

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 10, 2000

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 23-00 and 24-00 are tentatively set for August 24 and September 7, 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:

CASE 12462: Continued from July 27, 2000, Examiner Hearing.

Application of Santa Fe Snyder Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval to produce its Outland State Unit Well No. 1 at an unorthodox gas well location 638 feet from the South line and 739 feet from the West line (Unit M) of Section 12, Township 21 South, Range 34 East, for production from the Morrow formation, Wilson-Morrow Gas Pool, to be dedicated to a standard 320-acre gas spacing and proration unit consisting of the W/2 of this section. This location is approximately 16 miles west-northwest of Eunice, New Mexico.

CASE 12464: **Application of Chesapeake Operating, Inc. for approval of an unorthodox subsurface well location, Lea County, New Mexico.** Applicant seeks approval to drill its Warehouse "10" Well No. 2 at a surface location 1196 feet from the North line and 2463 feet from the East line (Unit B) of Section 10, Township 16 South, Range 36 East, to an unorthodox subsurface location at the top of the Strawn formation within a 100 foot radius of a point 1842 feet from the North line and 2213 feet from the East line (Unit G) of this section and to dedicate the S/2 NE/4 of this section as a standard 80-acre oil proration and spacing unit to this well for production from the Northeast Lovington-Pennsylvanian Pool.**CASE 12420:** Continued from July 13, 2000, 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 underlying the W/2 of Section 5, Township 17 South, Range 27 East, to form a standard 320-acre gas spacing and proration unit or units for all formations and/or pools developed on 320-acre spacing within that vertical extent, including, but not limited to the Undesignated Crow Flats Morrow Gas Pool. The units are to be dedicated to applicant's proposed Dog Canyon 5 Fed. Com. Well No. 1 to be drilled at a standard location 660 feet from the South and West lines of Section 5. 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 Nearburg Producing Company, L.L.C. as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 2 miles northeast of Artesia, New Mexico.

CASE 12382: Continued from July 27, 2000, 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 21, Township 19 South, Range 28 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 South Millman-Atoka Gas Pool, Undesignated Winchester-Atoka Gas Pool, Undesignated South Millman-Morrow Gas Pool, Undesignated Winchester-Morrow Gas Pool, and Undesignated North Winchester-Morrow Gas Pool; (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 said vertical extent; and (c) the SW/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 which presently includes but is not necessarily limited to the East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool and the Undesignated North Winchester-Wolfcamp Pool. These units are to be dedicated to a single well to be drilled at a location considered to be standard for all three units 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 21. 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 the three above-described units, and a charge for risk involved in drilling the well. Further, the East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool underlying the SW/4 SE/4 of Section 21 is currently dedicated to C.F.M. Oil Company's Monsanto State Well No. 1 (API No. 30-015-24252), located at a standard oil well location 986 feet from the South line and 1650 feet from the East line (Unit O) of Section 21. At the time of the hearing it will be necessary for the applicant to address certain issues created by the forced pooling of producing acreage currently operated by another operator. The proposed well location is approximately eleven miles east of Lakewood, New Mexico.

CASE 12465: **Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests underlying the E/2 of Section 19, Township 18 South, Range 28 East and in the following manner: a) E/2 to form a standard 320-acre gas spacing and proration unit or units for 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 undesignated South Empire Morrow Gas Pool; b) NE/4 for all 160 acre formations; c) N/2 NE/4 for all 80 acre formations and d) NW/4 NE/4 for all 40 acre formations, including the Artesia-Queen-Grayburg-San Andres pool. The units are to be dedicated to applicant's proposed Pathfinder 19 State Com. No. 1 Well to be drilled at a standard location 660 feet from the North line and 1,980 feet from the East line of Section 19. 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, L.L.C. as operator of the well and a charge for risk involved in drilling the well. The proposed well location is approximately 10 miles southeast of Artesia, New Mexico.

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CASE 12466: **Application of Gothic Production Corporation for compulsory pooling, Chaves County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SE/4 of Section 28, Township 5 South, Range 25 East, 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 the Pecos Slope-Abo Gas Pool. The unit is to be dedicated to the McClellan MOC Fed. Con. Well No. 22, to be drilled at an orthodox gas well location in Section 28. 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 the risk involved in drilling and completing the well. The unit is located approximately 18.5 miles north of east of U.S. Highway 70 at the Pecos River Bridge.

CASE 12467: **Application of NM&O Operating Company for compulsory pooling, 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 E/2 of Section 4, Township 25 North, Range 2 West. The unit is to be dedicated to the Dewey-Bartlett Well No. 1, to be recompleting in the Basin-Dakota Gas Pool at an orthodox location in the NE/4 SE/4 of Section 4. Also to be considered will be the cost of recompleting 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 the risk involved in recompleting the well. The well is located approximately 9 miles North of Lindrith, New Mexico.

