

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
MICHAEL H. FELDEWERT
PAUL R. OWEN
ANTHONY F. MEDEIROS

JACK M. CAMPBELL
1916-1999

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
FACSIMILE: (505) 983-6043
E-MAIL: ccbspa@ix.netcom.com

October 15, 1999

HAND-DELIVERED

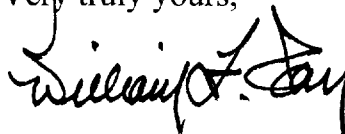
Lori Wrotenbery, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503

Re: Application of Yates Petroleum Corporation of a Unit Agreement, Lea County,
New Mexico

Dear Ms. Wrotenbery:

Enclosed in triplicate is the Application of Yates Petroleum Corporation in the above-referenced case as well as a copy of the legal advertisement. Yates Petroleum Corporation requests that this matter be placed on the November 18, 1999 Examiner Hearing docket.

Very truly yours,



WILLIAM F. CARR

WFC/md

Enclosure

cc: Mr. Robert Bullock
Yates Petroleum Corporation

99 OCT 21 AM 2:22

OIL CONSERVATION DIV

12282



**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**APPLICATION OF YATES PETROLEUM
CORPORATION FOR APPROVAL OF A UNIT
AGREEMENT, LEA COUNTY, NEW MEXICO.**

CASE NO. 12282

99 OCT 27 AM 12:12
OIL CONSERVATION DIV

APPLICATION

YATES PETROLEUM CORPORATION ("Yates"), through its undersigned attorneys, hereby makes application for an order approving its Sand Springs State Exploratory Unit and in support of this application states:

1. That the proposed Unit consists of 4573.92 acres, more or less, of State of New Mexico lands, situated in Lea County, New Mexico. The horizontal limits of said unit are described as follows:

Township 10 South, Range 34 East, N.M.P.M.

Section 34: All
Section 35: All

Township 11 South, Range 34 East, N.M.P.M.

Section 13: All
Section 24: All

Township 11 South, Range 35 East, N.M.P.M.

Section 5: All
Section 6: Lots 3 through 6, E/2 SW/4
Section 7: All
Section 18: All

2. The Unit Agreement has been approved by a sufficient percentage of the



interest owners within the proposed Unit Area to provide effective control of unit operations.

3. The Applicant, Yates Petroleum Corporation, is designated as Unit Operator in said Unit Agreement and all oil and gas in the all formations are unitized.

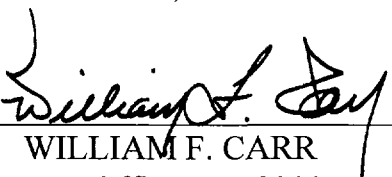
4. The proposed Unit Area covers all, or substantially all, of the geological structures or anomaly involved.

5. Said Unit Agreement and the unitized operation and management of the Unit Area will be in the interest of conservation and the prevention of waste, and that it will protect the correlative rights of all parties concerned.

