

DOCKET: EXAMINER HEARING - THURSDAY – JUNE 14, 2001

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

Santa Fe, New Mexico

Docket Nos. 22-01 and 23-01 are tentatively set for June 28, 2001 and July 12, 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 31, 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 12676: Application of Yates Petroleum Corporation for approval of a Unit Agreement, Eddy County, New Mexico. Applicant seeks approval of the Luke Federal State Unit for an area comprising 2560 acres, more or less, of federal and state lands in Sections 2, 3, 9, and 10 of Township 21 South, Range 22 East, which is located approximately 18 miles southwest of Seven Rivers, New Mexico.

CASE 12665: (Readvertised) Amended 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 pooling all mineral interests from the surface to the base of the Mississippian formation in the following described spacing and proration units located in Section 13, Township 15 South, Range 34 East: The S/2 to form a standard gas 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; and the SW/4 to form a standard gas spacing and proration unit for all formations and/or pools developed on 160-acre spacing within that vertical extent. Said units are 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 Mississippian 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 6 miles northwest of Lovington, New Mexico.

CASE 12609: Continued from May 17, 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 May 17, 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

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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 12671: (Readvertised) Amended Application of Chevron U.S.A., Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations and pools developed on 80-acre spacing in the W/2 NW/4 of Section 35, Township 19 South, Range 37 East, which includes but is not necessarily limited to the Undesignated Monument-Tubb Pool. Said units are to be dedicated to a well to be drilled at a standard location in the NW/4 NW/4 of said Section 35 to a depth sufficient to test all formations from the surface to the base of the Tubb 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 2.5 miles East Southeast of Monument, New Mexico.

CASE 12551: Continued from May 17, 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 12647: Continued from May 17, 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 12622: Continued from May 17, 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 12678: Application of Raptor Resources, Inc. for two unorthodox infill gas well locations and simultaneous dedication, Lea County, New Mexico. Applicant seeks an exception to the well location requirements provided within the "Special Pool Rules and Regulations for the Jalmat Gas Pool," as promulgated by Division Order No. R-8170, as amended, for the following two unorthodox Jalmat infill gas well locations within an existing standard 480-acre spacing and proration unit comprised of the N/2 and SW/4 of Section 9, Township 22 South, Range 36 East:

(A) The State "A" A/C-2 Well No. 31 (API No. 30-025-08856) is to be re-entered and re-completed at an unorthodox infill gas location 1980 feet from the North and West lines (Unit F) of Section 9; and

(B) The State "A" A/C-2 Well No. 52 (API No. 30-025-08859) which is to be re-entered and re-completed at an unorthodox gas well location 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 9.

This unit is currently dedicated to Raptor Resources, Inc.'s:

(A) State "A" A/C-2 Well No. 1 (API No. 30-025-08849), located at an unorthodox location 660 feet from the South and 1980 feet from the West line (Unit N) of Section 9;

(B) State "A" A/C-2 Well No. 4 (API No. 30-025-08853), located at an unorthodox gas well location 660 feet from the South and West lines (Unit M) of Section 9;

(C) State "A" A/C-2 Well No. 29 (API No. 30-025-08854), located at an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 9;

(D) State "A" A/C-2 Well No. 38 (API No. 30-025-08847), located at an unorthodox gas well location 1980 feet from the South and West lines (Unit K) of Section 9;

(E) State "A" A/C-2 Well No. 40 (API No. 30-025-08848), located at a standard gas well location 990 feet from the North and East lines (Unit A) of Section 9;

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(F) State "A" A/C-2 Well No. 63 (API No. 30-025-25543), located at a standard gas well location 990 feet from the North line and 2310 feet from the West line (Unit C) of Section 9;

(G) State "A" A/C-2 Well No. 67 (API No. 30-025-28276), located at a standard gas well location 2615 feet from the South line and 1345 feet from the West line (Unit K) of Section 9; and

(H) State "A" A/C-2 Well No. 72 (API No. 30-025-28281), located at a standard gas well location 1410 feet from the South line and 1440 feet from the West line (Unit K) of Section 9.

Further, the applicant, pursuant to the rules governing the Jalmat Gas Pool and the Stipulated Declaratory Judgment issued by the First Judicial District Court in Santa Fe County, New Mexico on December 15, 2000, seeks to simultaneously dedicate Jalmat production to this 480-acre unit from all ten of the above-described State "A" A/C-2 Wells No. 1, 4, 29, 31, 38, 40, 52, 63, 67, and 72.

