

DOCKET: EXAMINER HEARING - THURSDAY – May 17, 2001
8:15 A.M. - 1220 South St. Francis
Santa Fe, New Mexico

Docket Nos. 18-01 and 19-01 are tentatively set for May 31, 2001 and June 14, 2001. 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 12646: Continued from May 3, 2001, Examiner Hearing.

Application of Strata Production Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 160-acre spacing underlying the NW/4 of Section 15, Township 24 South, Range 34, East. Applicant proposes to dedicate the above-described spacing or proration unit to its Buckeye No. 1 well to be reentered at a standard location 660 feet from the North line and 1980 feet from the West line of Section 15, to a depth sufficient to test any and all formations down to the base of the Bone Spring Formation.

CASE 12536: Continued from April 19, 2001, Examiner Hearing. This case will be dismissed.

Application of Concho Resources, Inc. 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 following described acreage in Section 32, Township 18 South, Range 24 East, and in the following manner: The S½ 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 Antelope Sink-Morrow Gas Pool; and the SW¼ 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. The units are to be dedicated to applicant's Southern Cross 32 State Com. Well No. 1, to be located 1650 feet from the South line and 1980 feet from the West line (Unit K) of Section 32. 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 units are located approximately 10½ miles southeast of Hope, New Mexico.

CASE 12654: Continued from May 3, 2001, Examiner Hearing.

Application of Chi Energy, Inc. 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 following described acreage in Section 9, Township 22 South, Range 25 East, in the following manner: 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 within that vertical extent, including the Undesignated Revelation-Strawn Gas Pool and Undesignated Revelation-Morrow Gas Pool; the SW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; and the NE/4 SW/4 to form 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. The units are to be dedicated to applicant's In Bounds Well No. 1, to be drilled at an orthodox location in the NE/4 SW/4 of Section 9. 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 units are located approximately 10½ miles west-southwest of Carlsbad, New Mexico.

CASE 12657: **Application of Cross Timbers Oil Company for compulsory pooling, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the SE/4 of Section 35, Township 31 North, Range 12 West, to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent, including but not limited to the Undesignated Flora Vista-Fruitland Sand Pool and Undesignated Aztec-Pictured Cliffs Gas Pool. The unit is to be dedicated to applicant's Oliver Unit Well No. 1, to be drilled at an orthodox gas well location in the SE/4 of Section 35. 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 Cross Timbers Operating 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 miles north-northeast of Flora Vista, New Mexico.

CASE 12658: **Application of Cross Timbers Oil Company for unit expansion, Lea County, New Mexico.** Applicant seeks an order expanding the Southeast Maljamar Grayburg-San Andres Unit to cover the Maljamar Grayburg-San Andres Pool underlying parts of Sections 29, 30, 32, and 33, Township 17 South, Range 33 East, comprising 1320 acres, more or less, of state and federal lands. The unit is centered approximately 6 miles Southeast of Maljamar, New Mexico.

CASE 12606: **Continued from April 19, 2001, Examiner Hearing.**

Application of Echo Production, Inc. 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 27, Township 20 South, Range 21 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Undesignated Little Box Canyon-Morrow Gas Pool. The unit is to be dedicated to applicant's Little Feat "27" Fed. Com. Well No. 1, to be drilled at an orthodox location in the SE/4 SE/4 of Section 27. 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 18½ miles south-southwest of Hope, New Mexico.

CASE 12566: **Continued from April 19, 2001, Examiner Hearing.**

Application of KCS Medallion Resources, Inc. for compulsory pooling, Eddy 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 NE/4 of Section 24, Township 18 South, Range 30 East, to form 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, including but not limited to the Undesignated North Shugart-Bone Spring Pool. The unit will be dedicated to applicant's Shugart West Fed. 24 Well No. G-2, to be drilled at an orthodox location in the SW/4 NE/4 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 applicant as operator of the well, and a charge for the risk involved in drilling the well. The unit is located approximately 7 miles southeast of Loco Hills, New Mexico.

