

Examiner Hearing - February 20, 1997

Docket No. 6-97

Page 3 of 11

CASE 11730: Application of Penwell Energy, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Undesignated Red Tank-Bone Spring Pool underlying the SE/4 SE/4 (Unit P) of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 26 miles southwest by west of Eunice, New Mexico.

CASE 11731: Application of Penwell Energy, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Undesignated Red Tank-Bone Spring Pool underlying the NE/4 SE/4 (Unit I) of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 26 miles southwest by west of Eunice, New Mexico.

CASE 11732: Application of Penwell Energy, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Undesignated Red Tank-Bone Spring Pool underlying the NE/4 NE/4 (Unit A) of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 26 miles southwest by west of Eunice, New Mexico.

CASE 11733: Application of Penwell Energy, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Red Tank-Bone Spring Pool underlying the SW/4 SW/4 (Unit M) of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 26 miles southwest by west of Eunice, New Mexico.

CASE 11734: Application of Penwell Energy, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Red Tank-Bone Spring Pool underlying the NW/4 SW/4 (Unit L) of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 26 miles southwest by west of Eunice, New Mexico.

CASE 11735: Application of Penwell Energy, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Undesignated Red Tank-Bone Spring Pool underlying the SW/4 SE/4 (Unit O) of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 26 miles southwest by west of Eunice, New Mexico.

CASE 11712: (Continued from January 23, 1997, Examiner Hearing.)

Application of InterCoast Oil and Gas Company 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 S/2 of Section 33, Township 17 South, Range 29 East in the following manner: S/2 for all formations developed on 320-acre spacing; the SE/4 for all formations developed on 160-acre spacing; the N/2 SE/4 for all formations developed on 80-acre spacing; and the NW/4 SE/4 for all formations developed on 40-acre spacing. Applicant proposes to dedicate this pooled unit to its Bear Grass Draw Well No. 33-1 to be drilled to the Morrow formation at a standard location 1980 feet from the South line and 1650 feet from the East line (Unit J) of said Section 33. 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 the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 6 miles southwest of Loco Hills, New Mexico.

Examiner Hearing - February 20, 1997

Docket No. 6-97

Page 4 of 11

CASE 11736: Application of John H. Hendrix Corporation for a non-standard gas proration unit and an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval of an unorthodox gas well location in the Eumont Gas Pool for its existing New Mexico "B" State Well No. 6 (API No. 30-025-33352) located 990 feet from the North line and 2310 feet from the East line (Unit B) of Section 29, Township 21 South, Range 36 East. Further, the applicant seeks to dedicate said well to a non-standard 40-acre gas spacing and proration unit comprising the NW/4 NE/4 of said Section 29, which is located approximately 7 miles west of Eunice, New Mexico.

CASE 11713: (Continued from January 23, 1997, Examiner Hearing.)

Application of Bass Enterprises Production Company and Santa Fe Energy Company for the rescission of Division Administrative Order No. NSL-3745, Eddy County, New Mexico. Applicants seek the rescission of Division Administrative Order No. NSL-3745, which authorized Mewbourne Oil Company to drill its Scanlon Draw "35" State Well No. 1 at an unorthodox gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 35, Township 18 South, Range 28 East, to test the North Turkey Track-Morrow Gas Pool formation within a standard 320-acre gas spacing and proration unit comprising the W/2 of said Section 35. Said unit is located approximately 12.5 miles southwest of Loco Hills, New Mexico.

CASE 11516: (Continued from January 23, 1997, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, H & W Enterprises, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Mobil State Well No. 1, located in Unit H of Section 16, Township 17 South, Range 31 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond. Said well is located approximately 6 miles west-southwest of Maljamar, New Mexico.

CASE 11714: (Continued from February 6, 1997, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the S/2, in all formations developed on 160-acre spacing underlying the SE/4, in all formations developed on 80-acre spacing underlying the S/2 SE/4, and in all formations developed on 40-acre spacing underlying the SW/4 SE/4 from the surface to the base of the Morrow formation in Section 3, Township 24 South, Range 33 East. Said unit is to be dedicated to its Quest "AQS" State Well No. 1 which will be drilled as a wildcat well at a standard location 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 3. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs 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 drilling said well. Said area is located approximately 9 miles east of the intersection of Highway FAS 1271 with the Lea County/Eddy County line.

CASE 11718: (Continued from February 6, 1997, Examiner Hearing.)

Application of Wiser Oil Company for an expansion of its waterflood project, Eddy County, New Mexico. Applicant seeks to expand its Skelly Unit Waterflood Project and inject water into 62 additional wells: 9 wells in Section 14, 11 wells in Section 15, 10 wells in Section 21, 7 wells in Section 22, 10 wells in Section 23, 1 well in Section 26, 4 wells in Section 27, and 10 wells in Section 28, all within Township 17 South, Range 31 East, to provide additional injection service for the existing Skelly Unit Waterflood approved by Order No. R-3214. The zones to be injected into are the Vacuum-Grayburg and San Andres at an average TD of 3900' with a maximum injection rate of 250 BWPD/well at a maximum pressure of 2600 psi. Said project is located approximately 7 miles east of Loco Hills, New Mexico.

CASE 11737: In the matter of the hearing called by the Oil Conservation Division upon its own motion for an order creating, abolishing, contracting, reclassifying, and extending the vertical and horizontal limits of certain pools in Chaves, Lea, and Roosevelt Counties, New Mexico.

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the South Berry-Bone Spring Pool. The discovery well is the Yates Petroleum Corporation Alphabet Unit Well No. 2 located in Unit F of Section 17, Township 21 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 17: NW/4