

Examiner Hearing – June 15, 2000

Docket No. 16-00

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CASE 12369: Continued from June 1, 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: **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 12416: Continued from June 1, 2000, Examiner Hearing.

Application of John H. Hendrix Corporation for a non-standard gas spacing and proration unit or, in the alternative, for compulsory pooling, Lea County, New Mexico. Applicant seeks authority to establish an 80-acre non-standard gas spacing and proration unit comprising the E/2 SW/4 of Section 11, Township 20 South, Range 37 East (which is located approximately three miles southeast of Monument, New Mexico), in the Undesignated Skaggs-Abo Gas Pool. This unit is to be dedicated to the applicant's proposed Skaggs "B" Acc. 1 Well No. 7 (API No. 30-025-33989) to be drilled at a standard gas well location 1980 feet from the South and West lines (Unit K) of Section 11. IN THE ALTERNATIVE, the applicant seeks an order pooling all mineral interests in the Undesignated Skaggs-Abo Gas Pool underlying the SW/4 of Section 11, thereby forming a standard 160-acre gas spacing and proration unit for this pool. This standard 160-acre unit is to be dedicated to the above-described Skaggs "B" Acc. 1 Well No. 7. 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 standard 160-acre unit, and a charge for risk involved in drilling the well.

CASE 12430: **Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico.** Applicant seeks approval of the Eight Mile Draw State Unit for an area comprising 3167.08 acres, more or less, of State of New Mexico lands in Sections 19, 20, 21, 29, and 30 of Township 11 South, Range 35 East, which is located approximately 6 miles northwest of Tatum, New Mexico.

CASE 12431: **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 12384: Continued from May 18, 2000, Examiner Hearing.

Application of Louis Dreyfus Natural Gas for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from a depth of 4,000 feet to the base of the Morrow formation, underlying the following described acreage in Section 34, Township 17 South, Range 28 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 Empire-Pennsylvanian Gas Pool; (b) the NW/4 to form a standard 160-acre gas spacing and proration unit for all formations developed on 160-acre spacing within said vertical extent; and (c) the SW/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 which presently includes the Undesignated Empire-Wolfcamp Pool. These three units are to be dedicated to a single well, the proposed Geronimo "34" State Com. Well No. 1, to be drilled within the SW/4 NW/4 (Unit E) 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 the 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 one-quarter mile southwest of the junction of U. S. Highway No. 82 and New Mexico State Road No. 360.

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CASE 12432: **Application of Amerada Hess Corporation for approval to convert the NMGSAU Well Nos. 215 and 503 to injection in the North Monument Grayburg San Andres Unit, Lea County, New Mexico.** Applicant seeks approval to convert its NMGSAU Well Nos. 215 and 503 to injection in the North Monument Grayburg San Andres Unit (NMGSAU). These wells are designed to improve recovery efficiency of the waterflood patterns and enhance production of the NMGSAU secondary recovery project. The wells are located in the following locations in Township 19 South, Range 37 East:

NMGSAU No. 215: Section 18, Unit O. and
NMGSAU No. 503: Section 19, Unit C

Water will be injected into the unitized interval of the Grayburg-San Andres formation, Eunice Monument Grayburg San Andres Pool through the gross perforated and/or open hole interval from approximately 3720 feet to 3965 feet at an expected rate of 1000 barrels of water per day and with a maximum injection pressure of 710 pounds per square inch. This area is located approximately 4 miles northwest of Monument, New Mexico.

CASE 12417: **Continued from June 1, 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 1, 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 12411: **Continued from June 1, 2000, Examiner Hearing.**

Application of EnerQuest Oil & Gas, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 160-acre spacing in the SW/4 of Section 18, Township 20 South, Range 39 East, including but not limited to the Blinebry formation, Blinebry Oil and Gas Pool. The unit is to be dedicated to its McCasland "18" Fee Well No. 1 located at a standard location in the SW/4 of Section 18 which has been drilled and completed in the Blinebry 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 EnerQuest Resources, L.L.C. as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 4 miles southeast of Nadine, New Mexico.