

DOCKET: EXAMINER HEARING - THURSDAY – JANUARY 9, 2003

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

Santa Fe, New Mexico

Docket Nos. 02-03 and 03-03 are tentatively set for January 23, 2003 and February 6, 2003. 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 12963: Continued from November 14, 2002, Examiner Hearing.

Application of Seely Oil Company for statutory unitization, Lea County, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interests in the Penrose formation, EK Yates-Seven Rivers-Queen Pool, underlying 1469.25 acres, more or less, of Federal and Fee lands in the following acreage:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 24: SE/4

Section 25: NE/4

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 19: S/2

Section 20: S/2 SW/4, NW/4 SW/4

Section 29: NW/4, N/2 SW/4

Section 30: N/2, N/2 SE/4, E/2 SW/4

Said unit is to be designated the EK Penrose Sand Unit.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a non-consent penalty for risk to be charged against carried working interests within the unit area upon such terms and conditions to be determined by the Division as just and reasonable.

Said unit area is located approximately 14 miles southwest of Lovington, New Mexico.

CASE 12964: Continued from November 14, 2002, Examiner Hearing.

Application of Seely Oil Company for approval of a waterflood project and qualification of the Project Area for the Recovered Oil Tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval of its EK Penrose Sand Unit Waterflood Project by injection of water into the San Andres formations through 9 injection wells located in the following described area:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 24: SE/4

Section 25: NE/4

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 19: S/2

Section 20: S/2 SW/4, NW/4 SW/4

Section 29: NW/4, N/2 SW/4
Section 30: N/2, N/2 SE/4, E/2 SW/4

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said waterflood operations.

CASE 12983: Application of Seely Oil Company for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the EK Penrose Sand Unit for an area comprising 1469.75 acres of federal and fee lands in Sections 24 and 25 of Township 18 South, Range 33 East, and Sections 19, 20, 29 and 30 of Township 18 South, Range 34 East. Said unit area is located approximately 14 miles southwest of Lovington, New Mexico.

CASE 12984: Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Dempster State Exploratory Unit for an area comprising 3840 acres of State of New Mexico lands in Sections 28 through 33 of Township 11 South, Range 36 East, which is located approximately 5 miles north of Tatum, New Mexico.

CASE 12972: Continued from December 5, 2002, Examiner Hearing.

Application of Paladin Energy Corp. for amendment of the Special Pool Rules and Regulations for the Bagley Siluro-Devonian Pool to assign a special depth bracket allowable, Lea County, New Mexico. Applicant seeks the amendment of Special Pool Rules and Regulations for the Bagley Siluro-Devonian Pool located in portions of Sections 33 through 36 of Township 11 South, Range 33 East, and Sections 1 through 4, and 10 through 12 of Township 12 South, Range 33 East, to include the assignment of a special depth bracket allowable of 1000 barrels of oil per day for each 80-acre spacing and proration unit in the pool. Said pool is located approximately 17 miles west of Tatum, New Mexico.

CASE 12973: Continued from December 5, 2002, Examiner Hearing.

Application of Paladin Energy Corp. for a non-standard oil spacing unit, Lea County, New Mexico. Applicant seeks an exception to the Special Pool Rules and Regulations for the Bagley Siluro-Devonian Pool for a 40-acre non-standard oil spacing unit in the Devonian formation comprised of the NW/4 SW/4 of Section 35, Township 11 South, Range 33 East. This non-standard spacing and proration unit is to be dedicated to the State BTC Well No. 3 which Paladin proposed to re-enter at a surface location 1980 feet from the South line and 660 feet from the West line and sidetrack, drill and re-complete in the Devonian formation at a standard bottomhole oil well location 1880 feet from the South line and 660 feet from the West line of said Section 35. Said spacing unit is located approximately 17 miles west of Tatum, New Mexico.

CASE 12985: Application of Chesapeake Operating, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in accordance with Division Rule 1207.A(1)(b), seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 of Section 7, Township 23 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320-acre spacing, including but not limited to the North Loving-Morrow Gas Pool. This unit is to be dedicated to its Will "7-A" Well No. 1 which has been drilled and completed at a standard well location in Unit A 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 applicant as the operator of the well and a charge for risk involved in this well. This unit is located approximately 3 miles northwest of Loving, New Mexico. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**