

**DOCKET: EXAMINER HEARING - THURSDAY - JULY 27, 2000**

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 22-00 and 23-00 are tentatively set for August 10 and August 24, 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 12461:** Application of Chevron USA Inc. for approval of a unit agreement, Lea County, New Mexico. Applicant seeks approval of its proposed Arkansas Junction South State Unit as an exploratory unit for an area comprising 1957.76 acres, more or less, of state lands consisting of the NW/4 SW/4 of Section 1 and all of Sections 2, 3, and 10, Township 19 South, Range 36 East. This unit is located approximately 1 mile southeast of Arkansas Junction, New Mexico.

**CASE 12449:** Continued from July 13, 2000, Examiner Hearing

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 12462:** 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 12382:** 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 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 12451:** 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 from the surface to the base of the Morrow formation underlying the N/2 of Section 8, Township 19 South, Range 31 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 but not limited to the Undesignated Shugart-Morrow Gas Pool. The unit is to be dedicated to its Red Cloud Fed. Com. Well No. 1, to be drilled at a location 1650 feet from the North line and 660 feet from the East line of Section 8. 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 operator of the well, and a charge for the risk involved in drilling and completing the well. The units are located approximately 12½ miles southeast of Loco Hills, New Mexico.

***Examiner Hearing – July 13, 2000***

***Docket No. 21-00***

***Page 2 of 4***

**CASE 12463:**     **Application of Pogo Producing Company to amend the special pool rules for the McMillan-Morrow Gas Pool, or in the alternative for an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks an order amending the special rules and regulations for the McMillan-Morrow Gas Pool to provide for 640-acre well units, with four wells allowed per well unit and one well per quarter section, with wells to be located no closer than 660 feet to a quarter section line nor closer than 10 feet to a quarter-quarter section line or subdivision inner boundary, and one operator per well unit. The subject pool covers Sections 13 and 24, Township 20 South, Range 26 East, and Sections 7, 18, and 19, Township 20 South, Range 27 East. In the alternative, applicant requests an unorthodox gas well location in the McMillan-Morrow Gas Pool for its Davis "18" Well No. 1, to be located 660 feet from the North and West lines of Section 18, Township 20 South, Range 27 East, with Lots 1-4, E/2 W/2 and E/2 (all) of Section 18 to be dedicated to the well. The subject pool and the proposed well are located approximately 6½ miles southeast of Lakewood, New Mexico.

**CASE 12439:**     **Continued from July 13, 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 ½ miles south of Eunice, New Mexico.

**CASE 12414:**     **Continued from July 13, 2000, Examiner Hearing**

**Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the W/2 which includes but is not necessarily limited to the Undesignated West Anderson Ranch-Pennsylvanian Gas Pool and the Undesignated Anderson Ranch-Morrow Gas Pool, in all formations developed on 160-acre spacing in the NW/4, in all formations developed on 80-acre spacing in the W/2 NW/4 which includes but is not necessarily limited to the Undesignated North Anderson Ranch-Wolfcamp Pool, and in all formations developed on 40-acre spacing in the NW/4 NW/4 which includes but is not necessarily limited to the Undesignated West Anderson Ranch-Grayburg Pool, all in Section 32, Township 15 South, Range 32 East. The unit is to be dedicated to its Anderson Ranch "32" State Com Well No. 1 to be drilled at a standard location 1650 feet from the North and West lines of Section 32 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 Nearburg Producing Company as operator of the well and a charge for risk involved in drilling the well. The area is located approximately 7 miles North of Maljamar, New Mexico.

**CASE 12384:**     **Continued from July 13, 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.

**CASE 12450:**     **Continued from July 13, 2000, Examiner Hearing.**

**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.