

DOCKET: EXAMINER HEARING - THURSDAY – JUNE 10, 1999

8:15 A.M. - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos. 19-99 and 20-99 are tentatively set for June 24 and July 8 1999. 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 12190: Application of Merrion Oil & Gas Corporation for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the W/2 of Section 2, Township 26 North, Range 13 West, forming a standard 319.96-acre gas spacing and proration unit. The unit is to be dedicated to applicant's Shank Com Well No. 1 to be drilled at a standard location in the W/2 of Section 2. 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 13 miles south of the City of Farmington.

CASE 12191: Application of OXY USA Inc. for an unorthodox gas well location and an exception to Division Rule 104.D(3) for simultaneous dedication, Eddy County, New Mexico. Applicant seeks approval to drill its proposed Jazz Federal Well No. 1 at an unorthodox gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Irregular Section 4, Township 17 South, Range 27 East, to be dedicated to a previously approved non-standard 323.68-acre gas spacing and proration unit consisting of the N/2 equivalent of the irregular section for any pools/formations spaced on 320 acres including the Crow Flats-Morrow Gas Pool. In addition, the applicant seeks an exception to Division Rule 104.D(3) to continuously and concurrently produce gas from the Morrow formation from this well and from the Roscoe Federal Well No. 1 (API No. 30-015-30236) located 1540 feet from the North line and 1760 feet from the East line of this section and for the simultaneous dedication of both wells to the existing 323.68-acre gas spacing and proration unit. This location is approximately 7 miles east/northeast of Artesia, New Mexico.

CASE 12080: Continued from April 1, 1999, Examiner Hearing.

Application of David H. Arrington Oil and Gas, Inc. for amendment of Division Order No. R-11028, Lea County, New Mexico. Applicant seeks an order amending Order No. R-11028 to pool all mineral interests from the surface to the base of the Lower Mississippian formation, underlying Lots 11 through 14 and the SW/4 for all formations developed on 320-acre spacing including the Undesignated North Shoe Bar-Atoka Gas Pool, Undesignated North Hume-Morrow Gas Pool and the Undesignated Townsend-Morrow Gas Pool, the SW/4 for all formations developed on 160-acre spacing, the N/2 SW/4 for all formations developed on 80-acre spacing including but not limited to the Undesignated Big Dog-Strawn Pool, and the NE/4 SW/4 for all formations developed on 40-acre spacing including the Undesignated Northwest Townsend-Abo Pool, Townsend-Permo Upper Pennsylvanian Pool and the Undesignated Townsend-Strawn Pool, all in Section 3, Township 16 South, Range 35 East. Applicant proposes to dedicate these pooled units to its Parachute Hopper Well No. 1 to be drilled at a standard gas well location in the NE/4 SW/4 of Section 3. 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 the operator of the well and a charge for risk involved in drilling the well. The area is located approximately 5 miles west of Lovington, New Mexico.

CASE 12181: (Readvertised)

Application of David H. Arrington Oil and Gas, Inc. for an unorthodox location and for an exception to Division Rule 104.D(3) for simultaneous dedication, Lea County, New Mexico. Applicant seeks an exception to all applicable well location set-back requirements governing any and all formations and/or pools from the surface to the base of the Mississippian formation for its Mayfly "14" State Com. Well No. 1 to be drilled 330 feet from the North and West lines (Unit D) of Section 14, Township 16 South, Range 35 East, to be dedicated to the following described spacing and proration units: (i) 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, which presently include the Undesignated North Shoe Bar-Atoka Gas Pool, Undesignated Shoe Bar-Atoka Gas Pool, Townsend-Morrow Gas Pool, and Undesignated North Townsend-Mississippian Gas Pool; and (ii) the NW/4 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing, which presently include the Undesignated North Shoe Bar-Wolfcamp Pool and the Undesignated Shoe Bar-Strawn Pool. The applicant further seeks an exception to Division Rule 104.D(3) to continuously and concurrently produce gas from the Townsend-Morrow Gas Pool from the above-described Mayfly "14" State Com. Well No. 1 and from the existing Mark L. Shidler, Inc. operated Monsanto State Com. Well No. 1 (API No. 30-025-24895) located at a standard gas well location 1980 feet from the South and West lines (Unit K) of Section 14, and for the simultaneous dedication of both wells to the existing 320-acre gas spacing and proration unit comprising the W/2 of Section 14. **Further, the applicant at the time of the hearing shall designate a common operator for both of these Morrow gas wells and this 320-acre unit within the Townsend-Morrow Gas Pool.** The proposed well location is approximately five miles south of Lovington, New Mexico.

CASE 12194: **Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NW/4 SE/4 (Unit J) of Section 3, Township 20 South, Range 33 East, thereby forming 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, which presently includes the Undesignated Teas-Yates-Seven Rivers Pool and the Undesignated West Teas-Yates-Seven Rivers Pool. The unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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 the well. The proposed 40-acre unit is located approximately 1.25 miles north of U. S. Highway 62-180 at mile marker No. 77.