CASE 12439: **Continued from July 27, 2000 Examiner Hearing.**

Application of Arch Petroleum Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from 7100 feet subsurface to the base of the Ellenburger formation underlying the SW/4 SE/4 of Section 27, Township 23 South, Range 37 East, 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 that vertical extent, including but not limited to the Teague (Simpson) Pool. The unit is to be dedicated to applicant's E.C. Hill "A" Well No. 7, to be drilled at a location 540 feet from the South line and 1850 feet from the East line of Section 27. 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 the risk involved in drilling and completing the well. The unit is located approximately 11 1/2 miles south of Eunice, New Mexico.

CASE 12468: **Application of Ocean Energy Resources, Inc. for an exception to Division Rule 104.C (2) (b), Eddy County, New Mexico.** Applicant seeks an exception to Division Rule 104.C (2) (b), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, for its proposed Derrick Federal Com. Well No. 3 to be drilled as an infill Morrow gas well 3300 feet from the South line and 1980 feet from the West line (Lot 14/Unit M) of irregular Section 5, Township 16 South, Range 28 East, Diamond Mound-Morrow Gas Pool. The existing 270.20-acre stand-up non-standard gas spacing and proration unit (approved by Division Administrative Order NSP-1160, dated October 30, 1979) comprising Lots 3 through 6 and 11 through 14 of irregular Section 5 is currently dedicated to the applicants Derrick Federal Com. Well No. 1 (API No. 30-015-23057), located 2160 feet from the North line and 1980 feet from the West line (Lot 11/Unit K) of irregular Section 5, which was considered to be a standard gas well location at the time it was drilled (1980). The applicant proposes to drill its Derrick Federal Com. Well No. 3 within the same quarter section (equivalent) as the initial Morrow gas well, its Derrick Federal Com. Well No. 1, for the existing 270.20-acre non-standard unit. This unit is located approximately 14 miles northeast of Artesia, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12386: **Continued from July 13, 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.

DOCKET: EXAMINER HEARING - THURSDAY - JULY 13, 2000

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 21-00 and 22-00 are tentatively set for July 27 and August 10, 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:

CASE 12439: Continued from June 29, 2000 Examiner Hearing.

Application of Arch Petroleum Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from 7100 feet subsurface to the base of the Ellenburger formation underlying the SW/4 SE/4 of Section 27, Township 23 South, Range 37 East, 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 that vertical extent, including but not limited to the Teague (Simpson) Pool. The unit is to be dedicated to applicant's E.C. Hill "A" Well No. 7, to be drilled at a location 540 feet from the South line and 1850 feet from the East line of Section 27. 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 the risk involved in drilling and completing the well. The unit is located approximately 11 1/2 miles south of Eunice, New Mexico.

CASE 12431: Continued from June 15, 2000, Examiner Hearing - This Case Will Be Dismissed.

Application of Fuel Products, 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 E/2 which includes but is not limited to the Undesignated North Illinois Camp-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 E/2 SE/4, and in all formations developed on 40-acre spacing in the NE/4 SE/4 which includes but is not necessarily limited to the Undesignated Empire-Abo Pool and the Artesia Queen-Grayburg-San Andres Pool, all in Section 18, Township 18 South, Range 28 East. Said units are to be dedicated to a well to be drilled at a standard location in the NE/4 SE/4 of Section 18 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 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 10 miles Southeast of Artesia, New Mexico.

CASE 12446: **Application of Fuel Products, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests underlying the E/2 of Section 18, Township 18 South, Range 28 East, in the following manner: all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Undesignated North Illinois Camp-Morrow Gas Pool; all formations developed on 160-acre spacing underlying the SE/4; and all formations developed on 40-acre spacing underlying the SE/4 SE/4, which includes, but is not necessarily limited to, the Undesignated Empire-Abo Pool, the Undesignated Artesia Queen-Grayburg-San Andres Pool, and the undesignated Red Lake Queen-Grayburg-San Andres Pool. Said spacing and proration units are to be dedicated to Fuel Products' proposed Illinois Camp 18 State Well No. 1, to be drilled at a standard location in the SE/4 (Unit P) of Section 18. 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 10 miles Southeast of Artesia, New Mexico.

CASE 12420: Continued from June 15, 2000, 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 underlying the W/2 of Section 5, Township 17 South, Range 27 East, to form a standard 320-acre gas spacing and proration unit or units for all formations and/or pools developed on 320-acre spacing within that vertical extent, including, but not limited to the Undesignated Crow Flats Morrow Gas Pool. The units are to be dedicated to applicant's proposed Dog Canyon 5 Fed. Com. Well No. 1 to be drilled at a standard location 660 feet from the South and West lines of Section 5. 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 Nearburg Producing Company, L.L.C. as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 2 miles northeast of Artesia, New Mexico.

CASE 12427: Readvertised

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the E/2 of Section 18, Township 18 South, Range 28 East and in the following manner: (a.) the E/2 to form a standard 320-acre gas spacing and proration unit or units for all formations and/or pools developed on 320-acre spacing within that vertical extent, which presently includes the undesignated North Illinois Camp Morrow Gas Pool; (b.) NE/4 for all 160-acre formations; (c.) N/2 NE/4 for all 80-acre formations and (d.) NW/4 NE/4 for all 40 acre formations, including the undesignated Empire-Abo pool and the Artesia-Queen-Grayburg-San Andres Pool. The units are to be dedicated to its proposed Pathfinder 18 State Com. No. 1 Well to be drilled at a standard location 660 feet from the North line 1,980 feet from the East line of Section 18. 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, L.L.C. as operator of the well and a charge for risk involved in drilling the well. The proposed well location is approximately 10 miles southeast of Artesia, New Mexico.

