

Examiner Hearing – June 1, 2000

Docket No. 15-00

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CASE 12353: Continued from May 4, 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 12423: **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 Atoka formation underlying the following described acreage in Section 17, Township 23 South, Range 34 East, and in the following manner: 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 that vertical extent, including but not limited to the Undesignated West Antelope Ridge-Atoka Gas Pool; 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 that vertical extent; and the NW/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 that vertical extent, including but not limited to the Undesignated North Bell Lake-Delaware Pool and the Undesignated North Bell Lake-Bone Spring Pool. The units are to be dedicated to applicant's Baywatch "17" Fed. Com. Well No. 1, to be drilled at a location 1310 feet from the North and West lines of Section 17. 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 units are located approximately 19 1/2 miles southwest of Oil Center, New Mexico.

CASE 12424: **Application of Murchison Oil & Gas, Inc. for an unorthodox second infill gas well location and simultaneous dedication, Eddy County, New Mexico.** Applicant seeks exceptions to **Rules 2.B and 4** of the *"Special Rules and Regulations for the White City Pennsylvanian Gas Pool"*, as promulgated by Division Order No. R-2429-A, as amended, in order to drill its proposed Black River Federal Com. Well No. 1 at an unorthodox gas well location 1650 feet from the South line and 660 feet from the West line (Unit L) of Section 34, Township 24 South, Range 26 East, as a third gas well on an existing standard 640-acre gas spacing and proration unit in the White City-Pennsylvanian Gas Pool comprising all of Section 34. This unit, which is located approximately five miles east of White City, New Mexico, is currently dedicated to the applicant's: (i) Strong Federal Com. Well No. 1 (**API No. 30-015-22153**), located at a standard gas well location 1650 feet from the South and East lines (Unit J) of Section 34; and (ii) Strong Federal Com. Well No. 1-E (**API No. 30-015-24094**), located at a standard gas well location 1650 feet from the North and West lines (Unit F) of Section 34.

CASE 12425: **Application of Manzano Oil Corporation for an unorthodox subsurface oil well location, Lea County, New Mexico.** Applicant, in accordance with Division Rule 111.C (2), seeks an exception to Rule 4 of the *"Special Rules and Regulations for the Northeast Lovington-Strawn Pool"*, as promulgated by Division Orders No. R-3816 and R-3816-A, amending Division Administrative Order NSL-4417 in order to change the provisions contained therein to reflect the actual bottomhole location of its Cayuma Well No. 1 (**API No. 30-025-3448**) being 3807 feet from the South line and 1179 feet from the West line (72 % closer than allowed) (Lot 13/Unit M) of Irregular Section 1, Township 16 South, Range 36 East. Lots 12 and 13 of Irregular Section 1 (which is located approximately two miles east-northeast of Lovington, New Mexico) are to be dedicated to this well in order to form a standard 80-acre oil spacing and proration unit for this pool.

CASE 12426: **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 1414 feet from the South line and 429 feet from the East line (Unit I) of Section 30.

CASE 12388: Continued from April 20, 2000, Examiner Hearing.

In the matter of the hearing called by the New Mexico Oil Conservation Division on its own motion to permit the operator of the Federal "D" Well No. 3 (**API No. 30-025-34066**), located 1120 feet from the South line and 1420 feet from the East line (Unit O) of Section 31, Township 9 South, Range 36 East, Lea County, New Mexico, Reliance Operating Company, to appear and show cause why the request for allowable and authorization to transport gas production from the Atoka formation should not be cancelled for failure to comply with: (i) Division Administrative Order NSL-3838-A, dated June 7, 1999; and (ii) Division Rules 1104.C and D, unless the mineral interests in the E/2 of Section 31 are properly consolidated.