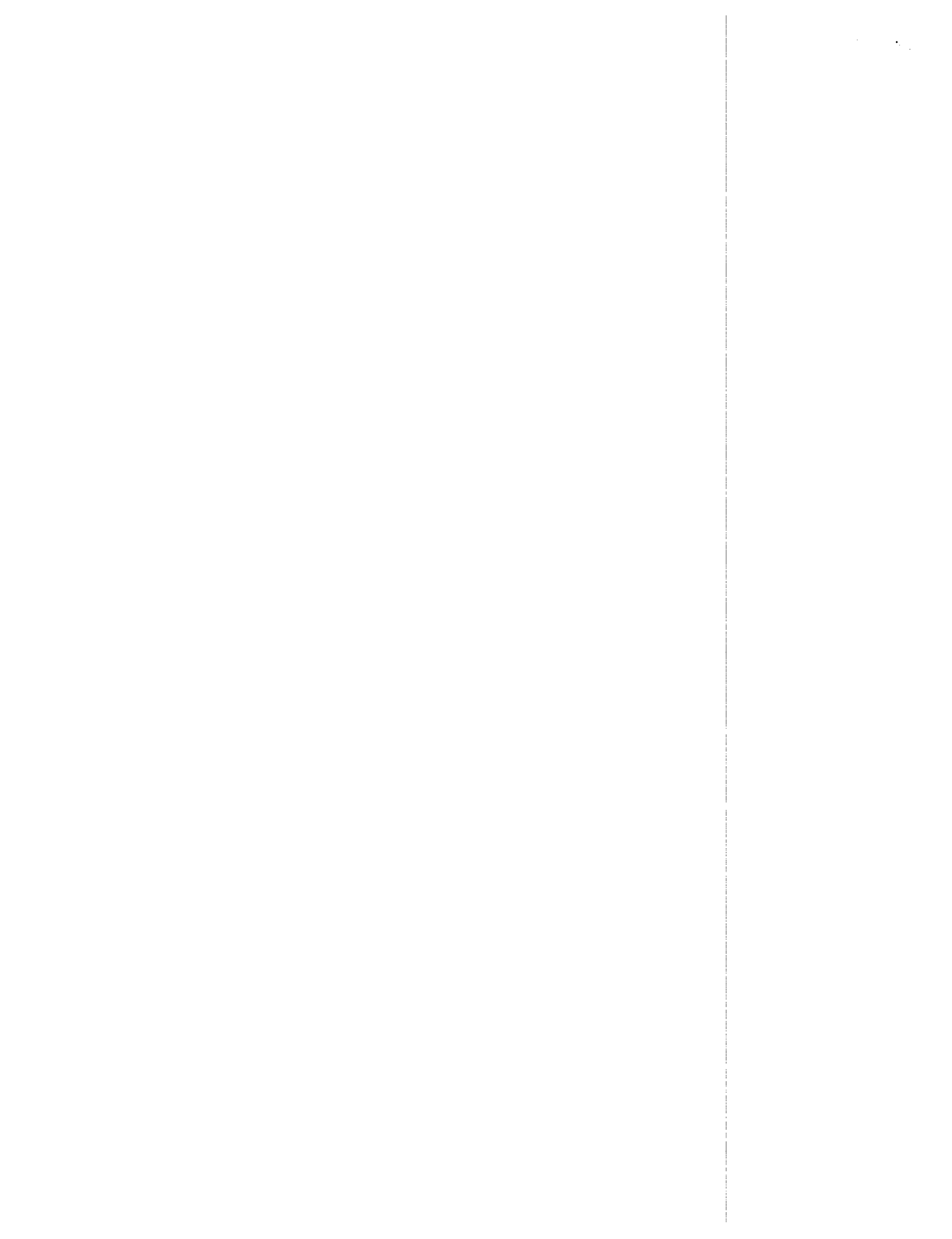
WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 18, 1999, that notice be given as required by law and the rules of the Division, and that the Turkey Track State Unit be approved.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR YATES
PETROLEUM CORPORATION



CASE NO. 12287

Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Sand Springs State Unit for an area comprising 4573.92 acres of State of New Mexico lands in Sections 34 and 35 of Township 10 South, Range 34 East; Sections 13 and 24 of Township 11 South, Range 34 East; Sections 5, 6, 7, and 18 of Township 11 South, Range 35 East, NMPM which is located approximately ___ miles _____ of _____, New Mexico.

OIL CONSERVATION DIV.
99 OCT 27 AM 12:12





LTR



Job separation sheet

DOCKET: COMMISSION HEARING - WEDNESDAY - NOVEMBER 17, 1999

9:00 A.M. - OCD Hearing Room
2040 S. Pacheco
Santa Fe, New Mexico

The Land Commissioner's designee for this hearing will be Jami Bailey or Gary Carlson

The minutes of the October 14, 1999, Commission hearing will be adopted.

The Oil Conservation Commission may vote to close the open meeting to deliberate any De Novo cases heard at this hearing.

CASE 12186: De Novo - Continued from October 14, 1999, Commission Hearing - This case will be dismissed.

