CASE 13136: Application of Mack Energy Corporation for approval of a Pressure Maintenance 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 Aoudad State Unit Pressure Maintenance Project by injection of water into the Grayburg-San Andres formations through one injection well located in the following described area:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 36: All

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 pressure maintenance 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 area is located approximately 5 miles southwest of Maljamar, New Mexico.

CASE 13081: Continued from August 7, 2003, Examiner Hearing.

Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling and unorthodox well locations, Lea County, New Mexico. Applicant in the above-styled cause seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying Lots 1, 2, 3 and 4 and the E/2 W/2 (W/2 equivalent) of irregular Section 31, Township 15 South, Range 36 East in the following manner: Lots 1, 2, 3 and 4 and the E/2 W/2 (W/2 equivalent) to form a standard 320.56 acre stand-up gas spacing and proration unit for any formation or pool spaced on 320 acres within that vertical extent; the SW/4 to form a standard 160.14 acre gas spacing and proration unit for all formations or pools spaced on 160 acres within that vertical extent; and the SW/4 NW/4 (Unit E) to form a standard 40.17 acre oil spacing and proration unit for all formations or pools spaced on 40 acres within that vertical extent, which presently includes but is not necessarily limited to the Caudill Permo - Upper Pennsylvanian Pool and the Undesignated Townsend Permo - Upper Pennsylvanian Pool. These spacing and proration units are to be dedicated to Arrington's proposed Royal Stimulator "31" Well No. 2 to be drilled at a standard surface location 2235 feet from the North line and 330 feet from the West line of Section 31 and at a depth of 8800 feet directionally drill to a depth sufficient to test the Wolfcamp formation at an unorthodox location 2471 feet from the North line and 527 feet from the West line (Unit E) of the section. The well will then be directionally drilled in a southeasterly direction intersecting the Strawn formation at an unorthodox location 2305 feet from the South line and 888 feet from the West line of said Section 31 and the Atoka formation at an unorthodox gas well location 2192 feet from the South line and 1038 feet from the West line of said Section 31. The well will intersect the Morrow formation, the primary target interval, at a standard location 1979 feet from the South line and 1218 feet from the West line (Unit L) of said Section 31 and continue drilling to a standard bottomhole location 1900 feet from the South line and 1300 feet from the West Line (Unit L) of said Section 31 to a depth sufficient to test the Mississippian formation. Also to be considered will 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 one mile north of Lovington, New Mexico. This matter was previously the subject of an Examiner hearing in Case No. 12752 and Division Order No. R-11690, entered November 16, 2001. Said pooling Order expired by its own terms on February 28, 2002, necessitating this new application.