

Examiner Hearing – November 14, 2002

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Said unit is to be designated the EK Penrose Sand Unit.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a non-consent penalty for risk to be charged against carried working interests within the unit area upon such terms and conditions to be determined by the Division as just and reasonable.

Said unit area is located approximately 14 miles southwest of Lovington, New Mexico.

**CASE 12964:** Application of Seely Oil Company for approval of a waterflood project and qualification of the Project Area for the Recovered Oil Tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval of its EK Penrose Sand Unit Waterflood Project by injection of water into the San Andres formations through 9 injection wells located in the following described area:

**TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM**

Section 24: SE/4  
Section 25: NE/4

**TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM**

Section 19: S/2  
Section 20: S/2 SW/4, NW/4 SW/4  
Section 29: NW/4, N/2 SW/4  
Section 30: N/2, N/2 SE/4, E/2 SW/4

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said waterflood operations.

**CASE 12965:** Application of the New Mexico Oil Conservation Division for an Order Requiring SWR Operating Company to Properly Plug Fifteen (15) Well(s), Imposing Civil Penalties in Event of Failure to Comply, Authorizing the Division to Plug Said Well(s) in Default of Compliance by Operator, and Ordering a Forfeiture of Applicable Security, if Any, Eddy County, New Mexico. The Applicant seeks an order requiring SWR Operating Company, the operator of Fourteen (14) inactive well(s) in Eddy County, New Mexico, to properly plug and abandon the same, imposing civil penalties in event of failure to comply, authorizing the Division to plug said well or wells if the operator fails to do so, forfeiting Operator's plugging security, if any, and providing for such other relief as the Director deems appropriate. The affected wells are the following:

Well	API No.	Sec	Twsp	Range	Unit
Donnelly Pan American #1Y	30-015-05739	05	19S	31E	G
Featherstone #1	30-015-05737	05	19S	31E	H
Featherstone #1	30-015-05744	05	19S	31E	K
Featherstone #2	30-015-05740	05	19S	31E	A

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Featherstone #4	30-015-05747	05	19S	31E	J
Featherstone Federal #1	30-015-05732	04	19S	31E	J
Hodges Federal #1	30-015-05752	06	19S	31E	P
Keohane C Federal #1	30-015-05595	21	18S	31E	P
Nickson A #1	30-015-05731	04	19S	31E	D
Shugart B #3	30-015-05672	33	18S	31E	N
Welch A #1	30-015-05726	04	19S	31E	B
Welch A #3	30-015-05728	04	19S	31E	F
Welch A #4	30-015-05729	04	19S	31E	C
Welch A #2	30-015-05727	04	19S	31E	G
Shugart B #1	30-015-05670	33	18S	31E	O

**CASE 12966:** Application of the New Mexico Oil Conservation Division, through the Supervisor of District III, for an Order Assessing Civil Penalties against BC&D Operating Incorporated for Failure to Give Timely Notice of a Release and Failure to Take Corrective Action as Required by OCD Rule 116, McKinley County, New Mexico. The Applicant seeks an order assessing civil penalties for violation of the reporting and remediation requirements of OCD Rule 116 in connection with an unintended release of hydrocarbons occurring at the Hospah Sand Unit in McKinley County, New Mexico.

**CASE 12951:** Readvertised – Continued from October 24, 2002, Examiner Hearing.

Application of the New Mexico Oil Conservation Division for an Order Requiring Orbit Enterprises to Properly Plug Two (2) Wells, Imposing Civil Penalties in Event of Failure to Comply, Authorizing the Division to Plug Said Wells in Default of Compliance by Orbit Enterprises, and Ordering a Forfeiture of Applicable Security; Roosevelt County, New Mexico. The Applicant seeks an order requiring Orbit Enterprises, the operator of two (2) inactive wells in Roosevelt County, New Mexico, to properly plug and abandon the same, imposing civil penalties in event of failure to comply, authorizing the Division to plug said wells if the operator fails to do so, forfeiting Operator's plugging security, and providing for such other relief as the Director deems appropriate. The affected wells are the following:

Operator	Well Name	API No.	Location
Orbit Enterprises	State BA Well No.1	30-041-10003	A-34-7S-35E
Orbit Enterprises	State BA Well No. 2	30-041-20048	H-34-7S-35E

**CASE 12967:** Application of BP America Production Company for Surface Commingling, Eddy County, New Mexico. Applicant seeks authority to surface commingle gas production from the Little Box Canyon-Morrow, Indian Loafer Draw-Upper Pennsylvanian, Strychnine Draw-Atoka and Strychnine Draw-Strawn Gas Pools within certain wells it operates located on Federal Leases No. NMNM-93457 and NMNM-25336, which comprise all or portions of Sections 22, 25, 26 and 35, Township 20 South, Range 21 East, and on the Little Box State Lease, located on all or portions of Section 36, Township 20 South, Range 21 East. These wells are located approximately 18 miles south of Hope, New Mexico.

**CASE 12968:** Application of BP America Production Company for Surface Commingling, Eddy County, New Mexico. Applicant seeks authority to surface commingle gas production from the Little Box Canyon-Morrow and Indian Loafer Draw-Upper Pennsylvanian Gas Pools within certain wells it operates located on Federal Leases No. NMNM-82831, NMNM-88085, and NMNM-27451 which comprise all or portions of Section 31, Township 20.5 South, Range 22 East, Section 6, Township 21 South, Range 22 East, and Section 1, Township 21 South, Range 21 East, and on the Little Box State and Sweet Thing "36" State Leases, located on all or portions of Section 36, Township 20 South, Range 21 East, and Section 36, Township 20.5 South, Range 21 East. These wells are located approximately 18 miles south of Hope, New Mexico.