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 15, Township 16 South, Range 35 East, in the following manner: (a) the E/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre gas spacing within that vertical extent, including the Townsend-Morrow Gas Pool and the North Shoe Bar-Atoka Gas Pool; (b) the NE/4 to form a standard 160-acre gas spacing and proration for any formations and/or pools developed on 160-acre gas spacing within that vertical extent, including the North Shoe Bar-Wolfcamp Gas Pool; (c) the E/2 NE/4 to form a standard 80-acre oil spacing and proration unit for any formations and/or pools developed on 80-acre oil spacing within that vertical extent; and (d) the SE/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre oil spacing within that vertical extent, including the Townsend-Permo Upper Pennsylvanian Pool. These units are to be dedicated to its Boyce "15" Well No. 1 which will be located at a standard location within Unit H of the section. 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 operator of the well and a charge for risk involved in this well. This unit is located approximately 5 1/2 miles southwest of the center of the City of Lovington, New Mexico. Upon application of Ameristate Oil & Gas, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12148: De Novo - Continued from October 14, 1999, Commission Hearing.

Application of The Wiser Oil Company to qualify the Skelly Unit Area Waterflood Expansion Project for the Recovered Oil Tax Rate, Eddy County, New Mexico. Applicant seeks to qualify the Skelly Unit Area Waterflood Expansion Project (Grayburg-Jackson Pool) for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act (Sections 7-29A-1 through 7-29A-5, NMSA 1978). The unit area covers all or part of Sections 13, 14, 21-23, and 26-28, Township 17 South, Range 31 East. The unit area is centered approximately 1 mile east-northeast of the intersection of U.S. Highway 82 and State Highway 529. Upon application of The Wiser Oil Company, this case will be heard De Novo pursuant to the of Rule 1220.

CASE 12149: De Novo - Continued from October 14, 1999, Commission Hearing.

Application of The Wiser Oil Company to qualify the State "D" Lease Waterflood Expansion Project for the recovered oil tax rate, Eddy County, New Mexico. Applicant seeks to qualify the State "D" Lease Waterflood Expansion Project (Grayburg-Jackson Pool) covering part of Section 26, Township 17 South, Range 31 East, for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act (Sections 7-29A-1 through 7-29A-5, NMSA 1978). The lease is located approximately 2 miles east-southeast of the intersection of U.S. Highway 82 and State Highway 529. Upon application of The Wiser Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12150: De Novo - Continued from October 14, 1999, Commission Hearing.

Application of The Wiser Oil Company to qualify the State "AZ" Lease Waterflood Expansion Project for the recovered oil tax rate, Eddy County, New Mexico. Applicant seeks to qualify the State "AZ" Lease Waterflood Expansion Project (Grayburg-Jackson Pool), covering the SW/4 SW/4 of Section 16, Township 17 South, Range 31 East, for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act (Sections 7-29A-1 through 7-29A-5, NMSA 1978). The lease is located approximately 1 mile north-northwest of the intersection of U.S. Highway 82 and State Highway 529. Upon application of The Wiser Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12223: De Novo

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. Upon application of Pogo Producing Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12207: De Novo

Application of St. Mary Land & Exploration Company for statutory unitization, Eddy and Lea Counties, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interests in the Brushy Canyon formation of the Delaware Mountain Group, East Shugart-Delaware Pool, underlying 604.12 acres, more or less, of federal lands in the following described area:

Township 18 South, Range 31 East, NMPM

Section 13: S/2 SE/4

Section 24: NE/4, N/2 SE/4

Township 18 South, Range 32 East, NMPM

Section 18: Lot 4

Section 19: Lots 1-3, E/2 NW/4, NE/4 SW/4

The unit is to be designated the East Shugart (Delaware) Unit. Among the matters to be considered at the hearing, pursuant to the New Mexico Statutory Unitization Act, NMSA 1978 Sections 70-7-1 et seq., will be: The necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investments, to each of the tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including unit voting procedures, selection, removal, or substitution of the unit operator, and time of commencement and termination of unit operations. Applicant also requests that the order issued in this case include a provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division to be just and reasonable. The unit area is located approximately 11.5 miles southeast of Loco Hills, New Mexico. Upon application of St. Mary Land & Exploration Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12008: De Novo

