

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 5, 1999

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 26-99 and 27-99 are tentatively set for August 19 and September 2, 1999. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 12209: Readvertised

Application of Falcon Creek Resources, Inc. to amend Division Order No. R-11165 for surface commingling, off-lease measurement and storage, Lea County, New Mexico. Applicant seeks to amend Division Order No. R-11165 to add an additional 40-acre spacing unit and its well to the previously approved centralized facility for the surface commingling, off-lease measurement and storage of West Teas Yates-Seven Rivers Pool production from its BF State Lease (E-3441) being the Arco State 886 Well No. 1 located in Unit F of Section 16, Township 20 South, Range 33 East, which shall be stored and measured at its centralized facility located in Unit G of this section. This facility is located approximately 4 miles northeast of the intersection of Federal Secondary Highway Number FAS 1217 and US Highway 180, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12181: Continued from July 8, 1999, Examiner Hearing.

Application of David H. Arrington Oil and Gas, Inc. for an unorthodox location and for an exception to Division Rule 104.D(3) for simultaneous dedication, Lea County, New Mexico. Applicant seeks an exception to all applicable well location set-back requirements governing any and all formations and/or pools from the surface to the base of the Mississippian formation for its Mayfly "14" State Com. Well No. 1 to be drilled 330 feet from the North and West lines (Unit D) of Section 14, Township 16 South, Range 35 East, to be dedicated to the following described spacing and proration units: (i) the W/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, which presently include the Undesignated North Shoe Bar-Atoka Gas Pool, Undesignated Shoe Bar-Atoka Gas Pool, Townsend-Morrow Gas Pool, and Undesignated North Townsend-Mississippian Gas Pool; and (ii) the NW/4 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing, which presently include the Undesignated North Shoe Bar-Wolfcamp Pool and the Undesignated Shoe Bar-Strawn Pool. The applicant further seeks an exception to Division Rule 104.D(3) to continuously and concurrently produce gas from the Townsend-Morrow Gas Pool from the above-described Mayfly "14" State Com. Well No. 1 and from the existing Mark L. Shidler, Inc. operated Monsanto State Com. Well No. 1 (API No. 30-025-24895) located at a standard gas well location 1980 feet from the South and West lines (Unit K) of Section 14, and for the simultaneous dedication of both wells to the existing 320-acre gas spacing and proration unit comprising the W/2 of Section 14. **Further, the applicant at the time of the hearing shall designate a common operator for both of these Morrow gas wells and this 320-acre unit within the Townsend-Morrow Gas Pool.** The proposed well location is approximately five miles south of Lovington, New Mexico.

CASE 12215: Continued from July 22, 1999, Examiner Hearing

Application of Anadarko Petroleum Corporation For Downhole Commingling, Lea County, New Mexico. Applicant seeks an exception to Division Rule 303.C.(1)(a)(iii) to permit downhole commingling of Penrose Skelly-Grayburg and Southwest Eunice-San Andres Pool production in the E.W. Walden Well No. 12 located 2250 feet from the North line and 1350 feet from the West line (Unit F) of Section 15, Township 22 South, Range 37 East. This well is located approximately 4 miles south of Eunice, New Mexico.

CASE 12217: Continued from July 22, 199, Examiner Hearing.

Application of Merrion Oil & Gas Corporation for Compulsory Pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 2, Township 31 North, Range 8 West, in order to form a standard 320-acre gas spacing and proration unit. This unit is to be dedicated to applicant's proposed U-Da-Well Com. Well No. 1 to be drilled at a previously approved unorthodox coal gas well location in the SE/4 NW/4 (Unit F) of Section 2 (see Division Administrative Order NSL-4281 dated May 13, 1999). Also to be considered will be the cost of drilling and completing the 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 the risk involved in drilling and completing the well. The unit is located approximately nine miles north-northwest of the Navajo Lake Dam.

CASE 12221: **Application of Yates Petroleum Corporation for Compulsory Pooling, Chaves County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation, the SE/4 of the SE/4 to form a standard 40-acre spacing unit for any formations and/or pools developed on 40-acre spacing and the SE/4 underlying the following acreage Section 17, Township 6 South, Range 26 East; in order to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing, including the Pecos Slope-Abo Gas Pool. This unit is to be dedicated to its Getty "PS" 17 Well No. 2 at an orthodox location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 17. Also to be considered will be the cost of drilling and completing the 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 the risk involved in drilling and completing the well. The unit is located approximately 13 miles north of the intersection of U.S. Highway 70 and the Pecos River.

Examiner Hearing – August 5, 1999

Docket No. 24-99

Page 2 of 4

CASE 12222: **Application of Mewbourne Oil 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 E/2 of Section 18, Township 23 South, Range 27 East, 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 South Carlsbad-Canyon Gas Pool, Undesignated South Carlsbad-Strawn Gas Pool, South Carlsbad-Atoka Gas Pool, and South Carlsbad-Morrow Gas Pool. This unit is to be dedicated to applicant's Ranch Hand "18" Fed. Com. Well No. 1, located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 18. Also to be considered will be the cost of drilling and completing the 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 the risk involved in drilling and completing the well. The unit is located approximately 4 1/2 miles southwest of Otis, New Mexico.

CASE 12223: **Application of Pogo Producing Company for Approval of a Pilot Pressure Maintenance Project and to qualify the Project for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act, Eddy County, New Mexico.** Applicant seeks approval to institute a pilot pressure maintenance project in the West Sand Dunes-Delaware Pool on Federal Leases NM 38463, 38464, NM 40859, and NM 0281482-A (comprising all or parts of Sections 20, 21, 28 and 29, Township 23 South, Range 31 East) by the injection of water into the Pure Gold "B" Fed. Well No. 20, located in Unit P of Section 20. Applicant further seeks to qualify the project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Sections 7-29A-1 through 7-29A-5, NMSA 1978). This project is located approximately 18 miles east of Loving, New Mexico.

CASE 12202: **Continued from July 22, 1999, Examiner Hearing.**

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and an unorthodox gas well location, 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 irregular Section 3, Township 16 South, Range 28 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 Crow Flats-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. These units are to be dedicated to applicant's Crow Flats 3 Fed. Well No. 1, located 960 feet from the South line and 760 feet from the West line (Unit M) of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as operator of the well, and a charge for the risk involved in drilling and completing the well. The unit is located approximately 15.5 miles northeast of Artesia, New Mexico.

CASE 12203: **Continued from July 22, 1999, Examiner Hearing.**

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the NE/4 SE/4 of Section 3, Township 20 South, Range 33 East, forming 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 Teas Yates-Seven Rivers Pool. The unit is to be dedicated to the Python Federal Well No. 3, to be drilled at an orthodox oil well location 1650 feet from the South line and 660 feet from the East line (Unit I) of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as operator of the well, and a charge for risk involved in drilling and completing the well. The unit is located approximately 5.5 miles northeast of the intersection of State Highway 176 and U.S. Highway 62/180.

CASE 12204: **Continued from July 22, 1999, Examiner Hearing.**

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the SW/4 SE/4 of Section 3, Township 20 South, Range 33 East, forming 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 Teas Yates-Seven Rivers Pool. The unit is to be dedicated to the Python Federal Well No. 2, to be drilled at an orthodox oil well location 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 3. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as operator of the well, and a charge for risk involved in drilling and completing the well. The unit is located approximately 5 miles northeast of the intersection of State Highway 176 and U.S. Highway 62/180.