



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

MEMORANDUM

**TO: All Producers, Purchasers and Transporters of Gas For All Prorated Gas Pools
in New Mexico**

FROM: Lori Wrotenbery, Division Director *LW*
Oil Conservation Division

**SUBJECT: Commission Hearing on August 12, 1999, Concerning Prorated Gas Allowables
for the October, 1999 Through March, 2000 Period**

DATE: July 22, 1999

Since 1991, allowables for the prorated gas pools in New Mexico have been established for six month allocation periods beginning in April and October of each year. Allowables have been determined using prior year allocation period production volumes with adjustments where appropriate based on evidence and recommendations from operators, purchasers, and transporters.

For the past several allocation periods, non-marginal allocation factors and well allowables have remained almost constant in most pools. Declining pool production and increased demand for New Mexico gas have resulted in a large reduction in the number of non-marginal wells and the assignment of marginal allowables to most wells in prorated pools.

At its February 11, 1999 proration hearing, the allowable factors used in the previous allocation period were recommended by the Division for the next proration period. There were no requests to modify those recommended allowables. The recommended allowables were adopted by order of the Commission.

The Commission will follow this procedure for the current and future allocation periods and until such time as it is determined that changes are needed. The enclosed allocation factors, being the previous 6 month allowable factors, will be used for allowable purposes for the period October, 1999 through March, 2000 unless there is evidence received at the August 12, 1999 Commission hearing indicating that these factors should be modified.

**Oil Conservation Division
Proposed Allowable Allocation Factors
New Mexico Prorated Pools
October, 1999 through March, 2000**

Southeast New Mexico

Pool	Monthly Allocation Factor (F.)
Atoka Penn	24,000
Blinebry Oil and Gas	70,200
Buffalo Valley Penn	33,000
Eumont Yates 7 Rivers Queen	38,000
Indian Basin Upper Penn	200,000
Jalmat Tansill Yates 7 Rivers	18,300
Justis Glorieta	18,300
Tubb Oil and Gas	18,425

Northwest New Mexico

Pool	Monthly Allocation Factor (F1)	Monthly Acreage x Deliverability Factor (F2)
Basin Dakota	11,163	14.04
Blanco Mesaverde	5,771	26.14
Blanco P. C. South	440	28.18
Tapacito Pictured Cliffs	467	19.79

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 5, 19998:15 A.M. - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos. 26-99 and 27-99 are tentatively set for August 19 and September 2, 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: Readvertised*(taken under advisement)*

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. 1 located in Unit F 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 12181: Continued from July 8, 1999, Examiner Hearing.*under advisement*

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 12215: Continued from July 22, 1999, Examiner Hearing

Application of Anadarko Petroleum Corporation For Downhole Commingling, Lea County, New Mexico. Applicant seeks an exception to Division Rule 303.C.(1)(a)(iii) to permit downhole commingling of Penrose Skelly-Grayburg and Southwest Eunice-San Andres Pool production in the E.W. Walden Well No. 12 located 2250 feet from the North line and 1350 feet from the West line (Unit F) of Section 15, Township 22 South, Range 37 East. This well is located approximately 4 miles south of Eunice, New Mexico.

CASE 12217: Continued from July 22, 199, Examiner Hearing.

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 Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 2, Township 31 North, Range 8 West, in order to form a standard 320-acre gas spacing and proration unit. This unit is to be dedicated to applicant's proposed U-Da-Well Com. Well No. 1 to be drilled at a previously approved unorthodox coal gas well location in the SE/4 NW/4 (Unit F) of Section 2 (see Division Administrative Order NSL-4281 dated May 13, 1999). 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 nine miles north-northwest of the Navajo Lake Dam.

CASE 12221:

Application of Yates Petroleum Corporation for Compulsory Pooling, Chaves County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation, the SE/4 of the SE/4 to form a standard 40-acre spacing unit for any formations and/or pools developed on 40-acre spacing and the SE/4 underlying the following acreage Section 17, Township 6 South, Range 26 East; in order to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing, including the Pecos Slope-Abo Gas Pool. This unit is to be dedicated to its Getty "PS" 17 Well No. 2 at an orthodox location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 17. 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 north of the intersection of U.S. Highway 70 and the Pecos River.

Examiner Hearing – August 5, 1999

Docket No. 24-99

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CASE 12222: **Application of Mewbourne Oil Company for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 18, Township 23 South, Range 27 East, 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 South Carlsbad-Canyon Gas Pool, Undesignated South Carlsbad-Strawn Gas Pool, South Carlsbad-Atoka Gas Pool, and South Carlsbad-Morrow Gas Pool. This unit is to be dedicated to applicant's Ranch Hand "18" Fed. Com. Well No. 1, located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 18. 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 4 1/2 miles southwest of Otis, New Mexico.

CASE 12223: ✓ **Application of Pogo Producing Company for Approval of a Pilot Pressure Maintenance Project and to qualify the Project for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act, Eddy County, New Mexico.** Applicant seeks approval to institute a pilot pressure maintenance project in the West Sand Dunes-Delaware Pool on Federal Leases NM 38463, 38464, NM 40859, and NM 0281482-A (comprising all or parts of Sections 20, 21, 28 and 29, Township 23 South, Range 31 East) by the injection of water into the Pure Gold "B" Fed. Well No. 20, located in Unit P of Section 20. Applicant further seeks to qualify the project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Sections 7-29A-1 through 7-29A-5, NMSA 1978). This project is located approximately 18 miles east of Loving, New Mexico.

