

DOCKET: EXAMINER HEARING - THURSDAY – FEBRUARY 20, 2003

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

Docket Nos. 05-03 and 06-03 are tentatively set for March 13, 2003 and March 27, 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 13002: Continued from February 6, 2003, Examiner Hearing.

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 13006: 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 Mississippian formation underlying the W/2 of Section 33, Township 14 South, Range 35 East, 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 Morton-Mississippian Gas Pool. **In addition, Applicant requested that in the absence of objection filed with the Division on or before February 14, the Division order provide for a 200% risk factor penalty based upon the presentation of technical data by affidavit.** This unit is to be dedicated to its Markham "33" 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 3 miles northwest of Loving, New Mexico. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12998: Continued from January 23, 2003, Examiner Hearing.

Application of NGX Company for compulsory pooling and a non-standard gas spacing and proration unit, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Atoka formation underlying the SE/4 of Section 21, Township 22 South, Range 27 East, to form a non-standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent. The unit is to be dedicated to the Boggs Fee Well No. 1, located in the NE/4 SE/4 of Section 21, which is to be re-entered and re-completed. Also to be considered will be the cost of re-entering and re-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 re-entering and working over the well. The unit is located approximately 4½ miles southeast of Carlsbad, New Mexico.

CASE 13007: Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Otis State Exploratory Unit for an area comprising 3040 acres of State of New Mexico lands in Sections 8, 17, 19, 20, and 30 of Township 15 South, Range 34 East, which is located approximately 12 miles northwest of Lovington, New Mexico.

CASE 13008: Application of Yates Petroleum Corporation for simultaneous dedication, Chaves 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 320-acre spacing and proration unit for production from the Silurian Devonian, Strawn, Cisco and Wolfcamp formations, comprised of the N/2 of Section 5, Township 10 South, Range 26 East:

A. Quiniela AXQ State Well No. 2 located at a standard gas well location 1980 feet from the North and East lines (Unit G) of Section 5, and

B. Quiniela AXQ State Well No. 3 located at a standard gas well location 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 5.

Said area is located approximately 17 miles East of Roswell, New Mexico.

CASE 12596: Reopened – Continued from January 23, 2003, Examiner Hearing.

In the matter of Case 12596 being reopened pursuant to the provisions of Division Order No. R-8089-A, which order amended the temporary special pool rules for the Feather-Morrow Pool in Lea County, New Mexico, including provisions for 160-acre spacing units and designated well locations. Operators in the Feather-Morrow Pool should appear and present evidence to show cause why the temporary special pool rules established for this pool should not be rescinded.

CASE 12649: Reopened – Continued from January 23, 2003, Examiner Hearing.

In the matter of Case 12649 being reopened pursuant to the provisions of Division Order No. R-11610, which order promulgated temporary special pool rules for the Cedar Lake Reef-Strawn Pool in Eddy County, New Mexico, including provisions for 160-acre spacing units and designated well locations. Operators in the Cedar Lake Reef-Strawn Pool should appear and present evidence to show cause why the temporary special pool rules established for this pool should not be rescinded.

CASE 13003: Continued from February 6, 2003, Examiner Hearing.

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 13009: Application of Elm Ridge Resources, Inc. for an unorthodox oil well location. Rio Arriba County, New Mexico. Applicant seeks authorization to drill and produce its State 16 Well No. 5 in the Counselors

Gallup-Dakota Pool at an unorthodox oil well location 640 feet from the South line and 2290 feet from the East line of Section 16, Township 23 North, Range 6 West. The SE/4 of Section 16 will be dedicated to the well. The unit is located approximately 1 mile northwest of Counselor, New Mexico.

CASE 13010: Application of Concho Oil & Gas Corp. 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 of Section 28, Township 19 South, Range 34 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 but not limited to the Quail Ridge-Morrow Gas Pool. The unit is to be dedicated to applicant's Codorniz Fed. "28" Well No. 1, to be located at an orthodox location in the NW/4 NW/4 of Section 28. 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 17½ miles west of Monument, New Mexico.

CASE 13011: Application of Concho Oil & Gas Corp. 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 S/2 of Section 28, Township 19 South, Range 34 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 but not limited to the Undesignated Quail Ridge-Morrow Gas Pool. The unit is to be dedicated to applicant's Codorniz Fed. "28" Well No. 2, to be located at an orthodox location in the NW/4 SW/4 of Section 28. 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 17½ miles west of Monument, New Mexico.

CASE 13012: Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the S/2 of Section 25, Township 15 South, Range 34 East and in the following manner: a) S/2 to form a standard 320-acre lay-down gas spacing and proration unit ("the 320-acre Unit") for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, which presently include but are not necessarily limited to the North Eidson-Morrow Gas Pool; b) SE/4 to form a standard 160-acre spacing and proration unit ("the 160-acre Unit") for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; and c) E/2 SE/4 to form a standard 80-acre stand-up oil spacing and proration unit ("the 80-acre Unit") for any and all formations and/or pools developed on 80-acre spacing within that vertical extent; and the NE/4 SE/4 to form a standard 40-acre oil spacing and proration unit ("the 40-acre Unit") for any and all formations and/or pools developed on 40-acre spacing within that vertical extent. Said units are to be dedicated to Applicant's proposed Steve's Hopper 25 Well No. 1 to be drilled at a standard 320-acre spacing and proration unit gas well location 1980 feet from the South line and 660 feet from the East line in the NE/4 SE/4 (Unit I) of said Section 25 to a depth sufficient to test the Atoka, Morrow and Mississippian formations. 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 David H. Arrington Oil and Gas, Inc. or its designee as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 5 miles northwest of Lovington, New Mexico.

CASE 12992: Continued from February 6, 2003, Examiner Hearing.

Application of San Juan Resources, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant 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

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to the Blanco Mesaverde Gas Pool and the Basin Dakota Gas Pool. This unit is to be dedicated to its Tecumseh Well No. 1 to be 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.