

DOCKET: EXAMINER HEARING - THURSDAY – SEPTEMBER 5, 2002

8:15 A.M. - 1220 South St. Francis

Santa Fe, New Mexico

Docket Nos. 28-02 and 29-02 are tentatively set for September 19, 2002 and October 10, 2002. 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 12921: Application of V-F Petroleum Inc. for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant seeks an exception to Division Rule 104.C(2)(b) to permit the simultaneous dedication of the following wells to an existing 320-acre spacing and proration unit in the Morrow formation, East Cedar Lake-Morrow Gas Pool, comprised of the N/2 of Section 33, Township 17 South, Range 31 East:

- A. the Daneli “33” Federal Well No. 2 which produces from the Middle Morrow zone at a location 1580 feet from the North line and 760 feet from the West line; and
- B. the Dow “B” Federal Well No. 2 which V-F proposes to re-enter and recomplete in the Lower Morrow zone located at an unorthodox gas well location 660 feet from the North line and 2310 feet from the West line.

Said wells are located approximately 7 miles east of Loco Hills, New Mexico.

CASE 12917: Continued from August 22, 2002, Examiner Hearing.

Application of Synergy Operating, LLC for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the NE/4 of Section 25, Township 28 North, Range 10 West, to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent, including the Fulcher Kutz-Pictured Cliffs Gas Pool. The unit is to be dedicated to the Omler Well No. 6, to be re-entered and worked over at a location 1190 feet from the North line and 1820 feet from the East line of Section 25. Also to be considered will be the cost of re-entering and working over 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 re-entering and working over the well. The unit is located approximately 8 miles southeast of Bloomfield, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12922: Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the E/2 of Section 34, Township 15 South, Range 34 East and in the following manner: a.) E/2 to form a standard 320-acre stand-up gas spacing and proration unit (“the 320-acre Unit”) for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, which presently include but are not necessarily limited to the North Edison -Morrow Gas Pool; b.) SE/4 to form a standard 160-acre spacing and proration unit (“the 160-acre Unit”) for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; c.) N/2 SE/4 to form a standard 80-acre stand-up oil spacing and proration unit (“the 80-acre Unit”) for any and all formations and/or pools developed on 80-acre spacing within that vertical extent, which presently include but are not limited to the undesignated North Edison Strawn Pool; and d.) NE/4 SE/4 to form a standard 40-acre spacing and proration unit (“the 40-acre Unit”) for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, which presently include but are not necessarily limited to the Townsend Permo-Pennsylvanian Pool. Said units are to be dedicated to Applicant’s proposed Huma Huma 34 Well No. 1 to be drilled at a standard 320-acre spacing and proration unit gas well location 1700 feet from the South line and 950 feet from the East line in the SE/4 of said Section 34. 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,

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designation of applicant or its designee as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 10 miles northwest of Lovington, New Mexico.

CASE 12890: Continued from August 22, 2002, Examiner Hearing.

Application of Permian Resources, Inc. for compulsory pooling and unorthodox well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Strawn formation, Northeast Shoe Bar-Strawn Pool, underlying the W/2 SE/4 of Section 7, Township 16 South, Range 36 East, to form a standard 80-acre spacing and proration unit to be dedicated to Applicant's Chambers Well No. 2. 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. Applicant further seeks approval to drill its well at an unorthodox surface location 990 feet from the South line and 1100 feet from the East line to an unorthodox bottomhole location 1350 feet from the South line and 1500 feet from the East line in the NW/4 SE/4 (Unit J) of said Section 7. The proposed well location is approximately 4 miles East of Lovington, New Mexico.

CASE 12905: Continued from August 22, 2002, Examiner Hearing.

Application of Pronghorn Management Corporation for Approval of a Salt Water Disposal Well, Lea County, New Mexico. Applicant seeks approval to utilize its State "T" Well No. 2 (API No. 30-025-03735) located 4290 feet from the South line and 500 feet from the West line, (Unit L) Section 6, Township 16 South, Range 36 East, to dispose of produced water into the San Andres and Glorieta formations from a depth of 6000 feet to 6400 feet. This well is located approximately 2 miles west of Lovington, New Mexico.

CASE 12792: Continued from January 10, 2002, Examiner Hearing.

Application of the New Mexico Oil Conservation Division for an Order Requiring Kelly H. Baxter to Properly Plug Seven (7) Wells, Imposing Civil Penalties in Event of Failure to Comply, Authorizing the Division to Plug Said Wells in Default of Compliance by Kelly H. Baxter or His Surety, and Ordering a Forfeiture of Applicable Plugging Bond; Lea County, New Mexico. The Applicant seeks an order requiring Kelly H. Baxter, the operator of seven (7) inactive wells in Lea County, New Mexico, to properly plug and abandon the same, imposing civil penalties in event of failure to comply, authorizing the Division to plug said wells if the operator or its sureties fails to do so, forfeiting Operator's plugging bond, and providing for such other relief as the Director deems appropriate. The affected wells are the following:

Well No.	Well Name	Tract	Operator Name	Type	Sec	County	Owner	T	R	S	E
30-025-21925	STATE FP	001	KELLY H BAXTER	O	A	Lea	S	O	23	16	33
30-025-25238	WALLEN FEE	001	KELLY H BAXTER	O	A	Lea	P	D	28	20	34
30-025-25283	WALLEN FEE	002	KELLY H BAXTER	O	A	Lea	P	C	28	20	34
30-025-27961	STATE 26	001	KELLY H BAXTER	S	A	Lea	S	B	26	12	32
30-025-28227	STATE WES	001	KELLY H BAXTER	O	S	Lea	S	A	20	14	33
30-025-29664	SPEIGHT	001	KELLY H BAXTER	O	A	Lea	P	A	15	13	38
30-025-29935	SPEIGHT	002	KELLY H BAXTER	S	A	Lea	P	H	15	13	38