

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 24, 2000

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 25-00 and 26-00 are tentatively set for September 7 and September 21, 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 12476: **Application of Dugan Production Corporation for two non-standard gas proration units and an unorthodox gas well location, San Juan County, New Mexico.** Applicant seeks to form two non-standard 320-acre, more or less, gas spacing and proration units within the Basin-Fruitland Coal (Gas) Pool to comprise: (i) the NW/4 of Section 25 (160 acres) and the NE/4 of Section 26 (160 acres), both in Township 30 North, Range 14 West; and (ii) Lots 5 and 6 and the N/2 SW/4 (SW/4 equivalent) of Section 25 (160.36 acres) and the SE/4 of Section 26 (160 acres). The applicant further seeks approval for its Carpenter Com. Well No. 90 (API No. 30-045-30095) to be drilled at an unorthodox coal gas well location 1767 feet from the South line and 280 feet from the West line (Unit L) of Section 25 in which the above-described 320.36-acre non-standard gas spacing and proration unit comprising the SW/4 equivalent of Section 25 and the SE/4 of Section 26 is to be dedicated. These units are located approximately 3.5 miles northwest of the Farmington Four Corner Regional Airport (FMN). IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.

Application of Burlington Resources Oil and Gas Company for four non-standard gas spacing and proration units, San Juan County, New Mexico. Applicant seeks an exception to Division Rule 104.C (3) in order to create four non-standard gas spacing and proration units for Pictured Cliffs gas production in irregular Section 11, Township 32 North, Range 7 West. This section is bounded on the north by the state of Colorado at Mile Post No. 247.

CASE 12464: **Continued from August 10, 2000, Examiner Hearing.**

Application of Chesapeake Operating, Inc. for approval of an unorthodox subsurface well location, Lea County, New Mexico. Applicant seeks approval to drill its Warehouse "10" Well No. 2 at a surface location 1196 feet from the North line and 2463 feet from the East line (Unit B) of Section 10, Township 16 South, Range 36 East, to an unorthodox subsurface location at the top of the Strawn formation within a 100 foot radius of a point 1842 feet from the North line and 2213 feet from the East line (Unit G) of this section and to dedicate the S/2 NE/4 of this section as a standard 80-acre oil proration and spacing unit to this well for production from the Northeast Lovington-Pennsylvanian Pool.

CASE 12478: **Application of Richardson Operating Company for an unorthodox gas well location, San Juan County, New Mexico.** Applicant seeks an exception to Division Rule 104.C (3), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, for its W. F. Federal "3" Well No. 2 (API No. 30-045-30168) recently drilled at an unorthodox Fruitland Sand/Pictured Cliffs gas well location 2495 feet from the South line and 1290 feet from the West line (Unit L) of Section 3, Township 29 North, Range 14 West. The SW/4 of Section 3 is to be dedicated to this well in order to form a standard 160-acre gas spacing and proration unit for the Undesignated Twin Mounds-Fruitland Sand-Pictured Cliffs Pool. This well is located approximately 3.5 miles east-northeast of Kirtland, New Mexico.

CASE 12411: **Continued from August 10, 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.

CASE 12471: **Continued from August 10, 2000, Examiner Hearing.**

Application of EnerQuest Oil & Gas, L.L.C. for amendment of Division Order No. R-10986, Lea County, New Mexico. Applicant seeks amendment of Division compulsory pooling Order No. R-10986 to increase the acreage pooled to include the SW/4 of Section 18, Township 20 South, Range 39 East, and to accurately identify the working interest which is subject to the pooling order. The area is located approximately 4 miles southeast of Nadine, New Mexico.

CASE 12439: **Continued from August 10, 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 1 1/2 miles south of Eunice, New Mexico.

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CASE 12414: Continued from August 10, 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 12432: Continued from June 15, 2000, Examiner Hearing.

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 12479: **Application of Pendragon Energy Partners, Inc. for approval to restore the Chaco 2-R well to producing status, San Juan County, New Mexico.** Applicant seeks approval pursuant to Order No. R-11133-A to restore the shut-in Chaco 2-R Pictured Cliffs well to producing status. Applicant's Chaco 2-R well (API No. 30-045-23691) is completed in the Pictured Cliffs formation, WAW-Fruitland-Pictured Cliffs Gas Pool and is located 1850 feet from the South and West lines (Unit K) of Section 7, Township 26 North, Range 12 West. The subject well is located approximately 6 miles west of the Carson Trading Post.

CASE 12406: Continued from June 15, 2000, Examiner Hearing.

Application of Pogo Producing company for approval of permits to drill four wells within the potash area, as defined by Division Order No. R-111-P, Eddy County, New Mexico. Applicant seeks approval of permits to drill four wells in the S/2 S/2 of Section 35, Township 21 South, Range 31 East, to a depth sufficient to test the Undesignated Lost Tank-Delaware Pool. The proposed wells are within the potash area, as defined by Division Order No. R-111-P. The acreage is located approximately 28 miles east-northeast of Carlsbad, New Mexico.

CASE 12353: Continued from July 13, 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 ½ miles southwest of Lovington, New Mexico.