CASE 12195: **Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NE/4 SE/4 (Unit I) of Section 3, Township 20 South, Range 33 East, thereby forming 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, which presently includes the Undesignated Teas-Yates-Seven Rivers Pool and the Undesignated West Teas-Yates-Seven Rivers Pool. This unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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 the well. The proposed 40-acre unit is located approximately 1.25 miles north of U. S. Highway 62-180 at mile marker No. 77.

CASE 12196: **Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the SW/4 SE/4 (Unit O) of Section 3, Township 20 South, Range 33 East, thereby forming 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, which presently includes the Undesignated Teas-Yates-Seven Rivers Pool and the Undesignated West Teas-Yates-Seven Rivers Pool. This unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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 the well. The proposed 40-acre unit is located approximately 1 mile north of U. S. Highway 62-180 at mile marker No. 77.

CASE 12185: **Continued from May 27, 1999, Examiner Hearing.**

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks authorization to drill a well to the Morrow formation, Undesignated Crow Flats-Morrow Gas Pool, at an unorthodox well location 660 feet from the North and East lines of Section 5, Township 17 South, Range 27 East. The N/2 of Section 5 is to be dedicated to the well forming a standard 320-acre spacing and proration unit. Said unit is located approximately 5 miles east-northeast of Artesia, New Mexico.

CASE 12197: **Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks approval to drill its Concho "ACT" State Com. Well No. 1 at an unorthodox Morrow gas well location 1650 feet from the North line and 660 feet from the East line (Unit H) of Section 8, Township 17 South, Range 27 East, located approximately six miles east of Artesia, New Mexico. The N/2 of Section 8 is to be dedicated to the well in order to form a standard 320-acre gas spacing and proration unit in the Undesignated Crow Flats-Morrow Gas Pool.

CASE 12186: **Continued from May 27, 1999, Examiner Hearing.**

Application of Chesapeake Operating Inc. 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 in Section 15, Township 16 South, Range 35 East, in the following manner: (a) the E/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre gas spacing within that vertical extent, including the Townsend-Morrow Gas Pool and the North Shoe Bar-Atoka Gas Pool; (b) the NE/4 to form a standard 160-acre gas spacing and proration for any formations and/or pools developed on 160-acre gas spacing within that vertical extent, including the North Shoe Bar-Wolfcamp Gas Pool; (c) the E/2 NE/4 to form a standard 80-acre oil spacing and proration unit for any formations and/or pools developed on 80-acre oil spacing within that vertical extent; and (d) the SE/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre oil spacing within that vertical extent, including the Townsend-Permo Upper Pennsylvanian Pool. These units are to be dedicated to its Boyce "15" Well No. 1 which will be located at a standard location within Unit H of the section. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs 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 this well. This unit is located approximately 5 ½ miles southwest of the center of the City of Lovington, New Mexico.

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CASE 12198: **Application of Ameristate Oil and Gas, Inc. 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 in Section 15, Township 16 South, Range 35 East, in the following manner: (a) the E/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing including the North Shoe Bar-Atoka Gas Pool and the Townsend-Morrow Gas Pool; (b) the NE/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing including the North Shoe Bar-Wolfcamp Gas Pool; (c) the S/2 NE/4 to form a standard 80-acre gas spacing and proration unit for any formations and/or pools developed on 80-acre spacing; and (d) the SE/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing including the Townsend-Permo-Upper Pennsylvanian Pool. Applicant proposes to dedicate these units to a well to be drilled at a standard gas well location in the SE/4 NE/4 (Unit H) of Section 15. 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 the well. This area is located approximately 5.5 miles southwest of the center of the City of Lovington, New Mexico.

CASE 12086: **(Consolidated)**
Application of Yates Petroleum Corporation and Hanley Petroleum Inc. for allowable reduction and the escrow of production proceeds, Lea County, New Mexico. Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

CASE 12086: **(Consolidated)**
Application of Energen Resources Corporation for allowable reduction and the escrow of production proceeds, Lea County, New Mexico. Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and Snyder "C" Well No. 4, and the Snyder "EC" Com Well No. 1, less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

CASE 12199: In the matter of the hearing called by the Oil Conservation Division for an order creating and extending certain pools in Eddy County, New Mexico.

(a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Southeast Crow Flats-Morrow Gas Pool. The discovery well is the Chi Operating, Inc. Cannonball "9" State Com. Well No. 1 located in Unit K of Section 9, Township 17 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 9: W/2

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Hackberry-Atoka Gas Pool. The discovery well is the Santa Fe Energy Resources, Inc. Hackberry "18" Federal Well No. 1 located in Unit O of Section 18, Township 19 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 18: S/2

(c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Otis-Atoka Gas Pool. The discovery well is the Santa Fe Energy Resources, Inc. Weems Well No. 1 located in Unit C of Section 27, Township 22 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 27: N/2

- (d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the East Sage Draw-Wolfcamp Gas Pool. The discovery well is the Chevron U.S.A., Inc. Marquardt Federal Com. Well No. 2 located in Unit F of Section 12, Township 25 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM

Section 12: N/2

- (e) EXTEND the Cemetery-Morrow Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 13: S/2

- (f) EXTEND the Empire-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 21: NE/4

- (g) EXTEND the Empire-Yeso Pool in Eddy County, New Mexico, to include:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 30: SW/4

- (h) EXTEND the West Indian Flats-Strawn Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM

