



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

October 30, 2001

Michael Feldewert, Esq.
Holland & Hart and Campbell & Carr
P.O. Box 2208
Santa Fe, New Mexico 87504

J. Scott Hall
Miller, Stratvert & Torgerson, P.A.
P.O. Box 1986
Santa Fe, New Mexico 87504-1986

Re: Case No. 12635, Application of McElvain Oil and Gas Properties Inc., *de novo*
Case No. 12705, Application of D.J. Simmons Inc.

Counsel,

Mr. Hall has asked, by letter dated November 7, that his Exhibit 34 (the notice affidavit) in this matter be admitted. This could be accomplished in the Order, but Mr. Feldewert's position on the tender of Exhibit 34 is unclear.

Mr. Feldewert, please let the Commission know your view on the proposed tender of Exhibit 34, in writing, at your earliest convenience.

As always, if you have any questions, please do not hesitate to give me a call at 476-3451.

Sincerely,

Stephen C. Ross
Assistant General Counsel

Cc: Florene Davidson, Commission Secretary

DOCKET: COMMISSION HEARING – TUESDAY – NOVEMBER 6, 2001

9:00 A.M. - OCD Hearing Room
1120 So. St. Francis
Santa Fe, New Mexico

The Land Commissioner's designee for this hearing will be Jami Bailey.

The minutes of the October 12, 2001, Commission hearing will be adopted.

The Oil Conservation Commission may vote to close the open meeting to deliberate any De Novo cases heard at this hearing.

CASE 12459: De Novo – Continued from October 12, 2001, Commission Hearing.

Application of the Oil Conservation Division for an order requiring I. T. Properties to properly plug one well, Eddy County, New Mexico. Applicant seeks an order requiring I. T. Properties to appear and show cause why one (1) well located in Section 23, Township 19 South, Range 28 East, 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.* Upon application of I. T. Properties, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12635: De Novo

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 from the base of the Pictured Cliffs formation to the base of the Mesaverde formation in the S/2 of Section 25, Township 25 North, Range 3 West, for all formations and or pools developed on 320-acre spacing, which include but are not necessarily limited to the Mesaverde formation, Blanco-Mesaverde Gas Pool. Said units are to be dedicated to its Naomi Well No. 1 (formerly the Wynona Well No. 1) at a previously approved unorthodox gas well location 1650 feet from the South line and 450 feet from the West line of said Section 25, to be reentered and recompleted in the Mesaverde 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 said well. Said area is located approximately 5 miles southwest of Lindrith, New Mexico. Upon application of D. J. Simmons, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12705: Continued from October 18, 2001, Examiner Hearing.

Application of D.J. Simmons, Inc. for Compulsory Pooling. Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mesaverde formation in the E/2 of Section 25, Township 25 North, Range 3 West, for all formations and or pools developed on 320-acre spacing, including, but not necessarily limited to, the Mesaverde formation, Blanco-Mesaverde Gas Pool. Said unit is to be dedicated to Applicant's Bishop Federal 25-1 well to be drilled at a standard location in the NE/4 of said Section 25 to a depth sufficient to test all

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formations in the pooled intervals, as well as the Chacra formation and the Gallup-Dakota formation, West Lindrith Gallup-Dakota Oil 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 and a charge for the risk involved in drilling said well. The unit is located approximately 5 miles southwest of Lindrith, New Mexico.

CASE 12605: DeNovo

Application of Sapient Energy Corporation for special pool rules, Lea County, New Mexico. Applicant seeks the promulgation of special pool rules for the West Monument-Tubb Gas Pool, which currently comprises the E/2 of Section 7, Township 20 South, Range 37 East (located approximately three miles southwest of Monument, New Mexico), including provisions for 80-acre spacing and designated well location requirements. Upon application of Sapient Energy Corporation, Chevron U.S.A. Production Company and Conoco, Inc., this case will be heard De Novo pursuant to the provisions of Division Rule 1220.

CASE 12587: De Novo

Amended application of Sapient Energy Corp for an unorthodox well location and (i) two non-standard 160-acre spacing units, or in the alternative (ii) one non-standard 160-acre spacing and proration unit, Lea County, New Mexico. Applicant seeks approval of an unorthodox gas well location for its Bertha J. Barber Well No 12 ("Barber 12 Well") which is located at an unorthodox gas well location 330 feet from the North line and 660 feet from the East line of Section 7, Township 20 South, Range 37 East, to be dedicated to a non-standard 160-acre gas proration and spacing unit consisting of either (i) the E/2 E/2 of this section, or in the alternative, (ii) the E/2 NE/4 of Section 7 and the W/2 NW/4 of Section 8 for production from the West Monument-Tubb Gas Pool **retroactive to the date of first production (September 9, 1999)**. In addition, should the Division approve a non-standard 160-acre spacing and proration unit consisting of the E/2 E/2 of Section 7, then the applicant seeks the approval of a second non-standard 160-acre proration and spacing unit consisting of the W/2 E/2 of this section. This unit is located approximately 12 miles southwest of Hobbs, New Mexico. Upon application of Sapient Energy Corporation, Chevron U.S.A. Production Company and Conoco, Inc., this case will be heard De Novo pursuant to the provisions of Division Rule 1220.