CASE 12202: **Continued from July 22, 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 July 22, 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 July 22, 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 July 22, 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 12103: Continued from July 22, 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 12224: **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 developed on 320-acre spacing from the base of the Pictured Cliffs formation to the base of the Mesaverde formation in the N/2 of Section 10, Township 25 North, Range 2 West. These units are to be dedicated to its Elk Com. Well No. 10-8 to be drilled to a depth sufficient to test all formations to the base of the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the NE/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 the risk involved in drilling and completing the well. The unit is located approximately 7 1/2 miles north-northeast of Lindreth, New Mexico.

CASE 12207: Continued from July 22, 1999, Examiner Hearing.

Application of St. Mary Land & Exploration Company for statutory unitization, Eddy and Lea Counties, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interests in the Brushy Canyon formation of the Delaware Mountain Group, East Shugart-Delaware Pool, underlying 604.12 acres, more or less, of federal lands in the following described area:

Township 18 South, Range 31 East, NMPM

Section 13: S/2 SE/4

Section 24: NE/4, N/2 SE/4

Township 18 South, Range 32 East, NMPM

Section 18: Lot 4

Section 19: Lots 1-3, E/2 NW/4, NE/4 SW/4

The unit is to be designated the East Shugart (Delaware) Unit. Among the matters to be considered at the hearing, pursuant to the New Mexico Statutory Unitization Act, NMSA 1978 Sections 70-7-1 et seq., will be: The necessity of unit operations; the designation of a unit operator; the determination of the 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 investments, to each of the 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 unit voting procedures, selection, removal, or substitution of the unit operator, and time of commencement and termination of unit operations. Applicant also requests that the order issued in this case include a provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division to be just and reasonable. The unit area is located approximately 11.5 miles southeast of Loco Hills, New Mexico.

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CASE 12208: Continued from July 22, 1999, Examiner Hearing.

Application of St. Mary Land & Exploration Company for approval of a waterflood project and to qualify the project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Eddy and Lea Counties, New Mexico. Applicant seeks approval of its East Shugart (Delaware) Unit Waterflood Project by the injection of water into the Brushy Canyon formation of the Delaware Mountain Group through 9 wells located in the following area:

Township 18 South, Range 31 East, NMPM

Section 13: S/2 SE/4

Section 24: NE/4, N/2 SE/4

Township 18 South, Range 32 East, NMPM

Section 18: Lot 4

Section 19: Lots 1-3, E/2 NW/4, NE/4 SW/4

Applicant further seeks to qualify the project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Sections 7-29A-1 through 7-29A-2 NMSA 1978). This project is located approximately 11.5 miles southeast of Loco Hills, New Mexico.

CASE 12220: Continued from July 22, 1999, Examiner Hearing.

Application of Cross Timbers Operating Company for an Unorthodox Coal Gas Well Location, San Juan County, New Mexico. Applicant seeks approval to drill its proposed Brown Well No. 3 (API No. 30-045-29900) at an off-pattern non-standard coal gas well location 1775 feet from the South line and 1090 feet from the East line (Unit I) of Section 29, Township 30 North, Range 12 West, which is located approximately 6 miles northeast of Farmington, New Mexico. The S/2 of Section 29 is to be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool.

CASE 12194: Continued from July 22, 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 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 12196: Continued from July 22, 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.

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 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.

Commission Hearings in August

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CASE 12186: De Novo

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 1/2 miles southwest of the center of the City of Lovington, New Mexico. Upon application of Ameristate Oil & Gas, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 11996: De Novo

Application of Pendragon Energy Partners, Inc. and J. K. Edwards Associates, Inc. to confirm production from the appropriate common source of supply, San Juan County, New Mexico. The applicants, pursuant to Rule 3 of the "Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool," as promulgated by Division Order No. R-8768, as amended, seeks an order confirming that the following described wells completed within the vertical limits of the WAW-Fruitland Sand-Pictured Cliffs Pool and the Basin-Fruitland Coal (Gas) Pool are producing from the appropriate common source of supply and providing further relief as the Division deems necessary: (i) the Pendragon Energy Partners, Inc. operated Chaco Well Nos. 1, 2-R, 4, and 5 and Chaco Ltd. Well Nos. 1-J and 2-J located in Sections 7 and 18, Township 26 North, Range 12 West and Section 1, Township 26 North, Range 13 West, and (ii) the Whiting Petroleum Corporation operated Gallegos Federal "26-12-6" Well No. 2, Gallegos Federal "26-12-7" Well No. 1, Gallegos Federal "26-13-" Well Nos. 1 and 2, and Gallegos Federal "26-13-12" Well No. 1 located in Sections 6 and 7, Township 26 North, Range 12 West and Sections 1 and 12, Township 26 North, Range 13 West. The area in which these wells are located is approximately 15 miles south-southeast of Farmington, New Mexico. Upon application of Pendragon Energy Partners, Inc., Pendragon Resources, L. P., and J. R. Edwards Associates, Inc.; and Whiting Petroleum Corporation and Maralex Resources, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12033: De Novo

Application of Public Service Company of New Mexico for review of Oil Conservation Division directive dated March 13, 1998 directing applicant to perform additional remediation for hydrocarbon contamination, San Juan County, New Mexico. Applicant seeks review of a Division directive dated March 13, 1998 directing applicant to perform additional remediation for hydrocarbon contamination located in the area of the Burlington Resources Hampton Well No. 4M located in Unit N, Section 13, Township 30 North, Range 11 West, and a determination by the division that applicant is not a responsible person for purposes of further investigation or remediation of the contamination. Applicant further seeks a stay of the March 13, 1998 directive pending an order in this matter. The subject area is located approximately 3 miles east-southeast of Aztec, New Mexico. Upon application of Burlington Resources Oil and Gas Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.