

**DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 3, 2000**

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 5-00 and 6-00 are tentatively set for February 17 and March 2, 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 12287:** Continued from January 6, 2000, Examiner Hearing. This case will be dismissed.

**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 12257:** Continued from January 20, 2000, 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 12308:** Continued from January 20, 2000, Examiner Hearing.

**Application of Pogo Producing Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco Canyon formation underlying the following described acreage in Section 18, Township 20 South, Range 25 East, in the following manner: (a) Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) to form a standard 319.20-acre spacing and proration unit for any formations and/or pools developed on 320-acre spacing within this vertical extent, including the Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool; and (b) 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 this vertical extent. Both units are to be dedicated to its plugged and abandoned W. W. Buchanan Osage Com. Well No. 1 (API No. 30-015-21451), located 1830 feet from the South line and 1980 feet from the East line (Unit J) of Section 18. Also to be considered will be the cost of re-entry, completing, and equipping the well 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 the re-entry of this wellbore. The units are located approximately 6 miles west-southwest of Seven Rivers, New Mexico.

**CASE 12334:** **Application of Manzano Oil Corporation for Compulsory Pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying Lots 12 and 13 of irregular Section 1, Township 16 South, Range 36 East to form a standard 80-acre oil spacing and proration unit for any formations and/or pools developed on 80 acre spacing within that vertical extent, including the Northeast Lovington-Pennsylvanian Pool. The unit is to be dedicated to its Cayuma Well No. 1-A, located at an unorthodox oil well location 3580 feet from the South line and 990 feet from the West line (Unit M) of Section 1. Also to be considered will be the cost of drilling and completing the well and the actual operating 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 drilling the well. The unit is located approximately 2 miles northeast of Lovington, New Mexico.

**CASE 12335:** **Application of Penwell Energy, Inc. for an Unorthodox Well Location, Sandoval County, New Mexico.** Applicant seeks authorization to drill its Eagle Springs "8" Federal Well No. 1 as a wildcat well to the Entrada formation, at an unorthodox well location 263 feet from the North line and 2548 feet from the East line of Section 8, Township 19 North, Range 4 West. The NW/4 NE/4 of Section 8 is to be dedicated to the well. The unit is located approximately 7 miles north-northwest of Torreon, New Mexico.

**CASE 12313:** (Reopened)

**Application of David H. Arrington Oil & Gas, Inc. for Compulsory Pooling, Directional Drilling of a Horizontal Well and a Non-Standard Spacing Unit, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation, Northeast Lovington-Pennsylvanian Pool, underlying the following described acreage in Section 10, Township 16 South, Range 37 East in the following manner: (a) the NW/4 SW/4 for any formations and/or pools developed on 40-acre spacing and (b) the SW/4 to form a 160-acre Project Area, as defined by Division Rule 111.A(7), by combining two standard 80-acre oil spacing and proration units in order to accommodate a horizontally drilled wellbore. The applicant proposes to vertically drill its H & L Variance "10" Well No. 1 at a surface location 2130 feet from the South line and 330 feet from the West line (Unit L) of Section 10 to an approximate depth of 11,600 feet, kick-off, and then drill horizontally in an easterly direction a lateral distance of 1400 feet through the Strawn formation. The applicable drilling window or producing area [See Division Rule 111.A(7)] for the proposed wellbore is to be standard for any 40-acre unit and 80-acre units per the outer setback requirements for 80-acre units in the subject pool. Also to be considered will be the cost of drilling and completing this wellbore 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 location of the proposed well is approximately six miles east of Lovington, New Mexico.

**CASE 12320:** Continued from January 6, 2000, Examiner Hearing.

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 12336:** Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea New Mexico. Applicant seeks approval of the Shinnery State Unit for an area comprising 2360 acres of State lands in Section 32, Township 9 South, Range 34 East, and Sections 4, 5, 8 and 9, Township 10 South, Range 34 East, which is located approximately 5 miles southwest of Crossroads, New Mexico.

