

Examiner Hearing – March 18, 1999

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- CASE 12143:** **Application of Cross Timbers Oil Company for compulsory pooling and an unorthodox oil well location, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests from the base of the Pictured Cliffs formation to the base of the Dakota formation underlying the following described acreage in Section 21, Township 28 North, Range 10 West, in the following manner: the W/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 Undesignated Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool; the NW/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre gas spacing within that vertical extent, including the Otero-Chacra Gas Pool; and the NW/4 NW/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 Armenta Gallup Pool. These units are to be dedicated to its Kutz Federal Well No. 12E, to be drilled at an orthodox gas well location/unorthodox oil well location 970 feet from the North line and 1000 feet from the West line. 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 Cross Timbers Operating Company as the operator of the well and a charge for risk involved in this well. These units are located approximately 6 miles southeast of Bloomfield, New Mexico.
- CASE 12144:** **Application of KCS Medallion Resources, Inc. for simultaneous dedication, Eddy County, New Mexico.** Applicant seeks approval to drill its Shugart Fed. "27" Well No. 1 to the base of the Morrow formation at a location 1650 feet from the North line and 990 feet from the West line (Unit E) of Section 27, Township 18 South, Range 31 East, the location being orthodox for the Shugart-Morrow Gas Pool. Applicant also seeks to dedicate the W/2 of Section 27 to the proposed well and to the existing Greenwood Pre-Grayburg Unit Fed. C Com. Well No. 1. The unit is located approximately 10 miles southeast of Loco Hills, New Mexico.
- CASE 12145:** **Application of Santa Fe Energy 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 4, Township 23 South, Range 34 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 North Antelope Ridge-Wolfcamp Gas Pool, Undesignated Antelope Ridge-Atoka Gas Pool, and Undesignated North Bell Lake-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, including the Undesignated Antelope Ridge-Cherry Canyon Pool, Undesignated Antelope Ridge-Brushy Canyon Pool, and Undesignated Northwest Antelope Ridge-Bone Spring Pool. These units are to be dedicated to its Rio Blanco "4" Fed. Com. Well No. 2, to be located at an unorthodox well location 660 feet from the South and West lines (Unit M) of the section. Also to be considered will be the cost of drilling and completing this well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in this well. These units are located approximately 17 miles southwest of Oil Center, New Mexico.
- CASE 12146:** **Application of Devon Energy Corporation (Nevada) for surface commingling and lease commingling, Eddy County, New Mexico.** Applicant seeks an exception to Division Rules 303.B and 309-B to permit surface and lease commingling of Red Lake Queen-Grayburg-San Andres Pool, Glorieta formation, and Yeso formation production from 6 wells drilled on the W/2 NE/4 and SE/4 NW/4 of Section 18, Township 18 South, Range 27 East, without separately metering production from each well. The lands are located approximately 8 miles southeast of Artesia, New Mexico. **IN THE ABSENCE OF OBJECTION THIS CASE WILL BE TAKEN UNDER ADVISEMENT.**
- CASE 12147:** **Application of The Wiser Oil Company for certification of a positive production response in the Caprock Maljamar Unit Area, Lea County, New Mexico.** Applicant seeks certification of a positive production response in its Caprock Maljamar Unit Area Waterflood Project (Maljamar Grayburg-San Andres Pool), which covers all or part of Sections 13 and 24, Township 17 South, Range 32 East and Sections 17-19, 21, 27-29, and 33, Township 17 South, Range 33 East. The unit area is centered approximately 4 miles southeast of Maljamar, New Mexico.
- CASE 12148:** **Application of The Wiser Oil Company to qualify the Skelly Unit Area Waterflood Expansion Project for the recovered oil tax rate, Eddy County, New Mexico.** Applicant seeks to qualify the Skelly Unit Area Waterflood Expansion Project (Grayburg-Jackson Pool) for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act (Sections 7-29A-1 through 7-29A-5, NMSA 1978). The unit area covers all or part of Sections 13, 14, 21-23, and 26-28, Township 17 South, Range 31 East. The unit area is centered approximately 1 mile east-northeast of the intersection of U.S. Highway 82 and State Highway 529.
- CASE 12149:** **Application of The Wiser Oil Company to qualify the State "D" Lease Waterflood Expansion Project for the recovered oil tax rate, Eddy County, New Mexico.** Applicant seeks to qualify the State "D" Lease Waterflood Expansion Project (Grayburg-Jackson Pool) covering part of Section 26, Township 17 South, Range 31 East, for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act (Sections 7-29A-1 through 7-29A-5, NMSA 1978). The lease is located approximately 2 miles east-southeast of the intersection of U.S. Highway 82 and State Highway 529.
- CASE 12150:** **Application of The Wiser Oil Company to qualify the State "AZ" Lease Waterflood Expansion Project for the recovered oil tax rate, Eddy County, New Mexico.** Applicant seeks to qualify the State "AZ" Lease Waterflood Expansion Project (Grayburg-Jackson Pool), covering the SW/4 SW/4 of Section 16, Township 17 South, Range 31 East, for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act (Sections 7-29A-1 through 7-29A-5, NMSA 1978). The lease is located approximately 1 mile north-northwest of the intersection of U.S. Highway 82 and State Highway 529.

