

DOCKET: EXAMINER HEARING - THURSDAY – JANUARY 10, 2002

**8:15 A.M. - 1220 South St. Francis
Santa Fe, New Mexico**

Docket Nos. 02-02 and 03-02 are tentatively set for January 24, 2002 and February 7, 2002. 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 12784: Application of XTO Energy Inc. for approval of surface commingling, San Juan County, New Mexico. Applicant seeks an order, pursuant to Division Rule 303.B, approving surface commingling of Blanco-Mesaverde Gas Pool and Basin-Dakota Gas Pool production from its Garcia Gas Com. B Well No. 1M, located in the S/2 of Section 21, Township 29 North, Range 10 West, with Aztec-Pictured Cliffs Gas Pool production from its Prespentt Gas Com. Well No. 1, located in the SE/4 of Section 21, Township 29 North, Range 10 West. The wells are located approximately 5 miles East of Bloomfield, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12775: Continued from December 6, 2001, Examiner Hearing.

Application of Concho Oil & Gas Corp. for compulsory pooling, an unorthodox oil well location and various non-standard proration and spacing units, Lea 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 6, Township 16 South, Range 34 East, in the following manner: (i) Lots 3-6 and 11-14 to form a non-standard 298.36-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the Hume-Morrow Gas Pool and Hume-Atoka Gas Pool; (ii) Lots 11-14 to form a non-standard 143.76-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; and (iii) Lot 11 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent including but not limited to the Kenmitz Cisco Pool, the Wolcamp formation and the Strawn formation. The units are to be dedicated to its Big "D" State Well No. 1 to be drilled and completed at standard gas well location, but in the event of oil production, then an unorthodox oil well location 659 feet from the South line and 147.96 feet from the West line of Lot 11 of this section. Applicant further seeks an order prescribing terms ("operating provisions") pursuant to which future operations may be conducted in accordance with applicant's Joint Operating Agreement. 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 the applicant as the operator of the well and a charge for risk involved in said well. Said unit(s) is located approximately 11 miles northeast of Maljamar, New Mexico.

CASE 12778: Continued from December 6, 2001, Examiner Hearing.

Application of Devon Energy Production Company, L.P. to abolish the Special Rules and Regulations for the Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico. Applicant seeks an order abolishing the Special Rules and Regulations for the Buffalo Valley-Pennsylvanian Gas Pool and making the Division's statewide spacing and well location rules applicable to the pool. The pool covers all or portions of Sections 25, 26, 35, and 36, Township 14 South, Range 27 East, Section 31, Township 14 South, Range 28 East, Sections 1-4, 11-15, and 22-26, Township 15 South, Range 27 East, and Sections 6-8, 16-18, 20, and 21, Township 15 South, Range 28 East. The pool is centered approximately 10 miles southeast of Hagerman, New Mexico.

CASE 12785: Application of Apache Corporation for approval of a waterflood project, Lea County, New

Mexico. Applicant seeks approval for its proposed Gizzell Lease waterflood project located in the SE/4 of Section 8, Township 22 South, Range 37 East, for the injection of water into the Grayburg formation of the Penrose Skelly-Grayburg Pool from its Grizzell Well No. 11 located 1300 feet from the South line and 1139 feet from the East line of Section 8 through a perforated interval from 3580 feet to 3816 feet. The well is located approximately 3 miles south-southwest of Eunice, New Mexico.

CASE 12786: **Application of Matador Operating Company for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico.** Applicant seeks approval to drill and produce its Mershon Com Well No. 2 which is being drilled at an unorthodox well location 415 feet from the North line and 1201 feet from the West line (Unit D) of Section 21, Township 22 South, Range 23 East, to a total depth of approximately 8200 feet to test for gas production from the Indian Basin-Upper Pennsylvanian Gas Pool and to be simultaneously dedicated to an existing approved 360-acre non-standard proration and spacing unit consisting of the N/2 and the N/2 N/2 N/2 S/2 of this section which is currently dedicated to the Mershon Gas Com Well No. 1 located in Unit A of this spacing unit. This unit is located approximately 23 miles west of Carlsbad, New Mexico.

CASE 12787: **Application of Chesapeake Operating Inc. 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 following described acreage in Section 20, Township 17 South, Range 35 East: (i) the E/2 NE/4 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre oil spacing within this vertical extent; (ii) the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within this vertical extent; and (iii) the E/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within this vertical extent, including but not limited to the North Vacuum Atoka-Morrow Gas Pool. This unit(s) is to be dedicated to its Lee "20" Well No. 1 which will be located at a standard well location within Unit A of this section. Applicant further seeks an order prescribing terms ("operating provisions") pursuant to which future operations may be conducted in accordance with the applicant's Joint Operating Agreement. Also to be considered will be the costs of drilling and completing this 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 this well. This unit is located approximately 11 miles southeast of the center of the City of Lovington, New Mexico.

CASE 12762: **Continued from November 15, 2001, Examiner Hearing.**

Application of Paladin Energy Corp. for approval of a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Paladin Wolfcamp Exploratory Unit for an area comprising 80 acres, more or less, of state and fee lands in Sections 35 and 36, Township 13 South, Range 37 East, which is located approximately 9 miles east of McDonald, New Mexico.

CASE 12763: **Continued from November 15, 2001, Examiner Hearing.**

Application of Paladin Energy Corp. for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval of an unorthodox well location in the Wolfcamp formation, King-Wolfcamp Pool, for its State "C" Well No. 1 to be re-entered and recompleted at an unorthodox well location 1550 feet from the North line and 10 feet from the West line of Section 36, Township 13 South, Range 37 East. Said well is located approximately 9 miles east of McDonald, New Mexico.

CASE 12788: **Application of ARCO (BP) for simultaneous dedication, Eddy County, New Mexico.** Applicant