CASE 12659: **Application of Trilogy Operating, Inc. for compulsory pooling, Lea County, New Mexico.**
Applicant, in accordance with Division Rule 1207.A(1)(b) seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SE/4 SW/4 of Section 24, Township 19 South, Range 38 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools spaced on 40-acre spacing, including but not limited to the South Nadine-Seven Rivers-Yates Pool, Nadine-Blinebry Pool, Nadine Tubb Pool, and Nadine Drinkard-Abo Pool. This unit is to be dedicated to its Ruby Well No. 1 which has been drilled but not completed at a standard well location in Unit N of this section. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well. This unit is located approximately 2 miles northeast of Nadine, New Mexico. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT**

CASE 12660: **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 Strawn formation underlying the following described acreage in Section 21, Township 16 South, Range 37 East, in the following manner: the N/2 SE/4 to form a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre gas spacing within said vertical extent including but not limited to the Northeast Lovington-Upper Pennsylvanian Pool; and the NE/4 SE/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. This unit(s) is to be dedicated to its Nellie "21" Well No. 1 which will be located at a standard well location in Unit I of this 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 the operator of the well and a charge for risk involved in this well. This unit(s) is located approximately 6 miles southeast of the center of the City of Lovington, New Mexico.

CASE 12653: **Continued from May 3, 2001, Examiner Hearing.**

Application of Chesapeake Operating, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks approval to drill and produce its Buchanan "5" Well No. 1 at an unorthodox oil well location 2365 feet from the North line and 1641 feet from the East line (Unit G) of Section 5, Township 17 South, Range 37 East, for production from the Strawn formation (Shipp-Strawn Pool). The W/2 NE/4 of Section 5 will be dedicated to the well, forming a standard 80-acre oil spacing and proration unit. The unit is located approximately 7 miles southeast of Lovington, New Mexico.

CASE 12651: **READVERTISED**

Application of Burlington Resources Oil & Gas Company for approval of a Pilot Project including unorthodox well locations and an exception from Rule 4 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool for purposes of establishing a pilot infill drilling program to determine proper well density for Fruitland Coal Gas wells, San Juan and Rio Arriba Counties, New Mexico. Applicant seeks approval for a pilot program including an exception from the Special Rule and Regulations for the Basin-Fruitland Coal Gas Pool and authorization to drill "infill" wells at unorthodox locations ("off pattern") as follows:

San Juan 28-6 Unit Well No. 418S
1065 feet from the North line and 1830 feet from the West line

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Unit C, W/2 Section 28, Township 28 North, Range 6 West

Turner Federal Well No. 210S
665 feet from the North line and 980 feet from the West line
Unit D, N/2 Section 13, Township 30 North, Range 10 West

San Juan 28-5 Unit Well No. 201S
1980 feet from the North line and 2630 feet from the West line
Unit F, N/2 Section 15, Township 28 North, Range 5 West

Davis Well 505S
2420 feet from the South line and 660 feet from the East line
Unit I, E/2 of Irregular Section 12, Township 13 North, Range 12 West

In addition, Burlington will drill the following test well at a standard location as follows:

Huerfano Unit Well No. 258S
1190 feet from the North line and 840 feet from the East line
Unit A, E/2 Section 36, Township 27 North, Range 10 West

The wells are located as follows: Well 418S is 7 miles southwest of Gobernador Camp, Well 210S is 8 miles east of Aztec, Well 258S is 14 miles southeast of Bloomfield, Well 505S is 8 miles northeast of La Plata and Well 201S is 5 miles southeast of Gobernador Camp, New Mexico.

CASE 12652: Continued from May 3, 2001, Examiner Hearing.

Application of OXY USA WTP Limited Partnership for compulsory pooling, Eddy County, New Mexico. Applicant, in accordance with Division Rule 1207.A(1)(b), seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 21, Township 17 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320-acre spacing, including but not limited to the Empire-Pennsylvanian Gas Pool. This unit is to be dedicated to its PIB Well No. 1 which was drilled and completed at a standard well location in Unit G of this section. This unit is located approximately 11 miles east of Artesia, New Mexico. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12661: Application of Nearburg Exploration Company, L.L.C. for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its Poco Mesa "26" State Com. Well No. 1 at an unorthodox gas well location 1980 feet from the South line and 2400 feet from the West line (Unit K) of Section 26, Township 18 South, Range 24 East, located approximately 12 miles southeast of Hope, New Mexico. The S/2 of Section 26 is to be dedicated to the well in order to form a standard 320-acre lay-down gas spacing and proration unit for the Undesignated Penasco Draw-Permo Penn and Penasco Draw-Morrow Gas Pools.