Section 16: N/2

Section 17: N/2

- (i) EXTEND the Logan Draw-Morrow Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 30: S/2

- (j) EXTEND the Southeast Rocky Arroyo-Canyon Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM

Section 22: N/2

- (k) EXTEND the Russell-Lower Yates Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

Section 14: E/2

Section 23: W/2

- (l) EXTEND the Sand Dunes-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 25: NW/4

Section 26: N/2

- (m) EXTEND the Shugart-Wolfcamp Pool in Eddy County, New Mexico, to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 22: SE/4

Section 23: S/2

- (n) EXTEND the Travis-Wolfcamp Pool in Eddy County, New Mexico, to include:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 33: N/2 and SW/4

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 4: NW/4

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(o) EXTEND the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM

Section 14: All

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

CASE 12200:

In the matter of the hearing called by the Oil Conservation Division for an order redesignating a certain pool in Lea County, New Mexico.

(a) REDESIGNATE the South Hardy-Strawn Pool in Lea County, New Mexico, as the North Hardy-Strawnpool.

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

DOCKET: COMMISSION HEARING - WEDNESDAY – JUNE 17, 1999

9:00 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

The Land Commissioner's designee for this hearing will be Jami Bailey or Gary Carlson

The minutes of the May 19, 1999, 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 12177: Continued from May 19, 1999, Commission Hearing.

Application of the Oil Conservation Division to amend the notice requirements throughout Division rules and also amendments to the procedural rules found in Part N (19 NMAC 15.N) and amendments to Rules 11 and 12 (19 NMAC 15.A.11 and 12). The proposed amendments may be accessed on the internet on the Division homepage at: www.emnrd.state.nm.us/ocd.

CASE 12201: Application of the Oil Conservation Division to adopt certain definitions to be placed in Section A.7 (19 NMAC 15.A.7) of the Division Rules. The definitions to be adopted may be viewed on the internet on the Division homepage at: www.emnrd.state.nm.us/ocd.

CASE 12119: Continued from May 19, 1999, Commission Hearing.

Application of the Oil Conservation Division to amend Rule 104 (19 NMAC 15.C.104) pertaining to well spacing. The proposed amendments may be accessed on the internet on the Division homepage at: www.emnrd.state.nm.us/ocd.

(De Novo)

Application of Ridgeway Arizona Oil Corporation for a unit agreement, Catron County, New Mexico. Applicant seeks approval of the Cottonwood Canyon Carbon Dioxide Gas Unit Agreement, and exploratory unit comprising 109,309.33 acres, more or less, of federal, state, and fee lands in Catron County, New Mexico, and certain lands in Apache County, Arizona, covering all or parts of the following sections.

A. State of Arizona

Township 12 North, Range 29 East, G.&S.R.M.

Section 24

Township 12 North, Range 30 East, G.&S.R.M.

Sections 9, 10, 11, 13, 14, 19-21, 23-29, 34 and 35

Township 12 North, Range 31 East, G.&S.R.M.

Sections: 18-21, 27-31, 33, and 34

Township 10 North, Range 31 East, G.&S.R.M.

Sections: 3 and 10

Township 9 North, Range 31 East, G.&S.R.M.

Sections: 3, 10, 15, 22, and 27

B. State of New Mexico

Township 2 North, Range 20 West, NMPM

Sections: 30, 31, and 32

Township 2 North, Range 21 West, NMPM

Sections: 9, 14-16, 21-28, and 33-36

Township 1 North, Range 20 West, NMPM

Sections: 4-9, 16-21, 26, 27, and 28-35

Township 1 North, Range 21 West, NMPM

Sections: 1-4, 9-16, 21-28, and 33-36

Township 1 South, Range 20 West, NMPM

Sections: 2-10, 16-21, and 28-33

Township 1 South, Range 21 West, NMPM

Sections: 1-4, 9-16, 21-28, and 33-36

Township 2 South, Range 20 West, NMPM

Sections: 5-6, 18, and 19

Township 2 South, Range 21 West, NMPM

Sections: 1-4, 9-16, 21-28, and 33-36

Township 3 South, Range 21 West, NMPM

Sections: 3 and 4

The unit area is centered approximately where US Highway 60 intersects the Arizona – New Mexico state line. Upon application of Gary L. Kiehne, this case will be heard De Novo pursuant to the provisions of Rule 1220.

