas-oil ratio for the pool of 6000 cubic feet of gas for each barrel of oil produced. This area is centered approximately 4 miles west of Lovington, New Mexico.

CASE 12375: **Application of Yates Petroleum Corporation for Special Pool Rules, Lea County, New Mexico.** Applicant seeks an increase in the depth bracket allowable for the Northwest Shoe Bar-Strawn Pool located in portions of Section 15, Township 16 South, Range 35 East, to 365 barrels of oil per day for each 40-acre unit. This pool is located approximately 5.5 miles west of Lovington, New Mexico.

CASE 12343: **Continued from March 2, 2000, Examiner Hearing.**

Application of John H. Hendrix Corporation for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all oil and associated casinghead gas formations developed on 40-acre spacing from the base of the Grayburg formation to the base of the Drinkard formation in the NE/4 SW/4 of Section 34, Township 23 South, Range 37 East. The unit is to be dedicated to its Eva Blinebry "B" Well No. 1, to be drilled at a standard location in the NE/4 SW/4 of Section 34 to a depth of approximately 6,400 feet to test all formations from the base of the Grayburg formation to the base of the Drinkard formation, Teague-Paddock-Blinebry Pool and the Undesignated Imperial Tubb-Drinkard Pool. Also to be considered will be the cost of drilling and completing the well and the allocation of the 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 well is located approximately 12 miles south of Eunice, New Mexico.

CASE 12086: **Consolidated – Continued from February 17, 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 February 17, 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 12376: In the matter of the hearing called by the Oil Conservation Division for an order creating and extending certain pools in Chaves and Eddy Counties, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Sout. Diamond Mound-Atoka Gas Pool. The discovery well is the Yates Petroleum Corporation Lucky Strike "AST" Federal Com Well No. 1 located in Unit N of Section 28, Township 16 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 28: S/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Grayburg production and designated as the Dog Canyon-Grayburg Gas Pool. The discovery well is The Edmar Company LLC's OXY Polar Bear State Well No. 1 located in Unit K of Section 36, Township 16 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 36: SW/4

- (c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Fadeaway Ridge-Wolfcamp Pool. The discovery well is the Saga Petroleum Limited Liability Company of Colorado's Pacheco Federal Well No. 1 located in Unit J of Section 31, Township 19 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 31; SE/4

- (d) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Strawn production and designated as the Grayburg-Strawn Pool. The discovery well is the Marbob Energy Corporation M. Dodd "B" Deep Federal Well No. 1 located in Unit I of Section 14, Township 17 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 14: SE/4

- (e) EXTEND the West Atoka-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 2: W/2

- (f) EXTEND the South Carlsbad-Strawn Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 7: W/2
Section 18: W/2

- (g) EXTEND the Crow Flats-Morrow Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 23: E/2
Section 26: E/2

- (h) EXTEND the Southeast Crow Flats-Morrow Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 4: E/2
Section 9: E/2

- (i) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 4: N/2

- (j) EXTEND the Foor Ranch-Wolfcamp Gas Pool in Chaves County, New Mexico, to include:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM
Section 14: W/2