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January 3, 2000

**VIA HAND DELIVERY**

Lori Wrotenbery, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, NM 87505

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OIL CONSERVATION DIV.

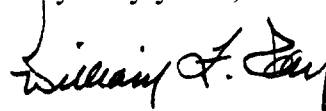
***Re: CASE 12318: Application of Threshold Development Company for  
Compulsory Pooling, Lea County, New Mexico.***

Dear Ms. Wrotenbery,

Threshold Development Company respectfully requests that the above-referenced case be dismissed.

Your attention to this request is appreciated.

Very truly yours,



William F. Carr

WFC:md

cc: Gary Tidmore (via facsimile)  
J. Scott Hall, Esq. (via facsimile)  
Prize Operating Company (via facsimile)

**DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 6, 2000**

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 2-00 and 3-00 are tentatively set for January 20 and February 3, 2000. 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 12317:** Application of Ameristate Oil and Gas, Inc. for Amendment of Division Order No. R-11252, Eddy County, New Mexico.. Applicant seeks an amendment of Division compulsory pooling Order No. R-11252 which compulsory pooled certain spacing and proration units in the N/2 of Section 30, Township 17 South, Range 25 East. Applicant seeks amendment of Order No. R-11252 to change the location of its proposed Maneater Federal Com "30" Well No. 1 to a standard location 1815 feet from the North and East lines of Section 30 (Unit G) and to extend the date for commencement of the drilling of the well until 90 days following the date of the amended order. The proposed well is located approximately 5 miles southwest of Artesia, New Mexico. *In the absence of objection this matter will be taken under advisement.*

**CASE 12318:** Application of Threshold Development Company for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing from the surface to the base of the Morrow formation underlying the W/2 of Section 2, Township 20 South, Range 35 East, in the following manner: the W/2 for all formations/pools developed on 320-acre spacing, the SW/4 for all formations/pools developed on 160-acre spacing, the W/2 SW/4 for all formations/pools developed on 80-acre spacing; and the SW/4 SW/4 for all formations/pools developed on 40-acre spacing. The units are to be dedicated to a well to be drilled at a standard location in the SW/4 SW/4 of Section 2. Also to be considered will be the cost of drilling and completing the well and the actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling the well. The area is located approximately 25 miles northwest of Eunice, New Mexico.

**CASE 12311:** Continued from December 16, 1999, Examiner Hearing.

Application of Threshold Development Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing from the surface to the base of the Wolfcamp formation in the N/2 of Section 28, Township 24 South, Range 33 East, in the following manner: the N/2 for all formations/pools developed on 320-acre spacing, the NW/4 for all formations/pools developed on 160-acre spacing, the E/2 NW/4 for all formations/pools developed on 80-acre spacing, and the NE/4 NW/4 for all formations/pools developed on 40-acre spacing. The units are to be dedicated to its State Com Well No. 1 to be drilled at a standard location in the NE/4 NW/4 of Section 28. Also to be considered will be the cost of drilling and completing the well and the 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 the well. The area is located approximately 8 miles east-southeast of the intersection of Highway 128 with the Eddy-Lea County line.

**CASE 12319:** Application of Nearburg Exploration Company, L.L.C. 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 in the following manner: the N/2 for all formations/pools developed on 320-acre spacing including the Logan Draw Morrow Gas Pool, the NE/4 for all formations/pools developed on 160-acre spacing, the S/2 NE/4 for all formations/pools developed on 80-acre spacing, and the SE/4 NE/4 for all formations/pools developed on 40-acre spacing, all in Section 30, Township 17 South, Range 27 East. Applicant proposes to dedicate these pooled units to a well to be drilled at a standard gas well location in the SE/4 NE/4 of Section 30. Also to be considered will be the cost of drilling and completing the well and the actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling the well. The area is located approximately 4 miles southeast of Artesia, New Mexico.

**CASE 12300:** Continued from December 16, 1999, Examiner Hearing.

Application of EOG Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pennsylvanian formation underlying the N/2 of Section 15, Township 25 South, Range 33 East, to form a standard 320-acre spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent including the Draper Mill-Wolfcamp Gas Pool. Applicant proposes to dedicate this pooled unit to its Ochoa "15" Federal Well No. 2 to be drilled at a standard location 1700 feet from the North line and 1760 feet from the West line (Unit F) of Section 15. 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 risk involved in drilling and completing the well. The area is located approximately 20 miles southwest of Jal, New Mexico.