DOCKET: EXAMINER HEARING - THURSDAY - JULY 8, 1999

8:15 A.M. - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos. 22-99 and 23-99 are tentatively set for July 22 and August 5, 1999. 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 12209: **Application of Falcon Creek Resources, Inc. to amend Division Order No. R-11165 for surface commingling, off-lease measurement and storage, Lea County, New Mexico.** Applicant seeks to amend Division Order No. R-11165 to add an additional 40-acre spacing unit and its well to the previously approved centralized facility for the surface commingling, off-lease measurement and storage of West Teas Yates-Seven Rivers Pool production from its BF State Lease (E-3441) being the Arco State 886 Well No. 2 located in Unit B of Section 16, Township 20 South, Range 33 East, which shall be stored and measured at its centralized facility located in Unit G of this section. This facility is located approximately 4 miles northeast of the intersection of Federal Secondary Highway Number FAS 1217 and US Highway 180, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12210: **Application of Cross Timbers Oil Company to Amend Division Order No. R-11132 to permit an alternative unorthodox gas well location, San Juan, County, New Mexico.** Applicant seeks to amend Division Order No. R-11132, which approved its proposed Ute Indians "A" Well No. 26 at an unorthodox subsurface gas well location/producing area in the Ute Dome-Paradox Gas Pool no closer than: (i) 1650 feet to the North and West lines; (ii) 850 feet to the South line; and (iii) 1450 feet to the East line of Section 2, to be directionally drilled from a surface location 570 feet from the South line and 1045 feet from the East line of Section 2, Township 31 North, Range 14 West. Applicant seeks to amend the order to allow, in the alternative, an unorthodox gas well location for a vertical wellbore to be drilled at the above-described surface location. The unit is located approximately 5 miles west of La Plata, New Mexico.

CASE 12202: **Continued from June 24, 1999, Examiner Hearing.**

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and an unorthodox gas well location, 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 irregular Section 3, Township 16 South, Range 28 East, in the following manner: the S/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Crow Flats-Morrow Gas Pool; the SW/4 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; and the SW/4 SW/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent. These units are to be dedicated to applicant's Crow Flats 3 Fed. Well No. 1, located 960 feet from the South line and 760 feet from the West line (Unit M) of Section 3. 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 unit is located approximately 15.5 miles northeast of Artesia, New Mexico.

CASE 12203: **Continued from June 24, 1999, 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 from the surface to the base of the Bone Spring formation underlying the NE/4 SE/4 of Section 3, Township 20 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Teas Yates-Seven Rivers Pool. The unit is to be dedicated to the Python Federal Well No. 3, to be drilled at an orthodox oil well location 1650 feet from the South line and 660 feet from the East line (Unit I) of Section 3. 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 risk involved in drilling and completing the well. The unit is located approximately 5.5 miles northeast of the intersection of State Highway 176 and U.S. Highway 62/180.

CASE 12204: **Continued from June 24, 1999, 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 from the surface to the base of the Bone Spring formation underlying the SW/4 SE/4 of Section 3, Township 20 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Teas Yates-Seven Rivers Pool. The unit is to be dedicated to the Python Federal Well No. 2, to be drilled at an orthodox oil well location 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 3. 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 risk involved in drilling and completing the well. The unit is located approximately 5 miles northeast of the intersection of State Highway 176 and U.S. Highway 62/180.

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CASE 12205: Continued from June 24, 1999, 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 from the surface to the base of the Morrow formation underlying the following described acreage in Section 3, Township 20 South, Range 33 East, in the following manner: the S/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated East Gem-Morrow Gas Pool; the SE/4 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; and the NW/4 SE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Teas Yates-Seven Rivers Pool. These units are to be dedicated to applicant's Viper 3 Fed. Well No. 2, located 1650 feet from the South line and 1980 feet from the East line (Unit J) of Section 3. 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 unit is located approximately 4.5 miles northeast of Loco Hills, New Mexico.

CASE 12206: Continued from June 24, 1999, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and unorthodox gas well location, 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 in Section 24, Township 19 South, Range 33 East, and in the following manner: the E/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated East Gem-Morrow Gas Pool; the NE/4 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; and the NE/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated East Gem-Delaware Pool, Undesignated East Gem-Bone Spring Pool, and Undesignated East Gem-Strawn Spring Pool. The units are to be dedicated to its Sagebrush 24 Fed. Com Well No. 1, to be located at an unorthodox gas well location 660 feet from the north line and 990 feet from the east line (Unit A) of Section 24. 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 risk involved in drilling the well. The unit is located approximately 4 miles northeast of Loco Hills, New Mexico.

CASE 12211: **Application of Nearburg Exploration Company, L.L.C. for an unorthodox gas well location, Lea County, New Mexico.** Applicant seeks approval to drill its Sagebrush "24" Federal Com. Well No. 1 at an unorthodox Morrow gas well location 660 feet from the North line and 990 feet from the East line (Unit A) of Section 24, Township 19 South, Range 33 East, located approximately 12 miles south-southwest of Buckeye, New Mexico. The E/2 of Section 24 is to be dedicated to the well to form a standard 320-acre gas spacing and proration unit in either the Undesignated East Gem-Morrow Gas Pool or Undesignated Quail Ridge-Morrow Gas Pool.

CASE 12212: **Application of Nearburg Exploration Company, L.L.C. for an unorthodox well location, Lea County, New Mexico.** Applicant seeks authorization to drill a well to the Morrow formation, Undesignated East Lusk-Morrow Gas Pool, at an unorthodox well location 990 feet from the South line and 660 feet from the East line (Unit P) of Section 25, Township 19 South, Range 32 East. The E/2 of Section 25 is to be dedicated to the well. The unit is located approximately 16 miles south-southeast of Maljamar, New Mexico.