**CASE 12337:** Application of Yates Petroleum Corporation for an Unorthodox Well Location, Chaves County, New Mexico. Applicant seeks authorization to drills its Harvest "ABR" State Well No. 2 to the Abo formation, Pecos Slope-Abo Gas Pool, at an unorthodox well location 660 feet from the North line and 2139 feet from the West line of Section 36, Township 9 South, Range 24 East. The NW/4 of Section 36 is to be dedicated to the well. The unit is located approximately 6 miles north-northwest of Roswell, New Mexico. *In The Absence of Objection, This Application Will Be Taken Under Advisement.*

**CASE 12338:** Application of Yates Drilling 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, Undesignated Empire-Pennsylvanian Pool, underlying the following described acreage in Section 15, Township 17 South, Range 28 East in the following manner: (a) the W/2 for any formations and/or pools developed on 320-acre spacing, (b) the NW/4 for any formations and/or pools developed on 160-acre spacing, (c) the N/2 NW/4 for any formations and/or pools developed on 80-acre spacing, and (d) the NW/4 NW/4 for any formations and/or pools developed on 40-acre spacing. These units are to be dedicated to its Spurck "15" State Corn Well No. 1 to be drilled at a standard location 660 feet from the North and West lines (Unit D) 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 the operator of the well and a charge for risk involved in drilling the well. The area is located approximately 11 miles west of Loco Hills, New Mexico.

**CASE 12319** Continued from January 20, 2000, 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 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 12285: Continued from January 20, 2000, 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 12339: **Application of Texaco Exploration and Production Inc. for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from a depth of 4346 feet to the base of the Morrow formation, underlying the following described acreage in Section 24, Township 16 South, Range 31 East, in the following: (a) the S/2 to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, (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, (c) the N/2 SE/4 to form a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing, (d) and the NW/4 SE/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing. These units are to be dedicated to a single well, the proposed Texmack "24" State Com Well No. 1 to be drilled as a wildcat well at a standard location in the SE/4 of Section 24. 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 5 miles northwest of Maljamar, New Mexico.

CASE 12340: **Application of David Petroleum Corp. for an unorthodox oil well location, Lea County, New Mexico.** Applicant seeks either: (i) an exception to Division Rule 104.B (1), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999; or (ii) an exception to Rule 4 of the "Special Rules and Regulations for the South Big Dog-Strawn Pool", as promulgated by Division Order No. R-9722-D, as amended: for the proposed C. O. Jones "ATK" State Com. Well No. 1 (API No. 30-025-34714) to be drilled at an unorthodox Strawn oil well location 1330 feet from the South line and 1150 feet from the West line (Unit L) of Section 11, Township 16 South, Range 35 East. This well is to be dedicated to either: (i) the NW/4 SW/4 of Section 11 in order to form a standard 40-acre oil spacing and proration unit for the Undesignated Northwest Shoe Bar-Strawn Pool, or (ii) the N/2 SW/4 of Section 11 in order to form a standard 80-acre oil spacing and proration unit for the Undesignated South Big Dog-Strawn Pool. The proposed well location is approximately five miles west by south of Lovington, New Mexico.

CASE 12326: Continued from January 20, 2000, Examiner Hearing.

**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: 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 that vertical extent, including the Townsend-Morrow Gas Pool, and North Shoe Bar-Atoka Gas Pool; the NE/4 for 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 that vertical extent, including the North Shoe Bar-Wolfcamp Gas Pool; 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 that vertical extent; and the NE4/ NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within that vertical extent including the Townsend Permo Upper Pennsylvanian Pool. This unit(s) is to be dedicated to its Boyce "15" Well No. 1 which will be located at a standard location within Unit A of this section. Also to be considered will be the costs of drilling and completing the well and the actual operating 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 drilling the well. The unit is located approximately 5 1/2 miles southwest of the center of the City of Lovington, New Mexico.

CASE 12327: Continued from January 20, 2000, Examiner Hearing.