**CASE 12285:** Continued from December 16, 1999, Examiner Hearing.

Application of Nearburg Exploration, Company, LLC. for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 for all formations developed on 320-acre spacing including but not limited to the Undesignated San Simon Wolfcamp Gas Pool, the NW/4 for all formations developed on 160-acre spacing, the N/2 NW/4 for all formations developed on 80-acre spacing, and the NW/4 NW/4 for all formations developed on 40-acre spacing, all in Section 17, Township 22 South, Range 35 East. Applicant proposes to dedicate these pooled units to a well to be drilled at a standard gas well in the NW/4 NW/4 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 Nearburg Producing Company as operator of the well, and a charge for risk involved in drilling and completing the well. The area is located approximately 10.5 miles southwest of Oil Center, New Mexico.

**CASE 12287:** Continued from December 16, 1999, Examiner Hearing.

**Application of Nearburg Exploration Company, L.L.C. 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 following described acreage in Section 7, Township 22 South, Range 26 East, in the following manner: the W/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 Hackberry Hills-Canyon Gas Pool, Undesignated Happy Valley-Strawn Gas Pool, Undesignated Hackberry Hills-Atoka Gas Pool, and Happy Valley-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 NE/4 SW/4 for 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, including the Undesignated Filaree Dome-Delaware Pool and Undesignated Happy Valley-Bone Spring Pool. The units are to be dedicated to its White Tip "7" Fed. Well No. 2 to be located 1500 feet from the South line and 1980 feet from the East line (Unit K) of Section 7. 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 the operator of the well, and a charge for risk involved in drilling and completing the well. These units are located approximately 6.5 miles west-southwest of Carlsbad, New Mexico.

**CASE 12320:** **Application of Chevron U.S.A. Production Co. for Approval to convert the EMSU Wells No. 210, 212, 222, 252 and 258 to Injection in the Eunice Monument South Unit, Lea County, New Mexico.** Applicant seeks approval to convert its EMSU Wells No. 210, 212, 222, 252 and 258 to injection in the Eunice Monument South Unit (EMSU). These wells are designed to improve recovery efficiency of the waterflood patterns and enhance production of the EMSU secondary recovery project. The wells are located in the following locations: No. 210 - Section 4, Unit K, Township 21 South, Range 36 East; No. 252 - Section 5, Unit I, Township 21 South, Range 36 East; No. 222 - Section 6, Unit O, Township 21 South, Range 36 East; No. 252 - Section 6, Unit W, Township 21 South, Range 36 East; No. 258 - Section 4, Unit U, Township 21 South, Range 36 East. Water will be injected into the unitized interval of the Eunice Monument Grayburg-San Andres Pool which has an upper limit of 100 feet below mean sea level or the top of the Grayburg formation, whichever is higher, to a lower limit of the base of the San Andres formation. Injection will occur at an expected maximum pressure rate of 1500 barrels of water per day and an expected maximum pressure of 750 pounds per square inch. This area is approximately one mile west-southwest of Oil Center, New Mexico.

**CASE 12290:** Continued from November 18, 1999, Examiner Hearing.

**Application of Burlington Resources Oil & Gas Company to amend the Special Rules and Regulations for the Basin-Dakota Gas Pool for purposes of changing well location requirements for Dakota Wells, Rio Arriba and San Juan Counties, New Mexico.** Applicant seeks to amend Rule 2(d) of the Special Rules and Regulations for the Basin-Dakota Gas Pool set forth in Division Order No. R-8170, as amended, in order to: (a) change the initial and infill well location boundary requirements to not closer than 660 feet to any outer boundary of a gas proration and spacing unit and to not closer than 10 feet to any quarter-quarter section line or subdivision inner boundary; (b) delete the 920 foot minimum distance between wells; and (c) add well location requirements for federal exploratory units.

**CASE 12257:** Continued from December 2, 1999, Examiner Hearing.

**Application of E.G.L. Resources, Inc. for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Yates formation underlying the NW/4 of Section 23, Township 20 South, Range 28 East 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, including the Russell-Lower Yates Gas Pool. This unit is to be dedicated to a well to be drilled at a standard gas well location thereon. 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 the operator of the well, and a charge for risk involved in drilling and completing the well. The unit is located approximately 11 miles north-northeast of Carlsbad, New Mexico.

**CASE 12237:** Continued from December 16, 1999 Examiner Hearing.

**Application of Mewbourne Oil Company for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the base of the Bone Spring formation to the base of the Morrow formation underlying the W/2 of Section 8, Township 18 South, Range 31 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within this vertical extent, including the Undesignated North Shugart-Atoka Gas Pool and Undesignated North Shugart-Morrow Gas Pool. The unit is to be dedicated to its Fren "8" Fed. Com. Well No. 1, located at an orthodox gas well location in the NW/4 of Section 8. 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 the operator of the well, and a charge for risk involved in drilling and completing the well. The unit is located approximately 6 1/2 miles southeast of Loco Hills, New Mexico.