CASE 12103: Continued from June 24, 1999, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. and E.G.L. Resources, Inc. to reopen Case No. 12103 and for compulsory pooling, Lea County, New Mexico. Applicant seeks an order reopening Case No. 12103 and pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the SE/4 SE/4 of Section 3, Township 20 South, Range 33 East, to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Teas-Yates-Seven Rivers Pool. The unit is to be dedicated to a well to be drilled at an orthodox oil well location in the SE/4 SE/4 (Unit P) of Section 3. 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 risk involved in drilling and completing the well. The unit is located approximately 5.5 miles northeast of the intersection of State Highway 176 and U.S. Highway 62/180.

CASE 12195: Continued from June 24, 1999, Examiner Hearing.

Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NE/4 SE/4 (Unit I) of Section 3, Township 20 South, Range 33 East, thereby forming 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, which presently includes the Undesignated Teas-Yates-Seven Rivers Pool and the Undesignated West Teas-Yates-Seven Rivers Pool. This unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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 the well. The proposed 40-acre unit is located approximately 1.25 miles north of U. S. Highway 62-180 at mile marker No. 77.

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CASE 12196: Continued from June 24, 1999, Examiner Hearing.

Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the SW/4 SE/4 (Unit O) of Section 3, Township 20 South, Range 33 East, thereby forming 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, which presently includes the Undesignated Teas-Yates-Seven Rivers Pool and the Undesignated West Teas-Yates-Seven Rivers Pool. This unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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 the well. The proposed 40-acre unit is located approximately 1 mile north of U. S. Highway 62-180 at mile marker No. 77.

CASE 12181: Continued from June 24, 1999, Examiner Hearing.

Application of David H. Arrington Oil and Gas, Inc. for an unorthodox location and for an exception to Division Rule 104.D(3) for simultaneous dedication, Lea County, New Mexico. Applicant seeks an exception to all applicable well location set-back requirements governing any and all formations and/or pools from the surface to the base of the Mississippian formation for its Mayfly "14" State Com. Well No. 1 to be drilled 330 feet from the North and West lines (Unit D) of Section 14, Township 16 South, Range 35 East, to be dedicated to the following described spacing and proration units: (i) 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, which presently include the Undesignated North Shoe Bar-Atoka Gas Pool, Undesignated Shoe Bar-Atoka Gas Pool, Townsend-Morrow Gas Pool, and Undesignated North Townsend-Mississippian Gas Pool; and (ii) the NW/4 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing, which presently include the Undesignated North Shoe Bar-Wolfcamp Pool and the Undesignated Shoe Bar-Strawn Pool. The applicant further seeks an exception to Division Rule 104.D(3) to continuously and concurrently produce gas from the Townsend-Morrow Gas Pool from the above-described Mayfly "14" State Com. Well No. 1 and from the existing Mark L. Shidler, Inc. operated Monsanto State Com. Well No. 1 (API No. 30-025-24895) located at a standard gas well location 1980 feet from the South and West lines (Unit K) of Section 14, and for the simultaneous dedication of both wells to the existing 320-acre gas spacing and proration unit comprising the W/2 of Section 14. **Further, the applicant at the time of the hearing shall designate a common operator for both of these Morrow gas wells and this 320-acre unit within the Townsend-Morrow Gas Pool.** The proposed well location is approximately five miles south of Lovington, New Mexico.

CASE 12080: Continued from June 16, 1999, Examiner Hearing.

Application of David H. Arrington Oil and Gas, Inc. for amendment of Division Order No. R-11028, Lea County, New Mexico. Applicant seeks an order amending Order No. R-11028 to pool all mineral interests from the surface to the base of the Lower Mississippian formation, underlying Lots 11 through 14 and the SW/4 for all formations developed on 320-acre spacing including the Undesignated North Shoe Bar-Atoka Gas Pool, Undesignated North Hume-Morrow Gas Pool and the Undesignated Townsend-Morrow Gas Pool, the SW/4 for all formations developed on 160-acre spacing, the N/2 SW/4 for all formations developed on 80-acre spacing including but not limited to the Undesignated Big Dog-Strawn Pool, and the NE/4 SW/4 for all formations developed on 40-acre spacing including the Undesignated Northwest Townsend-Abo Pool, Townsend-Permo Upper Pennsylvanian Pool and the Undesignated Townsend-Strawn Pool, all in Section 3, Township 16 South, Range 35 East. Applicant proposes to dedicate these pooled units to its Parachute Hopper Well No. 1 to be drilled at a standard gas well location in the NE/4 SW/4 of Section 3. 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 the operator of the well and a charge for risk involved in drilling the well. The area is located approximately 5 miles west of Lovington, New Mexico.

CASE 12086: Consolidated – Continued from June 10, 1999, Examiner Hearing.

Application of Yates Petroleum Corporation and Hanley Petroleum Inc. for allowable reduction and the escrow of production proceeds, Lea County, New Mexico. Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

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CASE 12086: Consolidated - Continued from June 10, 1999, Examiner Hearing.