Application of Robert E. Landreth for a determination of reasonable well costs, Lea County, New Mexico. Applicant, as a mineral interest owner in the standard 320-acre gas spacing and proration unit comprising the S/2 of Section 29, Township 22 South, Range 34 East, seeks an order ascertaining the reasonableness of actual well costs for: (i) the Santa Fe Energy Resources, Inc. Gaucho Unit Well No. 2-Y (API No. 30-025-34026), located 1650 feet from the South line and 1725 feet from the West line (Unit K) of Section 29; and (ii) the plugged and abandoned Gaucho Unit Well No. 2 (API No. 30-025-33682), located 1650 feet from the South and West lines (Unit K) of Section 29. This 320-acre unit was the subject of compulsory pooling Order No. R-10764, dated February 14, 1997. This area is located approximately 20 miles west by south of Eunice, New Mexico. Upon application of Robert E. Landreth, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12033: Continued from August 26, 1999, Examiner Hearing.

Application of Public Service Company of New Mexico for review of Oil Conservation Division directive dated March 13, 1998 directing applicant to perform additional remediation for hydrocarbon contamination, San Juan County, New Mexico. Applicant seeks review of a Division directive dated March 13, 1998 directing applicant to perform additional remediation for hydrocarbon contamination located in the area of the Burlington Resources Hampton Well No. 4M located in Unit N, Section 13, Township 30 North, Range 11 West, and a determination by the division that applicant is not a responsible person for purposes of further investigation or remediation of the contamination. Applicant further seeks a stay of the March 13, 1998 directive pending an order in this matter. The subject area is located approximately 3 miles east-southeast of Aztec, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 18, 1999

DOCKET NO. 35-99

8:15 A.M. - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos. 36-99 and 37-99 are tentatively set for December 2 and December 16, 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 12282: Application of Yates Petroleum Corporation for Approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Sand Springs State Unit for an area comprising 4573.92 acres, more or less, of state lands in all or portions of Sections 34 and 35, Township 10 South, Range 34 East; Sections 13 and 24, Township 11 South, Range 34 East; and Sections 5, 6, 7, and 18, Township 11 South, Range 35 East. The unit area is located approximately 12 miles east of Caprock, New Mexico.

CASE 12283: Application of Yates Petroleum Corporation for an Unorthodox Gas Well Location, Chaves County, New Mexico. Applicant seeks to reinstate the unorthodox gas well location provision of Division Order No. R-8914 by granting an exception to Division Rule 104.C(2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999. Yates Petroleum Corporation proposes to re-enter the plugged and abandoned Hanson Operating Company, Inc. Yates Valley State Com. Well No. 1 (API No. 30-005-62691), to be redesignated the Yates Valley "ATM" State Well No. 1, which is located at an unorthodox gas well location 1650 feet from the North line and 2310 feet from the East line (Unit G) of Section 36, Township 10 South, Range 26 East. The E/2 of Section 36 is to be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit for any formations from the top of the Wolfcamp formation to the base of the Montoya formation developed on 320-acre spacing. This unit is located approximately 16 miles east of Roswell, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12284: Application of McElvain Oil & Gas Properties, Inc. for Compulsory Pooling and an Unorthodox Well Location, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Pictured Cliffs formation to the base of the Dakota formation, underlying the following described acreage in Section 33, Township 26 North, Range 2 West, in the following manner: (a) the S/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 within this vertical extent which presently includes but is not necessarily limited to the Blanco-Mesaverde Pool, Basin-Dakota Pool, and Undesignated Gavilan Greenhorn-Graneros-Dakota Oil Pool; (b) the SE/4 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within this vertical extent which presently includes but is not necessarily limited to the Undesignated Northeast Ojito Gallup-Dakota Oil Pool; and (c) the NW/4 SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within this vertical extent. All three units are to be dedicated to a single well, the proposed Cougar Com. "33" Well No. 1, to be drilled 1970 feet from the South line and 2125 feet from the East line (Unit J) of Section 33. This location: (i) is considered standard for the Blanco-Mesaverde Pool and for all formation spaced on 40 acres; (ii) is unorthodox for the Undesignated Gavilan Greenhorn-Graneros-Dakota Oil Pool and for all formation spaced on 160 acres; and (iii) has been approved as an unorthodox gas well location for the Basin-Dakota Pool by Division Administrative Order NSL-4370, dated October 25, 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 the operator of the well, and a charge for risk involved in drilling the well. The proposed well location is approximately 9 miles north of Lindrieth, New Mexico.

