

DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 6, 2003

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

Docket Nos. 04-03 and 05-03 are tentatively set for February 20, 2003 and March 13, 2003. 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 12992: Continued from January 23, 2003, Examiner Hearing.

Application of San Juan Resources, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in accordance with Division Rule 1207.A(1)(b) seeks an order pooling all mineral interests from the surface to the base of the Dakota formation underlying the S/2 of Section 18, Township 30 North, Range 11 West, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320-acre spacing, including but not limited to the Blanco Mesaverde Gas Pool and the Basin Dakota Gas Pool. This unit is to be dedicated to its Tecumseh Well No. 1 which has been drilled and completed at a standard well location in Unit J of this section for downhole commingled production from the Blanco Mesaverde Gas Pool and the Basin-Dakota Gas Pool. 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 this well. This unit is located approximately 2 miles East of Flora Vista, New Mexico. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 13002: Application of Burlington Resources Oil & Gas Company LP to reinstate Division Order R-11790 (Case 12869—compulsory pooling) San Juan County, New Mexico. Applicant, in accordance with Division Rule 1207.A(1)(b) seeks an order pooling all mineral interests in the Mesaverde formation underlying the N/2 of Section 18, Township 30 North, Range 11 West, forming a standard 320-acre gas spacing and proration unit for the Mesaverde formation spaced on 320-acre spacing. This unit is to be dedicated to its James Scott Well No. 1 which has been drilled and completed at a standard well location in Unit A of this section. 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 this well. This unit is located approximately 1 mile west of the center of Aztec, New Mexico. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12984: Continued from January 9, 2003, Examiner Hearing.

Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Dempster State Exploratory Unit for an area comprising 3840 acres of State of New Mexico lands in Sections 28 through 33 of Township 11 South, Range 36 East, which is located approximately 5 miles north of Tatum, New Mexico.

CASE 13003: Application of EOG Resources, Inc. for simultaneous dedication, Eddy County, New Mexico. Applicant seeks an exception to Division Rule 104.C.(2)(b) to permit the simultaneous dedication of the following wells to an existing 292.32-acre spacing and proration unit in the Morrow formation, South Empire-Morrow Gas Pool, comprised of the N/2 of irregular Section 7, Township 17 South, Range 29 East:

- A. Warp Speed A "7" Federal Com Well No. 1 located at a standard gas well location 2280 feet from the North line and 1930 feet from the West line (Unit F) of Section 7, and
- B. Warp Speed "7" Federal Com Well No. 2 located at an unorthodox surface location 1985 feet from the North line and 526 feet from the West line of Section 7 and a standard bottomhole location in the Lower Morrow Sand at a point 1980 feet from the North line and 660 feet from the

West line.

Said area is located approximately 7 miles Northwest of Loco Hills, New Mexico.

CASE 12977: Continued from January 9, 2003, Examiner Hearing.

Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Pictured Cliffs formation underlying the NE/4 of Section 1, Township 29 North, Range 13 West, to form a standard 159.85-acre gas spacing and proration unit for all formations and/or pools developed on 160 acres within that vertical extent, which includes but is not necessarily limited to the Fulcher Kutz-Pictured Cliffs Gas Pool. Said unit is to be dedicated to applicant's proposed Hutchinson Well No. 1R to be drilled at a previously approved unorthodox well location at a point 2050 feet from the North line and 1190 feet from the East line in the NE/4 of said Section 1. 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 operator of the well and a charge for risk involved in drilling said well. Said area is located approximately one-quarter (1/4) mile south and east of the intersection of U. S. Highway 516 and Gila Street in the town of Farmington located in San Juan County, New Mexico.

CASE 12967: Continued from January 9, 2003, Examiner Hearing.

Application of BP America Production Company for Surface Commingling, Eddy County, New Mexico. Applicant seeks authority to surface commingle gas production from the Little Box Canyon-Morrow, Indian Loafer Draw-Upper Pennsylvanian, Strychnine Draw-Atoka and Strychnine Draw-Strawn Gas Pools within certain wells it operates located on Federal Leases No. NMNM-93457 and NMNM-25336, which comprise all or portions of Sections 22, 25, 26 and 35, Township 20 South, Range 21 East, and on the Little Box State Lease, located on all or portions of Section 36, Township 20 South, Range 21 East. These wells are located approximately 18 miles south of Hope, New Mexico.

CASE 12968: Continued from January 9, 2003, Examiner Hearing.

Application of BP America Production Company for Surface Commingling, Eddy County, New Mexico. Applicant seeks authority to surface commingle gas production from the Little Box Canyon-Morrow and Indian Loafer Draw-Upper Pennsylvanian Gas Pools within certain wells it operates located on Federal Leases No. NMNM-82831, NMNM-88085, and NMNM-27451 which comprise all or portions of Section 31, Township 20.5 South, Range 22 East, Section 6, Township 21 South, Range 22 East, and Section 1, Township 21 South, Range 21 East, and on the Little Box State and Sweet Thing "36" State Leases, located on all or portions of Section 36, Township 20 South, Range 21 East, and Section 36, Township 20.5 South, Range 21 East. These wells are located approximately 18 miles south of Hope, New Mexico.