Application of Energen Resources Corporation for allowable reduction and the escrow of production proceeds, Lea County, New Mexico. Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and Snyder "C" Well No. 4, and the Snyder "EC" Com Well No. 1, less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

CASE 12213: In the matter of the hearing called by the Oil Conservation Division for an order creating and extending certain pools in Eddy County, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the East James Ranch-Bone Spring Pool. The discovery well is the Devon Energy Corporation (Nevada) Todd "14K" Federal Well No. 1 located in Unit K of Section 14, Township 23 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 14: SW/4

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the North Los Medanos-Wolfcamp Gas Pool. The discovery well is the Mitchell Energy, Inc. Apache "13" Federal Well No. 1 located in Unit H of Section 13, Township 22 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM

Section 13: E/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the West Shugart-Delaware Pool. The discovery well is the Concho Resources, Inc. West Shugart "29" Federal Well No. 1 located in Unit K of Section 29, Township 18 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 29: SW/4

- (d) EXTEND the East Avalon-Bone Spring Pool in Eddy County, New Mexico, to include:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 4: W/2

- (e) EXTEND the Avalon-Strawn Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 15: S/2

- (f) EXTEND the Calabaza Draw-Atoka Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 2: Lots 25, 26, 31, and 32

- (g) EXTEND the Cedar Lake-Yeso Pool in Eddy County, New Mexico, to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 19: NE/4

Section 20: NW/4

- (h) EXTEND the Crow Flats-Morrow Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 8: All

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- (i) EXTEND the Loco Hills-Paddock Pool in Eddy County, New Mexico, to include:
TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 21: SE/4
- (j) EXTEND the North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include:
TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 33: All
Section 34: W/2

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT..

DOCKET: COMMISSION HEARING - THURSDAY – JULY 15, 1999

9:00 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

The Land Commissioner's designee for this hearing will be Jami Bailey or Gary Carlson

The minutes of the June 17, 1999, 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 11214: Application of the Oil Conservation Division to amend Division Rule 303 to eliminate the requirement of notice to offset operators for downhole commingling applications. The Division seeks the amendment of Division Rule 303 to eliminate the requirement that offset operators be notified of downhole commingling applications. The Division proposes to delete Subparagraph 303.D.(10)(c) and the words "from any offset operator" in 303.F.(1) to accomplish this result.

CASE 12119: Continued from June 17, 1999, Commission Hearing.

Application of the Oil Conservation Division to amend Rule 104 (19 NMAC 15.C.104) pertaining to well spacing. The proposed amendments may be accessed on the internet on the Division homepage at: www.emnrd.state.nm.us/ocd.

CASE 12161: De Novo - Continued from June 17, 1999, Commission Hearing.

Application of Ridgeway Arizona Oil Corporation for a unit agreement, Catron County, New Mexico. Applicant seeks approval of the Cottonwood Canyon Carbon Dioxide Gas Unit Agreement, and exploratory unit comprising 109,309.33 acres, more or less, of federal, state, and fee lands in Catron County, New Mexico, and certain lands in Apache County, Arizona, covering all or parts of the following sections.

A. State of Arizona

Township 12 North, Range 29 East, G.&S.R.M.

Section 24

Township 12 North, Range 30 East, G.&S.R.M.

Sections 9, 10, 11, 13, 14, 19-21, 23-29, 34 and 35

Township 12 North, Range 31 East, G.&S.R.M.

Sections: 18-21, 27-31, 33, and 34

Township 10 North, Range 31 East, G.&S.R.M.

Sections: 3 and 10

Township 9 North, Range 31 East, G.&S.R.M.

Sections: 3, 10, 15, 22, and 27

B. State of New Mexico

Township 2 North, Range 20 West, NMPM

Sections: 30, 31, and 32

Township 2 North, Range 21 West, NMPM

Sections: 9, 14-16, 21-28, and 33-36

Township 1 North, Range 20 West, NMPM

Sections: 4-9, 16-21, 26, 27, and 28-35

Township 1 North, Range 21 West, NMPM

Sections: 1-4, 9-16, 21-28, and 33-36

Township 1 South, Range 20 West, NMPM

Sections: 2-10, 16-21, and 28-33

Township 1 South, Range 21 West, NMPM

Sections: 1-4, 9-16, 21-28, and 33-36

Township 2 South, Range 20 West, NMPM

Sections: 5-6, 18, and 19

Township 2 South, Range 21 West, NMPM

Sections: 1-4, 9-16, 21-28, and 33-36

Township 3 South, Range 21 West, NMPM

Sections: 3 and 4

The unit area is centered approximately where US Highway 60 intersects the Arizona – New Mexico state line. Upon application of Gary L. Kiehne, this case will be heard De Novo pursuant to the provisions of Rule 1220.

DOCKET: COMMISSION HEARING - THURSDAY - AUGUST 12, 13, 19, 20, 26, and 27, 1999

9:00 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

The Land Commissioner's designee for this hearing will be Jami Bailey or Gary Carlson

The minutes of the July 15, 1999, 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.

**NOTE: The Commission hearing scheduled for August 19th will begin at 1:00 pm.
Case 12033 will be heard on August 26 & 27, 1999**

CASE 12225: The Oil Conservation Division is calling a hearing to consider proposed October, 1999 – March, 2000 gas allowables for the prorated gas pools in New Mexico. Allowable assignment factors are being distributed with an OCD Memorandum dated July 22, 1999. If requests for changes are not received at the August 12, 1999 hearing, these factors will be used to assign allowables for the October - March period.

CASE 12119: Continued from July 15, 1999, Commission Hearing.