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CASE 12151: Application of Nearburg Exploration Company, L.L.C. for unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval of an unorthodox gas well location for all zones from the top of the Wolfcamp formation to the base of the Morrow formation in its Range State Well No. 2, to be located 660 feet from the South line and 990 feet from the East line (Unit P) of Section 28, Township 21 South, Range 35 East. The S/2 of Section 28 will be dedicated to the well. The unit is located approximately 12 ½ miles west of Eunice, New Mexico.

CASE 12008: Continued from February 18, 1999, Examiner Hearing. This Case will be Continued to the May 13, 1999, Examiner Hearing.

Application of Robert E. Landreth for a determination of reasonable well costs, Lea County, New Mexico Applicant, as a mineral interest owner in the standard 320-acre gas spacing and proration unit comprising the S/2 of Section 29, Township 22 South, Range 34 East, seeks an order ascertaining the reasonableness of actual well costs for: (i) the Santa Fe Energy Resources, Inc. Gaucho Unit Well No. 2-Y (API No. 30-025-34026), located 1650 feet from the South line and 1725 feet from the West line (Unit K) of Section 29; and (ii) the plugged and abandoned Gaucho Unit Well No. 2 (API No. 30-025-33682), located 1650 feet from the South and West lines (Unit K) of Section 29. This 320-acre unit was the subject of compulsory pooling Order No. R-10764, dated February 14, 1997. This area is located approximately 20 miles west by south of Eunice, New Mexico.

CASE 11946: Continued from February 18, 1999, Examiner Hearing.

Application of Oil Conservation Division for an order requiring McKay Oil Corporation to properly plug eleven (11) wells, Chaves County, New Mexico. Applicant seeks an order requiring McKay Oil Corporation to properly plug the below-listed eleven (11) wells in Chaves County, New Mexico, authorizing the Division to plug said wells, and ordering a forfeiture of the plugging bond, if any. Said wells are located in an area approximately 30 miles north of Roswell, New Mexico.

West Fork Unit	# 1, Section 32, Township 4 South, Range 22 East, Unit C
Bonnie	# 1, Section 30, Township 5 South, Range 22 East, Unit O
Wolf State	# 1, Section 16, Township 6 South, Range 23 East, Unit J
Pipeline Com.	# 2, Section 26, Township 6 South, Range 22 East, Unit K
Macho State	# 1, Section 32, Township 6 South, Range 23 East, Unit G
Desert Rose	# 1, Section 12, Township 6 South, Range 22 East, Unit M
Inexico	# 2, Section 32, Township 5 South, Range 22 East, Unit J
Inexico	# 5, Section 33, Township 5 South, Range 22 East, Unit K
Inexico	# 7, Section 33, Township 5 South, Range 22 East, Unit J
Camp State	# 1, Section 25, Township 5 South, Range 22 East, Unit J
Aikman	# 1, Section 36, Township 5 South, Range 26 East, Unit P 1