CASE 12551: Continued from April 19, 2001, 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 in the following described spacing and proration units in Section 14, Township 21 South, Range 34 East, as follows: the S/2 for

all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Wilson-Morrow Gas Pool and the Undesignated South Wilson- Pennsylvanian Gas Pool; and the SE/4 for all formations and/or pools developed on 160-acre spacing. Said units are to be dedicated to its Side Pocket "14" State Com Well No. 1 to be drilled at a standard location 1980 feet from the South line and 660 feet from the East line of Section 14 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 20 miles Southeast of Halfway, New Mexico.

CASE 12662: **Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in the following described spacing and proration unit in Section 26, Township 18 South, Range 24 East, as follows: the S/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated Penasco Draw-Morrow Gas Pool and the Undesignated Penasco Draw-Permo Pennsylvanian Gas Pool. Said unit is to be dedicated to applicant's Poco Mesa "26" State Com Well No. 1 to be drilled at an unorthodox location (administrative approval pending) 1980 feet from the South line and 2400 feet from the West line (Unit K) of said Section 26 to a depth sufficient to test all formations from the surface to the base of the Pennsylvanian formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 8 miles southwest of Artesia, New Mexico.

CASE 12647: **Continued from May 3, 2001, Examiner Hearing.**

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and an unorthodox well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the following described spacing and proration units in Section 8, Township 17 South, Range 37 East as follows: the S/2 NW/4 for all formations and/or pools developed on 80-acre spacing which includes but is not necessarily limited to the Undesignated Shipp-Strawn Pool; and the SW/4 NW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Midway-Devonian Pool. Said units are to be dedicated to its Midway "8" Well No. 1 to be drilled at an unorthodox Strawn well location 1650 feet from the North line and 990 feet from the West line of said Section 8 to a depth sufficient to test all formations from the surface to the base of the Devonian formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 8 miles southeast of Lovington, New Mexico.

CASE 12663: **Application of David H. Arrington Oil and Gas, Inc. for an unorthodox oil well location and simultaneous dedication, Lea County, New Mexico.** Applicant seeks approval to re-complete its existing Mayfly "14" State Well No. 7 located at an unorthodox location 330 feet from the North and East lines (Unit A) of Section 14, Township 16 South, Range 35 East, for production from the Strawn formation, North Shoe Bar-Strawn Pool and for simultaneous dedication of this well to the previously approved 160-acre oil spacing and proration unit consisting of the NE/4 of said Section 14. This well is located approximately 3 miles west of Lovington, New Mexico.

CASE 12641: Continued from April 19, 2001, Examiner Hearing.

Application of Concho Resources Inc. 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 following described acreage in Section 11, Township 16 South, Range 27 East, in the following manner: the W/2 for any formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Diamond Mound-Morrow Gas Pool; and the SW/4 for any formations and/or pools developed on 160-acre spacing which includes but is not necessarily limited to the Undesignated Southeast Diamond Mound-Grayburg Gas Pool. Said units are to be dedicated to its Fargo "11" Federal Well No. 1 to be drilled at a standard location 660 feet from the South and West lines (Unit M) of said Section 11. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 12 miles northeast of Artesia, New Mexico.

CASE 12635: Continued from April 19, 2001, Examiner Hearing.

Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations from the base of the Pictured Cliffs formation to the base of the Mesaverde formation in the S/2 of Section 25, Township 25 North, Range 3 West, for all formations and or pools developed on 320-acre spacing, which include but are not necessarily limited to the Mesaverde formation, Blanco-Mesaverde Gas Pool. Said units are to be dedicated to its Naomi Well No. 1 (formerly the Wynona Well No. 1) at a previously approved unorthodox gas well location 1650 feet from the South line and 450 feet from the West line of said Section 25, to be reentered and recompleted in the Mesaverde formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 5 miles southwest of Lindrith, New Mexico.

