

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 29, 2000

8:15 A.M. - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos. 19-00 and 20-00 are tentatively set for July 13 and July 27, 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: **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 11½ miles south of Eunice, New Mexico.

CASE 12407: **Continued from June 15, 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 Morrow formation underlying the following described acreage in Section 18, Township 23 South, Range 34 East, and in the following manner: the E/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320-acre spacing within that vertical extent, including but not limited to the Undesignated West Antelope Ridge-Atoka Gas Pool and Undesignated North Bell Lake-Morrow Gas Pool; the NE/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 SE/4 NE/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 Undesignated North Bell Lake-Bone Spring Pool. The units are to be dedicated to its Paloma Blanco "18" Fed. Com. Well No. 1, to be drilled at a location 1980 feet from the North line and 660 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 applicant as the operator of the well and a charge for risk involved in drilling and completing the well. The units are located approximately 20 miles southwest of Oil Center, New Mexico.

CASE 12440: **Application of Shahara Oil LLC for approval of a tertiary recovery project for the Grayburg Jackson Premier Sand Unit, unorthodox oil well and injection well locations within that unit, and qualification of that project for the recovered oil tax rate pursuant to the New Mexico Enhanced Oil Recovery Act, Eddy County, New Mexico.** Applicant seeks approval of a tertiary recovery project using micro-emulsion flooding for enhanced recovery of oil in the Grayburg-Jackson Pool within the Grayburg-Jackson Premier Sand Unit covering the following described lands in Eddy County, New Mexico:

Township 17 South, Range 30 East, N.M.P.M.

Section 27: W/2, W/2 SE/4, SE/4 SE/4

Section 28: E/2 NE/4, SE/4

Section 33: N/2 NE/4

Section 34: N/2 N/2

Section 35: NW/4 NW/4

Applicant also seeks approval of one new producing oil well (MA No. 7) to be located 1330 feet from the North line and 1310 feet from the East line (Unit H), Section 28, and conversion of an existing well bore (MA No. 2) to an injection well 2615 feet from the North line and 1297 feet from the East line (Unit H), Section 28, and qualification of that project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act". The unit is located approximately 1 mile southeast of Loco Hills, New Mexico.

CASE 12441: **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

Examiner Hearing – June 29, 2000
Docket No. 18-00
Page 2 of 5

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

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 12442: **Application of Santa Fe Snyder Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests underlying Lot 9 through Lot 16 (middle third equivalent) of Irregular Section 1, Township 21 South, Range 34 East 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. The unit is to be dedicated to its State "R" Well No. 2 to be drilled and completed at a standard well location 3300 feet from the South line and 990 feet from the West line of this section. Also to be considered will be the costs of drilling and completing said 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 17 miles west of Eunice, New Mexico.

CASE 12419: **Continued from June 1, 2000, Examiner Hearing.**

Application of Marathon Oil Company for amendment of surface commingling Division Order R-11112-A, Eddy County, New Mexico. Applicant seeks to amend Division Order R-11112-A to permit surface commingling of North Turkey Track-Morrow Gas and Travis-Upper Pennsylvanian Gas Pool production from the Jose Guerrero '34' State lease, S/2 of Section 34, Township 18 South, Range 28 East. The production will be metered on lease prior to being commingled at the Buchanan Central Tank Battery located in the NE/4 SE/4 of Section 33, Township 18 South, Range 28 East. Said lease is approximately 18 miles northeast of Carlsbad, New Mexico.

CASE 12368: **Continued from May 18, 2000, Examiner Hearing.**

Application of Harvey E. Yates Company for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 9000 feet subsurface to the base of the Morrow formation underlying Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of Section 5, Township 18 South, Range 31 East, to form a standard 319.96-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Shugart-Morrow Gas Pool. The unit is to be dedicated to a well to be drilled at a standard gas well location in the SW/4 of Section 5. 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 six miles southeast of Loco Hills, New Mexico.

CASE 12443: **Application of Yates Petroleum Corporation for approval of a Unit Agreement, Chaves County, New Mexico.** Applicant seeks approval of the Tres Canal State Exploratory Unit for an area comprising 3200 acres of State and fee lands in Sections 23, 25, 26, 27, 34, and 35 of Township 8 South, Range 33 East, which is located approximately 12 miles northwest of Crossroads, New Mexico.