

DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 21, 2000**8:15 A.M. - 2040 South Pacheco****Santa Fe, New Mexico**

Dockets Nos. 28-00 and 29-00 are tentatively set for October 5 and October 19, 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 12490: **Application of Permian Resources Incorporated for produced water disposal, Lea County, New Mexico.** Applicant seeks approval to re-enter the existing Harrison Well No. 2-22, located in the NE/4 SE/4 of Section 22, Township 25 South, Range 37 East, and utilize the well to dispose of produced water into the Queen formation through the open hole interval from approximately 3,218 feet to 3,366 feet. This area is located approximately 2 miles east of Jal, New Mexico.

CASE 12439: **Continued from September 7, 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 12491: **Application of Murchison Oil & Gas, 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 N/2 of Section 12, Township 17 South, Range 28 East, 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. The unit is to be dedicated to applicant's High Nitro State Com. Well No. 1, to be drilled at an orthodox gas well location in the NW/4 NW/4 of Section 12. 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 9 miles west-northwest of Loco Hills, New Mexico.

CASE 12492: **Application of Texakoma Oil & Gas Corporation for compulsory pooling, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying Lots 5, 6, 7, NE/4, and SE/4 NW/4 (the N/2 equivalent) of Section 18, Township 31 North, Range 13 West, and in the following manner: The NE/4 of Section 18 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 N/2 of Section 18 to form a non-standard 255.73-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 Basin-Fruitland Coal Gas Pool. The units are to be dedicated to applicant's La Plata 18 Well No. 1, to be drilled at an orthodox gas well location in the NE/4 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 applicant as operator of the well, and a charge for the risk involved in drilling and completing the well. The well unit is located approximately 3 1/2 miles southwest of La Plata, New Mexico.

CASE 12441: **Continued from September 7, 2000, Examiner Hearing.**

Application of LG&E Natural Pipeline LLC for special rules for the Grama Ridge Morrow Gas Storage Unit, Lea County, New Mexico. Applicant seeks an order establishing special rules applicable to wells drilled and completed or recompleted in the Morrow formation within its Grama Ridge Morrow Gas Storage Unit and within each 320-acre spacing unit immediately adjacent to the Unit in the following described area:

Grama Ridge Morrow Gas Storage Agreement

Township 21 South, Range 34 East

Section 33: All

Section 34: All

Township 22 South, Range 34 East

Section 3: All

Section 4: All

Section 10: All

Acreage Adjacent to Unit

Township 21 South, Range 34 East

Section 26: NW/4, S/2

Section 27: All

Section 28: All

Section 29: E/2, SW/4

Section 32: All

Section 35: All

Examiner Hearing – September 21, 2000
Docket No. 26-00
Page 2 of 3

Township 22 South, Range 34 East

Section 2: All
Section 5: All
Section 8: N/2, SE/4
Section 9: All
Section 11: All
Section 14: N/2, SW/4
Section 15: All
Section 16: N/2, SE/4

The application requests the Division establish rules requiring operators of all newly drilled or recompleted wells in the Morrow formation to provide the operator of the Unit with information and data obtained during drilling, completion, and production to determine whether such wells are in communication with the unitized formation or would otherwise interfere with Unit operations. The special project rules would also include provisions requiring the operators of wells determined to be in communication with the Unitized Interval to demonstrate how such well may be produced without interfering with Unit operations or to take such other action determined to be appropriate. The Grama Ridge Morrow Gas Storage Unit is approximately 18 miles west of Eunice, New Mexico.

CASE 12493: **Application of Marbob Energy Corporation for contraction of the Lusk-Morrow Gas Pool, Eddy and Lea Counties, New Mexico.** Applicant seeks the contraction of the Lusk-Morrow Gas Pool by deleting therefrom Section 25, Township 19 South, Range 31 East, Eddy County, New Mexico, and Section 21, Township 19 South, Range 32 East, Lea County, New Mexico. The area is located approximately 14 miles south-southeast of Maljamar, New Mexico.

CASE 12484: **Readvertised**

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 Dakota 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 Dakota formation, Basin-Dakota 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 Lindrieth, New Mexico.

CASE 12320: **Continued from September 7, 2000, Examiner Hearing.**

Application of Chevron U.S.A. Production Co. for Approval to convert the EMSU Wells No. 210, 212, 222, 252 and 258 to Injection in the Eunice Monument South Unit, Lea County, New Mexico. Applicant seeks approval to convert its EMSU Wells No. 210, 212, 222, 252 and 258 to injection in the Eunice Monument South Unit (EMSU). These wells are designed to improve recovery efficiency of the waterflood patterns and enhance production of the EMSU secondary recovery project. The wells are located in the following locations: No. 210 - Section 4, Unit K, Township 21 South, Range 36 East; No. 252 - Section 5, Unit I, Township 21 South, Range 36 East; No. 222 - Section 6, Unit O, Township 21 South, Range 36 East; No. 252 - Section 6, Unit W, Township 21 South, Range 36 East; No. 258 - Section 4, Unit U, Township 21 South, Range 36 East. Water will be injected into the unitized interval of the Eunice Monument Grayburg-San Andres Pool which has an upper limit of 100 feet below mean sea level or the top of the Grayburg formation, whichever is higher, to a lower limit of the base of the San Andres formation. Injection will occur at an expected maximum pressure rate of 100 barrels of water per day and an expected maximum pressure of 750 pounds per square inch. This area is approximately one mile west-southwest of Oil Center, New Mexico.

CASE 12458: **Continued from August 24, 2000, Examiner Hearing.**

Application of the Oil Conservation Division for an order requiring D. W. Berry to properly plug one well in Chaves County and one well in Eddy County, New Mexico. Applicant seeks an order requiring D. W. Berry to appear and show cause why one (1) well located in Section 8, Townships 17 South, Range 28 East, and one (1) well located in Section 2, Township 15 South, Range 29 East, Chaves County, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order. *In The Absence of Objection, This Case Will be Taken Under Advisement.*

CASE 12494: **Application of the Oil Conservation Division for an order requiring A. P. A. Development, Inc. to properly plug twenty wells, San Juan County, New Mexico.** Applicant seeks an order requiring A. P. A. Development, Inc. to appear and show cause why twenty (20) wells located in Sections 26, 33, 34 and 35, Township 32 North, Range 17 West, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order. *In The Absence of Objection, This Case Will be Taken Under Advisement.*