CASE 12664: Application of Amoco Production Company for exceptions to the well density and location provisions of the special rules governing both the Basin-Dakota and Blanco-Mesaverde Pools, San Juan County, New Mexico. The applicant in this matter proposes to drill its E. E. Elliott "B" Well No. 8-M 770 feet from the South line and 2420 feet from the East line (Unit O) of Section 27, Township 30 North, Range 9 West, as an infill gas well in both the Blanco-Mesaverde and Basin-Dakota Pools within an existing standard 320-acre lay-down gas spacing and proration unit comprising the S/2 of Section 27 (which is located approximately two miles north of Turley, New Mexico.) Applicant seeks exceptions to: (i) Rule I.B (2) (b) of the "*Special Rules for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-10987-A, in order to drill and complete this well within the same quarter-quarter section as its E. E. Elliott "B" Well No. 1-A (API No. 30-045-22194), located at a standard infill gas well location 875 feet from the South line and 1450 feet from the East line (Unit O) of Section 27; (ii) Rule I.B (2) (c) of the special Blanco-Mesaverde pool rules in order to drill and complete the proposed E. E. Elliott "B" Well No. 8-M within the same quarter section as the above-described E. E. Elliott "B" Well No. 1-A and E. E. Elliott "B" Well No. 8-E (API No. 30-045-26299), located at a standard infill gas well location 1560 feet from the South line and 1070 feet from the East line (Unit I) of Section 27; and (iii) the well location requirements provided within the "*Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by

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Division Order No. R-10987-B, in order to drill and complete the proposed E. E. Elliott "B" Well No. 8-M within the same quarter section as the above-described E. E. Elliott "B" Well No. 8-E.

CASE 12609: Continued from April 19, 2001, Examiner Hearing.

Application of Chevron U.S.A., Inc. for an unorthodox infill gas well location and simultaneous dedication, Lea County, New Mexico. Applicant seeks an exception to the well location requirements provided within the "*Special Rules and Regulations for the Eumont Gas Pool*", as promulgated by Division Order No. R-8170, as amended, for an unorthodox Eumont infill gas well location within an existing non-standard 480-acre gas spacing and proration unit (authorized by Division Administrative Order NSP-944, dated April 12, 1974, and upheld by Division Order No. R-5549, issued in Case No. 6041 on October 25, 1977) comprising the NE/4 and the S/2 of Section 22, Township 21 South, Range 36 East, which is located approximately one mile northwest of the Eunice-Lea County Airport. The applicant's proposed Harry Leonard NCT-A Well No. 15 (API No. 30-025-35396) is to be drilled at an unorthodox infill gas well location 1980 feet from the South line and 760 feet from the West line (Unit L) of Section 22. This unit is currently dedicated to Chevron U.S.A., Inc.'s:

(i) Harry Leonard NCT-A Well No. 3 (API No. 30-025-04757), located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 22;

(ii) Harry Leonard NCT-A Well No. 7 (API No. 30-025-04760), located 660 feet from the South and West lines (Unit M) of Section 22;

(iii) Harry Leonard NCT-A Well No. 12 (API No. 30-025-25496), located at an unorthodox infill gas well location (approved by Division Order No. R-5549) 990 feet from the South line and 660 feet from the East line (Unit P) of Section 22;

(iv) Harry Leonard NCT-A Well No. 13 (API No. 30-025-31320), located at a standard infill gas well location 1650 feet from the South line and 2310 feet from the East line (Unit J) of Section 22;

(v) Harry Leonard NCT-A Well No. 6 (API No. 30-025-04759), located at an unorthodox infill gas well location [approved by Division Administrative Order NSL-3253 (SD), dated May 28, 1993] 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 22;

(vi) Harry Leonard NCT-A Well No. 14 (API No. 30-025-32154), located at a standard infill gas well location 1760 feet from the North line and 990 feet from the East line (Unit H) of Section 22, which is a new gas well that was included in this unit in February, 1998.

Further, the applicant, pursuant to the rules governing the Eumont Gas Pool and the stipulated declaratory judgement issued by the First Judicial District Court in Santa Fe County, New Mexico on December 15, 2000, seeks to simultaneously dedicate Eumont gas production to this 480-acre unit from all seven of the above-described Harry Leonard NCT-A Wells No. 3, 6, 7, 12, 13, 14, and 15.

Note: Records indicate that Chevron U.S.A., Inc.'s Harry Leonard NCT-A Well No. 8 (API No. 30-025-04761), located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 22, is a Eumont oil well that is currently dedicated to a standard 40-acre oil spacing and proration unit comprising the SW/4 SE/4 of Section 22. It will be necessary for the applicant to address this matter at the time of the hearing.

CASE 12610: Continued from April 19, 2001, Examiner Hearing.