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CASE 12447: **Application of OXY USA, Inc. to rescind Division Order R-4949 which adopted the special pool rules for the North Burton Flats-Wolfcamp Gas Pool, Eddy County, New Mexico.** Applicant seeks an order rescinding the special pool rules order for the North Burton Flats-Wolfcamp Gas Pool so that all existing and future wells and their respective spacing and proration units which are now subject to this order will be governed by the provisions of Division General Rules including Rule 104. The current boundaries of the pool include all or portions of Sections 3, 4, 9, 10, 11, 12, 14, 15, 16, 19, 20, 21, 23, 28 through 33, Township 20 South, Range 28 East. This pool is located approximately 8 miles north-northeast of Carlsbad, New Mexico.

CASE 12448: **Application of Chesapeake Operating, Inc. for an unorthodox gas well location, Lea County, New Mexico.** Applicant seeks approval to produce its Boyce "15" Well No. 3 at an unorthodox gas well location 2310 feet from the North line and 341 feet from the East line (Unit H) of Section 15, Township 16 South, Range 35 East, NMPM, for production from the Townsend-Morrow Gas Pool to be dedicated to a 320-acre gas spacing and proration unit consisting of the E/2 of this section. This location is located approximately 5 miles west of Lovington, New Mexico.

CASE 12449: **This Case Will Be Continued to July 27, 2000.**

Application of Santa Fe Snyder Corporation 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 within Section 18, Township 23 South, Range 34 East, in the following manner: the E/2 of this section to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within this vertical extent, including but not limited to the Antelope Ridge-Morrow Gas Pool; the NE/4 of this section to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within this vertical extent; and the SE/4 NE/4 of this section to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within this vertical extent. The units are to be dedicated to its Paloma Blanco "18" Federal Well No. 1 to be drilled and completed at a standard well location in Unit H of this section. Also to be considered will be the costs 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 the applicant as the operator of the well and a charge for risk involved in this well. This unit is located approximately 22 miles southwest of Eunice, New Mexico.

CASE 12426: **Continued from June 1, 2000, Examiner Hearing.**

Application of Southwest Royalties, Inc. for a non-standard gas spacing and proration unit and an unorthodox gas well location, Lea County, New Mexico. Applicant seeks exceptions to **Rules 3 and 6** of the *"Special Rules and Regulations for the Scarborough Yates-Seven Rivers Pool"*, as promulgated by Division Order No. R-2999, in order to: (i) establish a non-standard 280-acre gas spacing and proration unit comprising the S/2 NE/4, NE/4 SE/4, and S/2 SE/4 of Section 30, Township 26 South, Range 37 East (which is located approximately seven miles south of Jal, New Mexico) within the Scarborough Yates-Seven Rivers Pool; and (ii) to dedicate thereon its existing Eaves "B" Well No. 20 (API No. 30-025-32274) located at an unorthodox gas well location 414 feet from the South line and 429 feet from the East line (Unit I) of Section 30.

CASE 12450: **Application of Ocean Energy Resources, Inc. for a non-standard oil spacing and proration unit, Lea County, New Mexico.** Applicant seeks an order approving a non-standard oil spacing and proration unit in the South Big Dog-Strawn Pool comprised of the NW/4 SE/4 of Section 2, Township 16 South, Range 35 East. The unit will be dedicated to its Townsend "2" State Well No. 11, to be located at an orthodox oil well location. The unit is located approximately 4½ miles west of Lovington, New Mexico.

CASE 12382: **Continued from June 15, 2000, 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 21, Township 19 South, Range 28 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 South Millman-Atoka Gas Pool, Undesignated Winchester-Atoka Gas Pool, Undesignated South Millman-Morrow Gas Pool, Undesignated Winchester-Morrow Gas Pool, and Undesignated North Winchester-Morrow Gas Pool; (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 said vertical extent; and (c) the SW/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 which presently includes but is not necessarily limited to the East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool and the Undesignated North Winchester-Wolfcamp Pool. These units are to be dedicated to a single well to be drilled at a location considered to be standard for all three units 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 21. 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 the three above-described units, and a charge for risk involved in drilling the well. Further, the East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool underlying the SW/4 SE/4 of Section 21 is currently dedicated to C.F.M. Oil Company's Monsanto State Well No. 1 (API No. 30-015-24252), located at a standard oil well location 986 feet from the South line and 1650 feet from the East line (Unit O) of Section 21. At the time of the hearing it will be necessary for the applicant to address certain issues created by the forced pooling of producing acreage currently operated by another operator. The proposed well location is approximately eleven miles east of Lakewood, New Mexico.