CASE 12285: 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 12286: Application of Nearburg Exploration Company L.L.C. for an Unorthodox Gas Well Location, Eddy County, New Mexico. Applicant seeks an exception to Division Rule 104.C(2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, to drill its South Boyd "27" Well No. 10 to the Morrow formation at an unorthodox gas well location 510 feet from the North line and 990 feet from the East line (Unit A) of Section 27, Township 19 South, Range 25 East. The N/2 of Section 27 is to be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit for the Undesignated Cemetery-Morrow Gas Pool. This unit is located approximately 6 miles west of Lakewood, New Mexico.

CASE 12275: Continued from November 4, 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 in all formations developed on 320-acre spacing in the S/2 including but not limited to the East Gem-Morrow Gas Pool, in all formations developed on 160-acre spacing in the SE/4, in all formations developed on 80-acre spacing in the N/2 SE/4, and in all formations developed on 40-acre spacing in the NW/4 SE/4 of Section 13, Township 19 South, Range 33 East. The units are to be dedicated to its Stetson 13 Federal Com Well. No. 1 to be drilled at a standard location 1650 feet from the South and East lines of Section 13 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. 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 9 miles northeast of Halfway, New Mexico.

CASE 12259: **Readvertised**

Application of Southwestern Energy Production 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 following described acreage in Section 36, Township 17 South, Range 27 East, in the following manner: the N/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 within that vertical extent, including the Undesignated North Illinois Camp-Morrow Gas Pool, and the NW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent, including the Logan Draw-Wolfcamp Gas Pool and the Undesignated Empire-Pennsylvanian Gas Pool. The units are to be dedicated to applicant's No Bluff "36" State Com. Well No. 1 to be drilled at a location 660 feet from the North line and 860 feet from the West line of Section 36, as well as any other well drilled on 320-acre spacing pursuant to Division rules. Also to be considered will be 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 units are located approximately 10 miles southeast of Artesia, New Mexico.

CASE 12237: **Continued from November 4, 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.

CASE 12287: **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 12244: **Continued from November 4, 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 E/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 SE/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 SE/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, 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. 1 to be located 1550 feet from the South line and 990 feet from the East line (Unit I) 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. The unit is located approximately 6 miles west-southeast of Carlsbad, New Mexico.

CASE 12288: **Application of Kerr-McGee Oil & Gas Onshore, L.L.C. for a Non-standard Subsurface Gas Well Location/Producing Area, Eddy County, New Mexico. Applicant, in accordance with Division Rules 104.F and 111.C(2), seeks approval for a non-standard subsurface gas well location/producing area within the Indian Basin-Upper Pennsylvanian Gas Pool for its existing West Indian Basin Unit Well No. 1 (API No. 30-015-10219), located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 17, Township 21 South, Range 23 East (which is located approximately 25 miles west by north of Carlsbad, New Mexico). This well is to be recompleted back into a 640-acre gas spacing and proration unit consisting entirely of Section 17, which is a standard spacing unit for the Indian Basin-Upper Pennsylvanian Gas Pool, in such a manner that the subsurface/bottomhole location will be no closer than 660 feet from the South line of Section 17 nor closer than 1650 feet from the West, North, and East lines of Section 17.**