Application of Chevron U.S.A., Inc. for simultaneous dedication, Lea County, New Mexico. Applicant, pursuant to the rules governing the Eumont Gas Pool and the stipulated declaratory judgement issued by the First Judicial District Court in Santa Fe County, New Mexico on December 15, 2000, seeks to simultaneously dedicate Eumont gas production to the previously approved 160-acre non-standard gas spacing and proration unit comprising the SE/4 of Section 28, Township 21 South, Range 36 East (approved by Division Administrative Order NSP-272, dated June 27, 1956) from the following four wells:

- existing S. E. Felton Well No. 1 (API No. 30-025-04815) located at a standard gas well location 660 feet from the South and East lines (Unit P) of Section 28;
- existing S. E. Felton Well No. 2 (API No. 30-025-25352) located at a standard gas well location either 800 feet or 880 feet from the South line and 1980 feet from the East line (Unit O) of Section 28; and,
- existing S. E. Felton Well No. 5 (API No. 30-025-33796) located at a standard Eumont gas well location 1980 feet from the South and East lines (Unit J) of Section 28; and
- proposed S. E. Felton Well No. 6 (API No. 30-025-35395) to be drilled at a standard infill gas well location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 28.

This unit is located approximately eight miles southwest of Monument, New Mexico.

CASE 12665: Application of Yates Petroleum Corporation for amendment of compulsory pooling order No. R-11542 to change the dedicated spacing unit, Lea County, New Mexico. Applicant seeks an order amending pooling order No. R-11542 to pool all mineral interests in all formations from the surface to the base of the Morrow formation in the W/2 of Section 13, Township 15 South, Range 34 East, to form a standard spacing and proration unit for all formations and/or pools developed on 320-acre spacing within that vertical extent which includes but is not necessarily limited to the Undesignated Morton-Morrow Gas Pool. Said unit is to be dedicated to the Chevy AWV State Com Well No. 1 to be drilled at a standard location 1650 feet from the South and West lines of said Section 13 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. Said well is located approximately 6 miles northwest of Lovington, New Mexico.

CASE 12648: Continued from May 3, 2001, Examiner Hearing.

Application of EOG Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface through the top 100 feet of the Mississippian Chester formation in all formations developed on 320-acre spacing underlying the S/2 which include but are not necessarily limited to the Undesignated East Red Tank-Cisco Gas Pool, Undesignated East Red Tank-Atoka Gas Pool, Undesignated East Red Tank-Morrow Gas Pool and Undesignated Bootleg Ridge-Morrow Gas Pool; in all formations developed on 160-acre spacing underlying the SW/4; and in all formations developed on 40-acre spacing underlying the SW/4 SW/4 which include but are not necessarily limited to the West Red Tank-Delaware Pool and the Red Tank-Bone Spring Pool; all in Section 24, Township 22 South, Range 32 East. Applicant proposes to dedicate the pooled units to its Red Tank "24" Federal Well No. 3 to be drilled at a standard gas well location 660 feet from the South and West lines of said Section 24. Also to be considered will be the

cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 13 miles southeast of the intersection of State Highway 176 and U. S. Highway 62/180.

CASE 12666: **Application of Texland Petroleum-Hobbs, L.L.C. for approval of a waterflood project for its Hobbs Upper Blinebry Pool Cooperative Waterflood Area and qualification of said project for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.** Applicant seeks approval of its Hobbs-Upper Blinebry Pool Cooperative Waterflood Area for injection of water into the Blinebry formation, Hobbs-Upper Blinebry Pool through fifteen injection wells located in the following described area:

TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM

Section 28: S/2

Section 29: SW/4, S/2 SE/4, NW/4 SE/4, SW/4 NW/4, S/2 NW/4 NW/4

Section 30: SE/4, S/2 NE/4

Section 31: NE/4

Section 32: N/2, N/2 SW/4

Section 33: NW/4, N/2 NE/4, SE/4 NE/4, NE/4 SE/4

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for said waterflood operations. Applicant further seeks to qualify the project area for the Recovered Oil Tax Rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said unit straddles the city limits on the west side of Hobbs, New Mexico.

