

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

RECEIVED

JUL 3 2003

Oil Conservation Division

CONTINUED AND DISMISSED CASES

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

BEFORE: WILLIAM V. JONES, JR., Hearing Examiner

June 19th, 2003

Santa Fe, New Mexico

These matters came on for hearing before the New Mexico Oil Conservation Division, WILLIAM V. JONES, JR., Hearing Examiner, on Thursday, June 19th, 2003, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

STEVEN T. BRENNER, CCR
(505) 989-9317

I N D E X

June 19th, 2003
Continued and Dismissed Cases

PAGE

REPORTER'S CERTIFICATE

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* * *

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1 WHEREUPON, the following proceedings were had at
2 8:20 a.m.:

3 EXAMINER JONES: Okay, let's call Docket Number
4 19-03 to order this morning, on June 19th, 2003. I'd like
5 to welcome everybody on behalf of our Director, Lori
6 Wrotenbery, and hope everyone has a good time today.

7 I will start out on the record by calling the
8 continuances and the dismissals. And when I'm done, please
9 correct me or add to it.

10 Going down on page 1, we've got Case 13,085 is
11 continued to August 21st, Case 13,086 continued to July
12 10th, Case 13,087 continued to July 10th.

13 Page 2, Case 13,089 continued to July 10th, Case
14 13,090 continued to July 10, Case 13,040 continued to
15 August 7th.

16 On page 3, Case 13,038 continued to July 24, Case
17 13,092 is dismissed, Case 13,045 continued to July 10th.

18 Page 4, Case 13,093 continued to July 10, Case
19 13,071 continued to July 10, Case 13,094 continued to July
20 10.

21 Page 5, Case 13,095 continued to July 10, Case
22 13,096 continued to July 10, Case 13,050 continued to July
23 10th.

24 Page 6, we have Case 13,097 continued to August
25 7, Case 13,080 is dismissed, Case 12,757 continued to

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1 August 7.

2 And on page 7 we have Case 13,066 continued to
3 August 7, and Case 13,061 is continued to a special session
4 on July 15th.

5 Is there any corrections or additions?

6 There being none, we'll start out with our first
7 case this morning.

8 (Thereupon, these proceedings were concluded at
9 8:22 a.m.)

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20 I do hereby certify that the foregoing is
21 a complete record of the proceedings in
the Examiner hearing of Case No.
heard by me on 6/19 1963.

22 Will Jones, Examiner
23 Conservation Division

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STEVEN T. BRENNER, CCR
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standard spacing unit for all formations and/or pools developed on 40-acre spacing. Said units are to be dedicated to its Juneau "31" Fee Com Well No. 2 to be drilled as an infill well on this unit at a standard gas well location 660 feet from the North and West lines (Unit D) 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 1.3 miles southwest of mile marker 42.5 on Highway 62-180 east of Carlsbad, New Mexico.

CASE 13095: Application of MYCO Industries, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations from the surface to the base of the Morrow formation in the following described spacing and proration units located in the E/2 of Section 31, Township 21 South, Range 28 East: the E/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the East Carlsbad-Morrow Gas Pool, Undesignated West Indian Flats-Atoka Gas Pool, Undesignated Tansill Dam-Atoka Gas Pool, East Carlsbad-Strawn Pool, and Undesignated East Carlsbad-Wolfcamp Gas Pool; the NE/4 for all formations and/or pools developed on 160-acre spacing; and the SE/4 NE/4 for all formations and/or pools developed on 40-acre spacing. Said units are to be dedicated to its Panther City "31" Fee Com Well No. 1 to be drilled as an infill well on this unit at a standard gas well location 1980 feet from the North line and 660 feet from the East line (Unit H) 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 1 mile southwest of mile marker 42.5 on Highway 62-180 east of Carlsbad, New Mexico.

CASE 13096: Application of MYCO Industries, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations from the surface to the base of the Morrow formation in the following described spacing and proration units located in the N/2 of Section 32, Township 21 South, Range 28 East: the N/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the East Carlsbad-Morrow Gas Pool, Undesignated West Indian Flats-Atoka Gas Pool, Undesignated Tansill Dam-Atoka Gas Pool, East Carlsbad-Strawn Pool, and Undesignated East Carlsbad-Wolfcamp Gas Pool; the NE/4 for all formations and/or pools developed on 160-acre spacing; and the NE/4 NE/4 for all formations and/or pools developed on 40-acre spacing. Said units are to be dedicated to its Throckmorton "32" Federal Com Well No. 1 to be drilled at a standard gas well location 660 feet from the North and East lines (Unit A) of said Section 32. 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 1/2 mile southwest of mile marker 42.5 on Highway 62-180 east of Carlsbad, New Mexico.