CASE 12289: **Application of Gillespie Oil, Inc. and Energen Resources Corporation to Amend Division Order No. R-10864-A for Unit Expansion, Statutory Unitization, and Qualification Of the Expanded Unit area for the Recovered Oil Tax Rate And Certification of a Positive Production Response Pursuant To the "New Mexico Enhanced Oil Recovery Act," Lea County, County, New Mexico.** Applicants seek to amend Division Order No. R-10864-A to expand the West Lovington Strawn Unit and unitizing all mineral interests in the designated and undesignated West Lovington-Strawn Pool underlying all or parts of Sections 28, 32, 33, 34, and 35, Township 15 South, Range 35 East; Section 1, Township 16 South, Range 36 East, comprising 2612.90 acres, more or less, of state, federal, and fee lands. Among the matters to be considered at the hearing, pursuant to the New Mexico Statutory Unitization Act, NMSA 1978 Sections 70-7-1 et seq., will be: The necessity of unit operations; the determination of horizontal and vertical limits of the expanded unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investments, to each of the tracts in the expanded unit area; the determination of credits and charges to be made among the various interest owners in the expanded unit area for their investment in wells and equipment; appropriate amendments to the Unit Agreement and Unit Operating Agreement; and such other matters as may be necessary and appropriate. Applicants further seek to qualify the expanded unit area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act," NMSA 1978 Sections 7-29A-1 through 7-29A-5, and to certify five wells within the expanded unit area for a positive production response. The unit is located approximately 4 miles northwest of Lovington, New Mexico.

CASE 12276: **Continued from November 4, 1999, Examiner Hearing.**

Application of Burlington Resources Oil & Gas Company for Compulsory Pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Mesaverde formation and the Chacra formation underlying the following described acreage within Section 36, Township 27 North, Range 8 West, in the following manner: (i) a 320-acre gas spacing unit consisting of the W/2 of this section for gas production from the Blanco-Mesaverde Gas Pool to be dedicated to the proposed Brookhaven Com Well No. 8 to be located in the NW/4 and to the Brookhaven Com Well No. 8-A to be located in the SW/4 of this section; (ii) for a standard 160-acre gas spacing unit consisting of the NW/4 of this section for gas production from the Otero-Chacra Gas Pool to be dedicated to the Brookhaven Com Well No. 8; and (iii) for a standard 160-acre gas spacing unit consisting of the SW/4 of this section for gas production from the Otero-Chacra Gas Pool to be dedicated to the Brookhaven Com Well No. 8-A. The units are to be dedicated to Burlington Resources Oil & Gas Company's Brookhaven Com Wells No. 8 and 8-A which are to be drilled as dual completions at standard gas well locations within these quarter sections. Also to be considered will be the costs of drilling and completing the wells 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 wells, and a charge for risk involved in drilling and completing the wells. The wells are located approximately 15 miles northeast of the El Huerfano Trading Post on New Mexico State Highway 44.

CASE 12277: **Continued from November 4, 1999, Examiner Hearing.**

Application of Burlington Resources Oil & Gas Company for Compulsory Pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Mesaverde formation within the E/2 of Section 16, Township 31 North, Range 11 West for a 320-acre gas spacing unit consisting of the E/2 of this section for gas production from the Blanco-Mesaverde Gas Pool to be dedicated to the proposed Brookhaven Com B Well No. 3B to be located in the NE/4 SE/4 of Section 16. 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 5 miles north of Aztec, New Mexico.

CASE 12290: **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 12291: **Application of Yates Petroleum Corporation for an Unorthodox Gas Well Location, Lea County, New Mexico.** Applicant seeks an exception to Division Rule 104.C(2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, to re-enter and deepen the plugged and abandoned R. L. Burns Corporation Witt Well No. 1 (API No. 30-025-24559) to be redesignated the R. T. Burns "ATL" Well No. 1, to the Mississippian formation at an unorthodox gas well location 330 feet from the South and East lines (Unit P) of Section 11, Township 16 South, Range 35 East. The E/2 of Section 2 is to be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit for the Undesignated North Townsend-Mississippian Gas Pool. This unit is located approximately one mile southwest of the Lovington Lea County – Zip Franklin Memorial Airport.