CASE 13004: Application of the New Mexico Oil Conservation Division, through the Environmental Bureau Chief, for an Order Determining the Responsible Party or Parties and Ordering the Responsible Party or Parties to Conduct Division-Approved Corrective Action with respect to a Hydrocarbon Release; Lea County, New Mexico. The Applicant seeks an order determining the responsible parties with respect to a release of hydrocarbons identified as a danger to public safety and the environment, located on the Moon State "A" lease in the North Hobbs Unit, in Section 28, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico.

CASE 13005: In the matter of the hearing called by the Oil Conservation Division for an order creating, contracting, and extending certain pools in Chaves and Eddy Counties, New Mexico.

(a) CREATE a new pool in Chaves County, New Mexico classified as a gas pool for Pennsylvanian production and designated as the Alkali Draw-Pennsylvanian Gas Pool (Pool Code 97244). The discovery well is the Yates Petroleum Corporation Grynberg "LZ" State Well No. 1 (API No. 30-005-60602) located in Unit I of Section 36, Township 5 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 5 SOUTH, RANGE 24 EAST, NMPM
Section 36: E/2

(b) CREATE a new pool in Eddy County, New Mexico classified as a gas pool for Atoka production and designated as the High Lonesome-Atoka Gas Pool (Pool Code 97248). The discovery well is the Dominion Oklahoma Texas & Production Company, Inc. Grizzly Adams "13" Federal Com. Well No. 1 (API No. 30-015-32290) located in Unit A of Section 13, Township 16 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM
Section 13: E/2

(c) EXTEND the Boyd-Morrow Gas Pool (Pool Code 72840) in Eddy County, New Mexico to include:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 33: E/2
Section 36: N/2

(d) EXTEND the North Cedar Lake-Morrow Gas Pool (Pool Code 74600) in Eddy County, New Mexico to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 21: W/2

(e) EXTEND the Cedar Lake-Yeso Pool (Pool Code 96831) in Eddy County, New Mexico to include:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 13: SW/4

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM
Section 17: SW/4

(f) EXTEND the Eagle Creek-Strawn Gas Pool (Pool Code 76320) in Eddy County, New Mexico to include:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 7: W/2
Section 18: N/2

(g) EXTEND the Foor Ranch-Pre-Permian Gas Pool (Pool Code 76730) in Chaves County, New Mexico to include:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM
Section 20: E/2

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM

Section 32: NW/4

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM

Section 3: S/2

- (h) EXTEND the Foor Ranch-Wolfcamp Gas Pool (Pool Code 76750) in Chaves County, New Mexico to include:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM

Section 11: E/2

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM

Section 3: S/2

- (i) EXTEND the Grayburg-Atoka Gas Pool (Pool Code 77720) in Eddy County, New Mexico to include:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 34: W/2

- (j) EXTEND the Loco Hills-Paddock Pool (Pool Code 96718) in Eddy County, New Mexico to include:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 15: NE/4

- (k) EXTEND the Lost Tank-Delaware Pool (Pool Code 40299) in Eddy County, New Mexico to include:

TOWNSHIP 21 SOUTH, RANGE 31 EAST, NMPM

Section 34: NE/4

- (l) EXTEND the Maljamar-Grayburg-San Andres Pool (Pool Code 43329) in Eddy County, New Mexico to include:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 36: W/2

- (m) EXTEND the Milner Lake-Pennsylvanian Gas Pool (Pool Code 97115) in Chaves County, New Mexico to include:

TOWNSHIP 8 SOUTH, RANGE 25 EAST, NMPM

Section 15: N/2

- (n) EXTEND the Nash Draw-Delaware Pool (Pool Code 47545) in Eddy County, New Mexico to include:

TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMPM

Section 7: NE/4

- (o) EXTEND the North Parkway-Wolfcamp Pool (Pool Code 96517) in Eddy County, New Mexico to include:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 10: SE/4

Section 15: NE/4

- (p) EXTEND the Pecos Slope-Abo Gas Pool (Pool Code 82730) in Chaves County, New Mexico to include:

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM

Section 3: S/2 and NE/4

- (q) EXTEND the Southeast Race Track-Devonian Pool (Pool Code 96811) in Chaves County, New Mexico to include:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM

Section 25: SE/4

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NMPM

Section 30: S/2

- (r) EXTEND the Seven Rivers Hills-Atoka Gas Pool (Pool Code 96714) in Eddy County, New Mexico to include:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 4: Lots 9 through 16 and SE/4

Section 9: E/2

- (s) EXTEND the Shugart-Strawn Pool (Pool Code 97239) in Eddy County, New Mexico to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 8: NW/4

- (t) CONTRACT the Tamano-San Andres Pool (Pool Code 58060) in Eddy County, New Mexico by the deletion of the following described area:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 36: SW/4

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.