CASE 13050: Continued from June 5, 2003, Examiner Hearing.

Application of Doyle Hartman, Oil Operator for simultaneous dedication, an exception to Rule 3 (D) of the Special Rules and Regulations for the Eumont Gas Pool, an unorthodox infill gas well location, and to amend Division Administrative Order NSL-4773 (SD), Lea County, New Mexico. Division Administrative Order NSL-4773 (SD) dated September 4, 2002 authorized Doyle Hartman, Oil Operator to simultaneously dedicate the following six gas wells to a non-standard 320-acre gas spacing unit (approved by Division Order No. R-5448) within the Eumont Gas Pool (76480) comprising the W/2 E/2 and E/2 W/2 of Section 7, Township 20 South, Range 37 East, which is located approximately three (3) miles south-southwest of Monument, New Mexico:

(i) H. M. Britt Well No. 1 (API No. 30-025-05972), located at a standard gas well location

1980 feet from the North and West lines (Unit F) of Section 7;

(ii) H. M. Britt Well No. 3 (API No. 30-025-05991), located at an unorthodox gas well location (approved by Division Order No. R-5448) 2310 feet from the North line and 1650 feet from the East line (Unit G) of Section 7;

(iii) H. M. Britt Well No. 4 (API No. 30-025-05992), located at a standard gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 7;

(iv) H. M. Britt Well No. 5 (API No. 30-025-05993), located at a standard gas well location 1980 feet from the South and West lines (Unit K) of Section 7;

(v) H. M. Britt Well No. 12 (API No. 30-025-05999), located at an unorthodox gas well location (approved by Division Order No. R-5448) 330 feet from the North line and 2281 feet from the West line (Unit C) of Section 7; and

(vi) Britt Well No. 14 (API No. 30-025-35152), located at an unorthodox gas well location [approved by Division Administrative Order NSL-4773 (SD)] 1400 feet from the South line and 2310 feet from the East line (Unit J) of Section 7.

Applicant now seeks an exception to Rule 3 (D) of the "*Special Rules and Regulations for the Eumont Gas Pool*", as promulgated by Division Order No. R-8170, as amended, to allow its existing H. M. Britt Well No. 2 (API No. 30-025-05990), located at a standard infill gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 7 to be recompleted as a Eumont Gas Pool within the same quarter-quarter section (NE/4 NW/4) as the H. M. Britt Well No. 12. Further, applicant proposes to replace the H. M. Britt Well No. 3 within the SW/4 NE/4 (Unit G) of Section 7 with its existing H. M. Britt Well No. 11 (API No. 30-025-05998), located at an unorthodox infill gas well location 1650 feet from the North and East lines (Unit G) of Section 7. Applicant proposes to amend Division Administrative Order NSL-4773 (SD) to reflect these changes.

CASE 13097: Application of El Paso Energy Raton, L.L.C. for 20 non-standard gas spacing units, Colfax County, New Mexico. Applicant seeks to create 20 non-standard gas spacing units for Vermejo coal gas production within projected Sections 3, 4, and 10, Township 29 North, Range 18 East; projected Sections 29, 30, 32, and 33, Township 30 North, Range 18 East; and projected Sections 21, 22, 23, and 24, Township 30 North, Range 17 East, all within the (public un-surveyed) Maxwell and the Beaubien and Miranda Land Grants. This area is located approximately 36 miles west of Raton, New Mexico.

CASE 13080: Continued from May 22, 2003.

Application of the New Mexico Oil Conservation Division for an Order Requiring Jackie Brewer d/b/a Sandlott Energy to Bring One (1) Well into Compliance with Rule 201.B, and Assessing Appropriate Civil Penalties; Eddy County, New Mexico. This application concerns the Levers "A" State Well No. 3 (API No. 30-015-26896), located in Unit B, Section 8, Township 18 South, Range 28 East.

CASE 12757 (Reopened): Continued from May 22, 2003

Application of the New Mexico Oil Conservation Division for an Order Shutting In Wells, Canceling Allowables and Assessing Civil Penalties against Marks and Garner Production Ltd. Co. for Failure to Comply with an Order to Plug Certain Wells, Eddy and Lea Counties, New Mexico. The wells sought to be shut in are located in Eddy and Lea Counties, in the following townships and ranges: 13S-33E and 36E, 14S-32E through 35E, 15S-35E, 16S-27E through 29E, 33E and 34E, 17S-29E and 37E, 19S-35E, 21S-34E