Application of the Oil Conservation Division to amend Rule 104 (19 NMAC 15.C.104) pertaining to well spacing. The proposed amendments may be accessed on the internet on the Division homepage at: www.emnrd.state.nm.us/ocd. Written comments on this proposed rule amendment will be accepted until August 4, 1999.

CASE 12161: ~~De Novo Continued from July 15, 1999, Commission Hearing~~

Application of Ridgeway Arizona Oil Corporation for a unit agreement, Catron County, New Mexico. Applicant seeks approval of the Cottonwood Canyon Carbon Dioxide Gas Unit Agreement, and exploratory unit comprising ~~100,000~~ 89,574.12 acres, more or less, of federal, state, and fee lands in Catron County, New Mexico, and certain lands in Apache County, Arizona, covering all or parts of the following sections.

~~A. State of Arizona
Township 12 North, Range 29 East, G.&S.R.M.
Section 24
Township 12 North, Range 30 East, G.&S.R.M.
Sections 9, 10, 11, 13, 14, 19-21, 23-29, 34 and 35
Township 12 North, Range 31 East, G.&S.R.M.
Sections: 18-21, 27-31, 33, and 34
Township 10 North, Range 31 East, G.&S.R.M.
Sections: 3 and 10
Township 9 North, Range 31 East, G.&S.R.M.
Sections: 3, 10, 15, 22, and 27~~

B. State of New Mexico
Township 2 North, Range 20 West, NMPM
Sections: 30, 31, and 32
Township 2 North, Range 21 West, NMPM
Sections: 9, 14-16, 21-28, and 33-36
Township 1 North, Range 20 West, NMPM
Sections: 4-9, 16-21, 26, 27, and 28-35
Township 1 North, Range 21 West, NMPM
Sections: 1-4, 9-16, 21-28, and 33-36
Township 1 South, Range 20 West, NMPM
Sections: 2-10, 16-21, and 28-33
Township 1 South, Range 21 West, NMPM
Sections: 1-4, 9-16, 21-28, and 33-36
8 Township 2 South, Range 20 West, NMPM
Sections: 5-8, 18, and 19
Township 2 South, Range 21 West, NMPM
Sections: 1-4, 9-16, 21-28, and 33-36
Township 3 South, Range 21 West, NMPM
Sections: 3 and 4

8:15 A.M. - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos. 13-99 and 14-99 are tentatively set for April 25, and May 13, 1999. 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 12159: **Application of Robert L. Bayless for downhole commingling, San Juan County, New Mexico.** Applicant seeks authority to downhole commingle Basin-Fruitland Coal and Fulcher Kutz-Pictured Cliffs Gas Pool production within its Juhan Well No. 1 located 1650 feet from the North line and 1800 feet from the East line (Unit G) of Section 29, Township 30 North, Range 12 West. This well is located approximately 5 miles northeast of Farmington, New Mexico.

CASE 12161: **Application of Ridgeway Arizona Oil Corporation for a unit agreement, Catron County, New Mexico.** Applicant seeks approval of the Cottonwood Canyon Carbon Dioxide Gas Unit Agreement, an exploratory unit comprising 109,309.33 acres, more or less, of federal, state, and fee lands in Catron County, New Mexico, and certain lands in Apache County, Arizona, covering all or parts of the following sections.

A. State of Arizona

Township 12 North, Range 29 East, G.&S.R.M.

Section 24

Township 12 North, Range 30 East, G.&S.R.M.

Sections 9, 10, 11, 13, 14, 19-21, 23-29, 34 and 35

Township 12 North, Range 31 East, G.&S.R.M.

Sections: 18-21, 27-31, 33, and 34

Township 10 North, Range 31 East, G.&S.R.M.

Sections: 3 and 10

Township 9 North, Range 31 East, G.&S.R.M.

Sections: 3, 10, 15, 22, and 27

B. State of New Mexico

Township 2 North, Range 20 West, NMPM

Sections: 30, 31, and 32

Township 2 North, Range 21 West, NMPM

Sections: 9, 14-16, 21-28, and 33-36

Township 1 North, Range 20 West, NMPM

Sections: 4-9, 16-21, 26, 27, and 28-35

Township 1 North, Range 21 West, NMPM

Sections: 1-4, 9-16, 21-28, and 33-36

Township 1 South, Range 20 West, NMPM

Sections: 2-10, 16-21, and 28-33

Township 1 South, Range 21 West, NMPM

Sections: 1-4, 9-16, 21-28, and 33-36

Township 2 South, Range 20 West, NMPM

Sections: 5-6, 18, and 19

Township 2 South, Range 21 West, NMPM

Sections: 1-4, 9-16, 21-28, and 33-36

Township 3 South, Range 21 West, NMPM

Sections: 3 and 4

The unit area is centered approximately where US Highway 60 intersects the Arizona - New Mexico state line.

CASE 12157: **Continued from April 1, 1999, Examiner Hearing.**

Application of Chi Energy, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the E/2 of Section 19, Township 20 South, Range 34 East, to form a standard 320-acre spacing and proration unit for any formations and/or pools developed on 320-acre gas spacing within that vertical extent, including the Undesignated Quail Ridge-Morrow Gas Pool. The unit is to be dedicated to the Greenstone Fed. Com. Well No. 1, located at an unorthodox surface/bottomhole location 480 feet from the South line and 1650 feet from the East line (Unit O), or in the alternative, directionally drilled from the above surface location to an unorthodox gas well bottomhole location 760 feet from the South line and 1650 feet from the East line (Unit O). Also to be considered will be the cost of drilling and completing this 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. This unit is located approximately 20 miles west-southwest of Monument, New Mexico.