This spacing unit is located approximately 4.5 miles southwest of Eunice, New Mexico.

CASE 12679: Application of Raptor Resources, Inc. for two unorthodox infill gas well locations and simultaneous dedication, Lea County, New Mexico. Applicant seeks an exception to the well location requirements provided within the "Special Pool Rules and Regulations for the Jalmat Gas Pool," as promulgated by Division Order No. R-8170, as amended, for the following two unorthodox gas well locations within an existing standard 440.50-acre spacing and proration unit comprised of Lots 3 and 4, S/2 NW/4, SW/4, W/2 SE/4 and the SE/4 SE/4 of Section 5, Township 22 South, Range 36 East:

(A) The State "A" A/C-2 Well No. 78 (API No. 30-025-34910) to be re-entered and re-completed at an unorthodox infill gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 5, and

(B) The State "A" A/C-2 Well No. 81 to be drilled at an unorthodox infill gas well location 2080 feet from the South line and 1980 feet from the West line (Unit K) of Section 5.

This unit is currently dedicated to Raptor Resources, Inc.'s:

(A) State "A" A/C-2 Well No. 2 (API No. 30-025-08791), located at an unorthodox gas well location 1980 feet from the South line and 660 feet from the West Line (Unit L) of Section 5,

(B) State "A" A/C-2 Well No. 27 (API No. 30-025-08789), located at an unorthodox gas well location 660 feet from the South and East lines (Unit P) of Section 5,

(C) State "A" A/C-2 Well No. 33 (API No. 30-025-08793), located at an unorthodox gas well location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 5,

(D) State "A" A/C-2 Well No. 34 (API No. 30-025-08794), located at an unorthodox gas well location 1980 feet from the South and East lines (Unit J) of Section 5,

(E) State "A" A/C-2 Well No. 44 (API No. 30-025-08797), located at an unorthodox gas well location 1980 feet from the North and West lines (Unit F) of Section 5,

(F) State "A" A/C-2 Well No. 46 (API No. 30-025-08800), located at an unorthodox gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 5, and

(G) State "A" A/C-2 Well No. 47 (API No. 30-025-08798), located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the West Line (Unit C) of Section 5.

Further, the applicant, pursuant to the rules governing the Jalmat Gas Pool and the Stipulated Declaratory Judgment issued by the First Judicial District Court in Santa Fe County, New Mexico on December 15, 2000, seeks to simultaneously dedicate Jalmat production to this 440.50-acre unit from all nine of the above-described State "A" A/C-2 Well Nos. 2, 27, 33, 34, 44, 46, 47, 78 and 81.

This spacing unit is located approximately 5.5 miles southwest of Eunice, New Mexico.

CASE 12663: Continued from May 17, 2001, Examiner Hearing.

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 12666: Continued from May 17, 2001, Examiner Hearing.

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 12674: Continued from May 31, 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 32, Township 18 South, Range 24 East, and 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 Antelope Sink-Morrow Gas Pool; and 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. The units are to be dedicated to applicant's Southern Cross "32" State Com. Well No. 1, to be located at an orthodox location in the NE/4 SW/4 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 12387: (Reopened) Continued from May 31, 2001, Examiner Hearing.

In the matter of Case 12387 being reopened pursuant to the provisions of Division Order No. R-11374, which order promulgated temporary special pool rules for the Southeast Arena Blanca-Entrada Pool in Sandoval County, New Mexico, including provisions for 160-acre spacing and proration units and designated well locations. Operators in the Southeast Arena Blanca-Entrada Pool shall appear and show cause why the temporary special rules for the pool should not be rescinded.

CASE 12660: Continued from May 31, 2001, 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 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 12654: Continued from May 31, 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: Continued from May 17, 2001, Examiner Hearing.

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 12606: Continued from May 17, 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 May 17, 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 12670: Continued from May 31, 2001, Examiner Hearing.

Application of Matador Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Tubb formation underlying the S/2 NW/4 of Section 35, Township 19 South, Range 37 East, to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre oil spacing within this vertical extent including but not limited to the Monument-Tubb Pool. This unit is to be dedicated to its proposed Shelley State "34" Well No. 2 to be drilled and completed at a standard oil well location in Unit F 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 the applicant as the operator of this spacing unit and this well and a charge for risk involved in this well. This unit is located approximately 2-1/2 miles east-southeast of Monument, New Mexico.

CASE 12667: Continued from May 31, 2001, Examiner Hearing.

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.