CASE 12622: **Continued from April 19, 2001, Examiner Hearing.**

Application of Nearburg Exploration Company, L.L.C. for two non-standard gas spacing and proration units, Lea County, New Mexico. Applicant seeks an exception to the spacing provisions of Division Rule 104.C (2) to create two non-standard 160-acre gas spacing and proration units within the East Grama Ridge-Morrow Gas Pool comprising: (i) the NE/4 of Section 34, Township 21 South, Range 34 East, to be dedicated to the Nearburg Producing Company's existing Grama Ridge East "34" State Well No. 1 (API No. 30-025-34948), located at a standard gas well location 1548 feet from the North line and 990 feet from the East line (Unit H) of Section 34; and (ii) the SE/4 of Section 34 to be dedicated to the EOG Resources, Inc. operated Llano "34" State Well No. 1 (API No. 30-025-26318), located at a standard gas well location 1650 feet from the South line and 660 feet from the East line (Unit I) of Section 34. These two wells are located approximately 17 miles west of Eunice, New Mexico.

CASE 12667: **Application of Doyle Hartman, Oil Operator for Correction of Division Order No. R-3621, Lea County, New Mexico.** Applicant seeks to correct Division Order No. R-3621, entered in Case No. 3978 on December 9, 1968 to reflect the true injection interval in the McKinney State Well No. 1, a produced water disposal well located 660 feet from the North line and 660 feet from the East line (Unit A) of Section 36, Township 24 South, Range 36 East, as being the open-hole interval from a depth of 3,148 feet to 3,490 feet. This well is located approximately 5 miles Northwest of Jal, New Mexico.

CASE 12619: Continued from May 3, 2001, Examiner Hearing.

Application of Pogo Producing Company for an unorthodox location, Lea County, New Mexico. Applicant seeks authorization to directionally drill its WBR Fed. Com. Well No. 5 to the Morrow formation (Undesignated Bootleg Ridge-Morrow Gas Pool) to an unorthodox gas well location 330 feet from the South line and 2270 feet (+50 feet) from the West line of Section 13, Township 22 South, Range 32 East. The S/2 of Section 13 will be dedicated to the well. The surface location of the well is 660 feet from the South line and 2310 feet from the West line, approved by Division Administrative Order NSL-4523. The unit is located approximately 13 miles southeast of the intersection of State Highway 176 and U.S. Highway 62/180.

CASE 12627: Continued from May 3, 2001, Examiner Hearing.

Application of Pogo Producing Company 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 23, Township 22 South, Range 32 East: 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 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 Red Tank-Cisco Canyon Gas Pool, Undesignated East Red Tank-Atoka Gas Pool, Undesignated East Red Tank-Morrow Gas Pool, and Undesignated Bootleg Ridge-Morrow Gas Pool. The units are to be dedicated to a well to be drilled at an orthodox location in the NE/4 SE/4 of Section 23. **IN THE ALTERNATIVE**, applicant requests that the S/2 of Section 23 be dedicated to the well for all pools or formations developed on 320-acre spacing within that vertical extent, including those described above. 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 units are located approximately 12½ miles southeast of the intersection of State Highway 176 and U.S. Highway 62/180.

CASE 12628: Continued from May 3, 2001, Examiner Hearing.

Application of Pogo Producing Company 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 24, Township 22 South, Range 32 East: 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 Red Tank-Cisco Canyon Gas Pool, Undesignated East Red Tank-Atoka Gas Pool, Undesignated East Red Tank-Morrow Gas Pool, and Undesignated Bootleg Ridge-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 NW/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, including the West Red Tank-Delaware Pool and Red Tank-Bone Spring Pool. The units are to be dedicated to a well to be drilled at an orthodox location in the NW/4 SW/4 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 applicant as operator of the well, and a charge for the risk involved in drilling and completing the well. The units are located approximately 13 miles southeast of the intersection of State Highway 176 and U.S. Highway 62/180.

CASE 12655: Continued from May 3, 2001, Examiner Hearing.

Application of C. W. Trainer 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 24, Township 22 South, Range 32 East: 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 Red Tank-Cisco Canyon Gas Pool, the undesignated East Red Tank-Atoka Gas Pool, the undesignated East Red Tank-Morrow Gas Pool, and the undesignated Bootleg Ridge-Morrow 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 the vertical extent; and the NW/4 SW/4 to form a standard 40-acre spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the West Red Tank-Delaware Pool and the Red Tank-Bone Springs Pool. The units are to be dedicated to a well located in the NW/4 SW/4 of Section 24. Also to be considered will be the cost of drilling and completing the well and the allocation of costs thereof, as well as the actual operating costs and charges for supervision, designation of the Applicant as operator of the well, and a charge for the risk of drilling and completing the well. The units are located approximately 13 miles southeast of the intersection of State Highway 176 and U. S. Highway 62-180.

