

DOCKET: EXAMINER HEARING - THURSDAY – April 19, 2001
8:15 A.M. - 1220 South St. Francis
Santa Fe, New Mexico

Docket Nos. 14-01 and 15-01 are tentatively set for May 3, 2001 and May 17, 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 12640: **Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico.** Applicant seeks approval of the Nonombre State Exploratory Unit for an area comprising 2,560 acres of State lands, more or less, in Sections 29, 30, 31 and 32 of Township 13 South, Range 34 East, which is located approximately 8 miles west of McDonald, New Mexico.

CASE 12609: **Continued from March 22, 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.

CASE 12641: 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 12642: 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 31, Township 18 South, Range 31 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 Undesignated North Shugart-Morrow Gas Pool; and the SW/4 for any formations and/or pools developed on 160-acre spacing. Said units are to be dedicated to its West Shugart "31" Federal Com Well No. 1 to be drilled at a standard location in the E/2 SW/4 of said Section 31. 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 10 miles southeast of Loco Hills, New Mexico.

CASE 12552: Continued from March 22, 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 underlying the S/2 of Section 23, Township 22 South, Range 32 East, for all formations and/or pools developed on 320-acre spacing which includes but it not necessarily limited to the Undesignated Bootleg-Ridge Morrow Gas Pool and the Undesignated East Red Tank-Atoka Gas Pool. Applicant proposes to dedicate the pooled units to its Red Tank "23" Federal Com Well No. 1 to be drilled at a standard gas well location in the NW/4 SE/4 of Section 23. 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 30 miles west of Eunice, New Mexico.

CASE 12601: Continued from March 22, 2001, Examiner Hearing.

Application of Bettis, Boyle & Stovall for compulsory pooling, Lea County, New Mexico.
Applicant seeks an order pooling all mineral interests from the surface to the base of the Bough C formation in the following described spacing and proration units located in Section 30, Township 9 South, Range 33 East: Lots 3 and 4 (W/2 SW/4 equivalent) to form a 79.73-acre standard spacing and proration unit for all formations and/or pools developed on 80-acre spacing within that vertical extent

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as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 2 miles northeast of Kirtland, New Mexico.

CASE 12622: **Continued from April 5, 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 12551: **Continued from April 5, 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 12607: **Continued from April 5, 2001, Examiner Hearing.**

Application of Nearburg Producing Company for hardship gas well classification, Eddy County, New Mexico. Applicant seeks a determination that its Shelby Federal Well No. 3 (API No. 30-015-25949), located 1900 feet from the South line and 2150 feet from the West line (Unit K) of Section 12, Township 22 South, Range 24 East, McKittrick Hills-Upper Pennsylvanian Gas Pool, is a hardship gas well under Division Rule 408 that should be granted priority access to pipeline takes in order to avoid waste. This well is located approximately 13 miles west of Carlsbad, New Mexico.

CASE 12623: **Continued from March 22, 2001, Examiner Hearing.**

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 two unorthodox Jalmat infill gas well locations within an existing non-standard 520-acre spacing and proration unit in the Jalmat Gas Pool (authorized by Division Order No. R-9073, dated December 14, 1989, as amended by

CASE 12624: Continued from March 22, 2001, Examiner Hearing.

Application of Raptor Resources, 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 Pool Rules and Regulations for the Jalmat Gas Pool”, as promulgated by Division Order No. R-8170, as amended, for an unorthodox Jalmat infill gas well location within an existing non-standard 480-acre spacing and proration unit comprised of W/2 and SE/4 of Section 24, Township 23 South, Range 36 East, which is located approximately 9 miles southwest of Eunice, New Mexico. The applicant’s State “A” A/C-1 Well No. 133 is to be drilled at an unorthodox infill gas location 660 feet from the North and West lines of Section 24. This unit is currently dedicated to Raptor Resources, Inc.’s:

A. State “A” A/C-1 Well No. 17 (API No. 30-025-09401), located at an unorthodox gas well location 660 feet from the South and East lines (Unit P) of Section 24;

B. State “A” A/C-1 Well No. 24 (API No. 30-025-09402), located at a standard gas well location 990 feet from the South line and 1650 feet from the West line (Unit N) of Section 24, which is currently plugged and abandoned;

C. State “A” A/C-1 Well No. 25 (API No. 30-025-09403), located at a standard gas well location 1650 feet from the North and West lines (Unit F) of Section 24, which is currently plugged and abandoned;

D. State “A” A/C-1 Well No. 32 (API No. 30-025-09404), located at a standard gas well location 1650 feet from the South and East lines (Unit J) of Section 24;

E. State “A” A/C-1 Well No. 50 (API No. 30-025-09405), located at an unorthodox gas well location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 24;

F. State “A” A/C-1 Well No. 52 (API No. 30-025-9406), located at an unorthodox gas well location 1980 feet from the South and West lines (Unit K) of Section 24;

G. State “A” A/C-1 Well No. 53 (API No. 30-025-09407), located at an unorthodox gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 24.

H. State “A” A/C-1 Well No. 54 (API No. 30-025-09409), located at an unorthodox gas well location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 24;

I. State “A” A/C-1 Well No. 107 (API No. 30-025-20975), located at an unorthodox gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 24;

J. State “A” A/C-1 Well No. 108 (API No. 30-025-20976), located at an unorthodox gas well location 660 feet from the South and West lines (Unit M) of Section 24; and

K. State “A” A/C-1 Well No. 126 (API No. 30-025-31045), located at a standard gas well location 990 feet from the North line and 1650 feet from the West line (Unit C) of Section 24;

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CASE 12606: **Continued from March 22, 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 12621: **Continued from March 22, 2001, Examiner Hearing.**

Application of Chi Energy, Inc. for compulsory pooling and two non-standard gas spacing and proration units, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 100 feet below the base of the Premier Sand to the base of the Morrow formation underlying the following described acreage in Section 31, Township 16 South, Range 30 East, and in the following manner: Lots 1-4 and the E/2 W/2 (the W/2 equivalent) to form a non-standard 306.84-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent; and Lots 1, 2, and the E/2 NW/4 (the NW/4 equivalent) to form a non-standard 153.31-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent. The units are to be dedicated to applicant's Aspen Fed. Com. Well No. 1, to be drilled at an orthodox location in the NE/4 NW/4 of Section 31. 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 4½ miles northwest of Loco Hills, New Mexico.

CASE 12566: **Continued from March 22, 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 12588: **Continued from March 22, 2001, Examiner Hearing.**

Application of Raptor Natural Pipeline, LLC, f/k/a LG&E Energy Corporation, for special rules