CASE 12133: Continued from March 4, 1999, Examiner Hearing.

Application of Saga Petroleum L.L.C. for approval of a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Crossroads Siluro-Devonian Unit for an area comprising 800 acres of fee lands in Sections 27 and 34 of Township 9 South, Range 36 East, which is located approximately 6 miles east of Crossroads, New Mexico.

CASE 12163: **Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the SW/4 SE/4 (Unit O) of Section 3, Township 20 South, Range 33 East, forming 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, which presently include the Undesignated Teas Yates-Seven Rivers Pool and the Undesignated West Teas Yates-Seven Rivers Pool. This unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing this well and the allocation of the cost 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 1 mile north of U.S. Highway 62-180 at mile marker No. 77.

CASE 12164: **Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NE/4 SE/4 (Unit I) of Section 3, Township 20 South, Range 33 East, forming 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, which presently include the Undesignated Teas Yates-Seven Rivers Pool and the Undesignated West Teas Yates-Seven Rivers Pool. This unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing this well and the allocation of the cost 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 1.25 miles north of U.S. Highway 62-180 at mile marker No. 77.

CASE 12165: **Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NW/4 SE/4 (Unit J) of Section 3, Township 20 South, Range 33 East, forming 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, which presently include the Undesignated Teas Yates-Seven Rivers Pool and the Undesignated West Teas Yates-Seven Rivers Pool. This unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing this well and the allocation of the cost 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 1.25 miles north of U.S. Highway 62-180 at mile marker No. 77.

CASE 12153: Continued from April 1, 1999, Examiner Hearing.

Application of ARCO Permian for Certification of a Positive Production Response within the South Justis Unit Waterflood Project, Lea County, New Mexico. Applicant seeks certification by the Division that a positive production response to secondary recovery waterflood operations has occurred within Phases IIA, IIB and IIC of its South Justis Unit Waterflood Project, located in portions of Townships 25 and 26 South, Ranges 37 and 38 East. This project was certified January 5, 1994 by the Division to be a qualified Enhanced Oil Recovery Project by Order No. R-9747. This project is located approximately 4 miles east of Jal, New Mexico.

CASE 12166: **Application of Energen Resources Corporation for compulsory pooling, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Mesaverde and Dakota formations in the W/2 of Section 19, Township 30 North, Range 4 West, forming standard 320-acre spacing and proration units respectively. These units are to be dedicated to its Carson Well No. 4 which is to be located in Unit E of Section 19. Applicant also seeks approval to dedicate the pooled units to its Carson No. 4-M infill well to be drilled at an orthodox infill location in Unit L of Section 19, following the completion of the Carson Well No. 4. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for the risk involved in drilling the wells. These wells are located approximately 6 miles northeast of Gobernador, New Mexico.

CASE 12167: **Application of Energen Resources Corporation for compulsory pooling and an unorthodox well location, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Mesaverde and Dakota formations in the E/2 of Section 30, Township 30 North, Range 4 West, forming standard 320-acre spacing and proration units respectively. These units are to be dedicated to its Carson Well No. 5 which is to be drilled at an unorthodox well location in Unit B of Section 30. Applicant also seeks approval to dedicate the pooled units to its Carson No. 5-M infill well to be drilled at an orthodox infill location in Unit P of Section 30, following the completion of the Carson Well No. 5. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for the risk involved in drilling the wells. These wells are located approximately 6 miles northeast of Gobernador, New Mexico

DOCKET: COMMISSION HEARING - THURSDAY - APRIL 22, 1999**9:00 A.M. - 2040 South Pacheco****Santa Fe, New Mexico****The Land Commissioner's designee for this hearing will be Jami Bailey or Gary Carlson**

The minutes of the March 25, 1999, Commission hearing will be adopted.

CASE 12119: Continued from January 14, 1999, Commission Hearing.

In the matter of the hearing called by the Oil Conservation Division to discuss possible amendments to 19 NMAC 15.C.104 pertaining to well spacing and the notice requirements throughout the rules including 19 NMAC 15.N.

CASE 12169: Application of the Oil Conservation Division to amend and/or adopt tax incentive rules. Applicant seeks the amendment of Division Rules 712 and 713 and the adoption of new rules to facilitate the implementation of new laws granting oil and gas tax incentives. House Bill 11 amending the production restoration tax incentive has been signed by the Governor into law. House Bill 290, granting a tax credit for new wells, and House Bills 281 and 436, granting a tax incentive to stripper wells and amending the well workover tax incentive, have passed both the House and Senate and await the governor's signature.

CASE 12086: Continued from March 25, 1999, Commission Hearing.

Application of Yates Petroleum Corporation and Hanley Petroleum Inc. for allowable reduction, and the escrow of production proceeds, Lea County, New Mexico. Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities, (2) providing for termination of the depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission, and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.