Application of OXY USA, Inc. to Rescind Division Order No. R-4638 which adopted the Special Pool Rules for the West Parkway-Strawn Gas Pool and the West Parkway-Atoka Gas Pool, or in the alternative, for an Unorthodox Gas Well Location, Eddy County, New Mexico. Applicant seeks an order rescinding the special pool order for the West Parkway-Atoka Gas Pool and the West Parkway-Strawn Gas Pool so that all existing and future wells and their respective spacing and proration units which are now subject to this order will be governed by the provisions of Division General Rules including Rule 104. In the alternative, applicant seeks an unorthodox well location in both of these pools for its Pearl Well No. 2 (API No. 30-015-30851), which is a well being drilled to the Morrow formation at a standard gas well location 860 feet from the North line and 660 feet from the East line of Section 32, Township 19 South, Range 29 East, and to be dedicated to the E/2 of this section. The current boundaries of these pools includes all or portions of Sections 21, 27, 28 29, 30 and 34, Township 19 South, Range 29 East. These pools are located approximately 7 miles north from the intersection of State Highway No. 31 and US Highway No. 180, New Mexico.

*Examiner Hearing – February 3, 2000*  
*Docket No. 04-00*  
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**CASE 12279:** Continued from November 18, 1999, Examiner Hearing.

**Application of Oil Conservation Division for an order requiring Merit Energy Company to plug three (3) wells in Eddy County, New Mexico.** In the matter of the hearing called by the Oil Conservation Division to permit the operator, Merit Energy Company and all other interested parties to appear and show cause why three (3) wells located in Section 1, Township 21 South, Range 27 East, Eddy County, New Mexico (the Burton Flat Wells No. 1, 2 and 3 located in Units J, O and P, respectively), should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order. These wells are located approximately 12 miles southeast of Lakewood, New Mexico.

**CASE 12276:** Continued from January 20, 2000, 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 January 20, 2000, 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 12341:** In the matter of the hearing called by the Oil Conservation Division for an order creating and extending certain pools in Chaves and Eddy Counties, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Upper Pennsylvanian production and designated as the East Red Lake-Upper Pennsylvanian Pool. The discovery well is the Enron Oil and Gas Company Conoco "8" State Com Well No. 1 located in Unit J of Section 8, Township 17 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM  
Section 8: SE/4

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Sand Dunes-Wolfcamp Pool. The discovery well is the Devon Energy Corporation (Nevada) Todd "14K" Federal Well No. 1 located in Unit K of Section 14, Township 23 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM  
Section 14: SW/4

- (c) EXTEND the East Avalon-Bone Spring Pool in Eddy County, New Mexico, to include:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM  
Section 4: Lots 1, 2, 7 and 8

- (d) EXTEND the South Burton-Yates Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM  
Section 27: NW/4

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(e) EXTEND the Crow Flats-Morrow Gas Pool in Eddy County, New Mexico, to include:

**TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM**

Section 3: NW/4

(f) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include:

**TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM**

Section 3: SW/4

Section 10: W/2

(g) EXTEND the Empire-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include:

**TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM**

Section 16: N/2

(h) EXTEND the South Empire-Wolfcamp Pool in Eddy County, New Mexico, to include:

**TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM**

Section 7: N/2

Section 8: NW/4

(i) EXTEND the Empire-Yeso Pool in Eddy County, New Mexico, to include:

**TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM**

Section 19: SE/4

(j) EXTEND the Logan Draw-Morrow Gas Pool in Eddy County, New Mexico, to include:

**TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM**

Section 11: S/2

(k) EXTEND the West Lusk-Bone Spring Pool in Eddy County, New Mexico, to include:

**TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM**

Section 23: N/2

Section 24: NW/4

(l) EXTEND the Many Gates-San Andres Pool in Chaves County, New Mexico, to include:

**TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM**

Section 12: W/2 NE/4 and NE/4 NE/4

(m) EXTEND the Palmillo Draw-Atoka Gas Pool in Eddy County, New Mexico, to include:

**TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM**

Section 24: W/2

(n) EXTEND the Northeast Red Lake-Glorieta-Yeso Pool in Eddy County, New Mexico, to include:

**TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM**

Section 2: NW/4

(o) EXTEND the North Shugart-Bone Spring Pool in Eddy County, New Mexico, to include:

**TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM**

Section 19: NE/4

Section 30: NW/4

(p) EXTEND the West Shugart-Wolfcamp Pool in Eddy County, New Mexico, to include:

**TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM**

Section 30: NE/4

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

**DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 20, 2000**  
8:15 A.M. - 2040 South Pacheco  
Santa Fe, New Mexico

DOCKET NO. 02-00

Dockets Nos. 4-00 and 5-00 are tentatively set for February 3 and February 17, 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 12322:** **Application of Home-Stake Oil & Gas Company for an Increase in the Depth Bracket Allowable for the South McCormack-Silurian Pool, Lea County, New Mexico.** Applicant seeks an order approving special pool rules for the South McCormack-Silurian Pool, including an increased depth bracket allowable of 230 barrels of oil per day. The pool covers portions of Sections 16, 21, and 22, Township 22 South, Range 37 East, and is centered approximately 3 1/2 miles south of Eunice, New Mexico.

**CASE 12323:** **Application of Ocean Energy Resources, Inc. for a Non-Standard Subsurface Gas Well Location/Producing Area, Lea 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 for both the Undesignated North Shoe Bar-Atoka Gas Pool and the Morrow formation in either the Undesignated North Shoe Bar-Morrow Gas Pool or the Undesignated Townsend-Morrow Gas Pool within a standard 320-acre gas spacing and proration unit for both intervals comprising Lots 11, 12, 13, and 14 and the SW/4 of irregular Section 3, Township 16 South, Range 35 East, (which is located approximately 25 miles west by north of Carlsbad, New Mexico). The applicant seeks to re-enter the plugged and abandoned Bridge Oil Company, L. P.'s Chevron State Well No. 1 (API No. 30-025-31102), to be renamed the Panther Martin State Com. Well No. 1, located on the surface at a standard gas well location 2310 feet from the South line and 1650 feet from the West line (Unit S) of Section 3, and directionally drill to an approximate depth of 12,657 feet at a targeted unorthodox subsurface gas well location 2040 feet from the South line and 2280 feet from the West line (Unit S) of Section 3.

**CASE 12324:** **Application of Harvey E. Yates Company for Compulsory Pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the SW/4 NW/4 (Unit E) of Section 8, Township 17 South, Range 38 East to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40 acres spacing within that vertical extent. This unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing the well and the actual operating 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 drilling the well. The unit is located approximately 3 1/2 miles northwest of Knowles, New Mexico.

**CASE 12257:** **Continued from January 6, 2000, 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 January 6, 2000, 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 12308:** **Continued from January 6, 2000, Examiner Hearing.**

**Application of Pogo Producing Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco Canyon formation underlying the following described acreage in Section 18, Township 20 South, Range 25 East, in the following manner: (a) Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) to form a standard 319.20-acre spacing and proration unit for any formations and/or pools developed on 320-acre spacing within this vertical extent, including the Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool; and (b) 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 this vertical extent. Both units are to be dedicated to its plugged and abandoned W. W. Buchanan Osage Com. Well No. 1 (API No. 30-015-21451), located 1830 feet from the South line and 1980 feet from the East line (Unit J) of Section 18. Also to be considered will be the cost of re-entry, completing, and equipping the well 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 the re-entry of this wellbore. The units are located approximately 6 miles west-southwest of Seven Rivers, New Mexico

**CASE 12325:** **Application of Chesapeake Operating Inc. for Compulsory Pooling and an Unorthodox Subsurface Location, 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 17, Township 16 South, Range 36 East, in the following manner: 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 gas spacing within that vertical extent, including the West Lovington Pennsylvanian Gas Pool; the SW/4 for 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 that vertical extent, including the North Shoe Bar-Wolfcamp Gas Pool; and the S/2 SW/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 that vertical extent, including the Northeast Show Bar-Strawn Pool. The unit(s) is to be dedicated to its College of Southwest "15" Well No. 1 which was drilled as a directional wellbore at total depth in the Morrow formation which is at an unorthodox subsurface location 580 feet from the South line and 1085 feet from the West line of this section. Also to be considered will be the costs of drilling and completing the well and the actual operating 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 drilling the well. The unit is located approximately 3 miles south of the center of the City of Lovington, New Mexico.