CASE 12502: Continued from March 8, 2001, Examiner Hearing.

In the matter of the hearing called by the New Mexico Oil Conservation Division on its own motion to amend Division Order No. R-5878, as amended. The Division seeks to further amend its "*Special Rules for Applications for Wellhead Price Ceiling Category Determinations*", as promulgated by Division Order No. R-5878, as amended, as necessary in order to comply with the Federal Energy Regulatory Commission's Order No. 616, which reinstates wellhead determination procedures for Section 107 gas that qualifies for a federal tax credit under Section 29 of the Internal Revenue Code.

CASE 12588: Continued from April 19, 2001, Examiner Hearing. This case will be continued to a Special Examiner Hearing, May 21, 2001.

Application of Raptor Natural Pipeline, LLC, f/k/a LG&E Energy Corporation, for special rules for the Grama Ridge Morrow Gas Storage Unit, Lea County, New Mexico. Applicant seeks an order establishing special rules applicable to wells drilled and completed or recompleted in the Morrow formation within its Grama Ridge Morrow Gas Storage Unit and within each 320-acre spacing unit immediately adjacent to the Unit in the following described area:

Grama Ridge Morrow Gas Storage Agreement

Township 21 South, Range 34 East

Section 33: All
Section 34: All

Township 22 South, Range 34 East

Section 3: All
Section 4: All
Section 10: All

Acreage Adjacent to Unit

Township 21 South, Range 34 East

Section 26: NW/4, S/2
Section 27: All
Section 28: All
Section 29: E/2, SW/4
Section 32: All
Section 35: All

Township 22 South, Range 34 East

Section 2: All
Section 5: All
Section 8: N/2, SE/4
Section 9: All
Section 11: All
Section 14: N/2, SW/4
Section 15: All
Section 16: N/2, SE/4

The application requests the Division establish rules requiring operators of all newly drilled or recompleted wells in the Morrow formation to provide the operator of the Unit with information and data obtained during drilling, completion, and production to determine whether such wells are in communication with the unitized formation or would otherwise interfere with Unit operations. The special project rules would also include provisions requiring the operators of wells determined to be in communication with the Unitized Interval to demonstrate how such well may be produced without interfering with Unit operations or to take such other action determined to be appropriate. The Grama Ridge Morrow Gas Storage Unit is approximately 18 miles west of Eunice, New Mexico.

CASE 12441: Continued from April 19, 2001, Examiner Hearing. This case will be continued to a Special Examiner Hearing, May 21, 2001.

Application of LG&E Natural Pipeline LLC for special rules for the Grama Ridge Morrow Gas Storage Unit, Lea County, New Mexico. Applicant seeks an order establishing special rules applicable to wells drilled and completed or recompleted in the Morrow formation within its Grama Ridge Morrow Gas Storage Unit and within each 320-acre spacing unit immediately adjacent to the Unit in the following described area:

Grama Ridge Morrow Gas Storage Agreement

Township 21 South, Range 34 East

Section 33: All
Section 34: All

Township 22 South, Range 34 East

Section 3: All
Section 4: All
Section 10: All

Acreage Adjacent to Unit

Township 21 South, Range 34 East

Section 26: NW/4, S/2
Section 27: All
Section 28: All
Section 29: E/2, SW/4
Section 32: All
Section 35: All

Township 22 South, Range 34 East

Section 2: All
Section 5: All
Section 8: N/2, SE/4
Section 9: All
Section 11: All
Section 14: N/2, SW/4
Section 15: All
Section 16: N/2, SE/4

The application requests the Division establish rules requiring operators of all newly drilled or recompleted wells in the Morrow formation to provide the operator of the Unit with information and data obtained during drilling, completion, and production to determine whether such wells are in communication with the unitized formation or would otherwise interfere with Unit operations. The special project rules would also include provisions requiring the operators of wells determined to be in communication with the Unitized Interval to demonstrate how such well may be produced without interfering with Unit operations or to take such other action determined to be appropriate. The Grama Ridge Morrow Gas Storage Unit is approximately 18 miles west of Eunice, New Mexico.