**CASE 12326:** **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: 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 that vertical extent, including the Townsend-Morrow Gas Pool, and North Shoe Bar-Atoka Gas Pool; the NE/4 for 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 that vertical extent, including the North Shoe Bar-Wolfcamp Gas Pool; 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 that vertical extent; and the NE4/ NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within that vertical extent including the Townsend Permo Upper Pennsylvanian Pool. This unit(s) is to be dedicated to its Boyce "15" Well No. 1 which will be located at a standard location within Unit A of this section. Also to be considered will be the costs of drilling and completing the well and the actual operating 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 drilling the well. The unit is located approximately 5 1/2 miles southwest of the center of the City of Lovington, New Mexico.

**CASE 12327:** **Application of OXY USA, Inc. to Rescind Division Order No. R-4638 which adopted the Special Pool Rules for the West Parkway-Strawn Gas Pool and the West Parkway-Atoka Gas Pool, or in the alternative, for an Unorthodox Gas Well Location, Eddy County, New Mexico.** Applicant seeks an order rescinding the special pool order for the West Parkway-Atoka Gas Pool and the West Parkway-Strawn Gas Pool so that all existing and future wells and their respective spacing and proration units which are now subject to this order will be governed by the provisions of Division General Rules including Rule 104. In the alternative, applicant seeks an unorthodox well location in both of these pools for its Pearl Well No. 2 (API No. 30-015-30851), which is a well being drilled to the Morrow formation at a standard gas well location 860 feet from the North line and 660 feet from the East line of Section 32, Township 19 South, Range 29 East, and to be dedicated to the E/2 of this section. The current boundaries of these pools includes all or portions of Sections 21, 27, 28 29, 30 and 34, Township 19 South, Range 29 East. These pools are located approximately 7 miles north from the intersection of State Highway No. 31 and US Highway No. 180, New Mexico.

**CASE 12276:** **Continued from December 16, 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 December 16, 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

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**CASE 12296:** Continued from December 2, 1999 Examiner Hearing

**Application of Burlington Resources Oil & Gas Company to amend Rule 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool for purposes of changing well location requirements for coal gas wells, San Juan, Rio Arriba, McKinley and Sandoval Counties, New Mexico.** Applicant seeks to amend Rule 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool to (a) change the well location boundary requirements from not closer than 790 feet to not closer than 660 feet to any outer boundary of a spacing unit and from not closer than 130 feet to not closer than 10 feet to any quarter-quarter section line or subdivision inner boundary; and (b) to add well location requirements for federal exploratory units.

**CASE 12328:** **Application of John L. Cox for an Unorthodox Oil Well Location, Lea County, New Mexico.** Applicant seeks an exception to Division Rule 104.B (1), 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 State "14-A" Well No. 1 at an unorthodox Pennsylvanian oil well location 1330 feet from the North line and 2530 feet from the East line (Unit G) of Section 14, Township 12 South, Range 33 East. The SE/4 NE/4 of Section 14 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for the Undesignated Bagley-Pennsylvanian Pool. This unit is located approximately 16 miles west of Tatum, New Mexico.

**CASE 12003:** Reopened - Continued from December 16, 1999 Examiner Hearing

In the matter of Case 12003 being reopened pursuant to the provisions of Division Order No. R-11053-A, which order established temporary special rules and regulations for the Featherstone-Bone Spring Pool in Lea County, New Mexico, including a provision for 80-acre spacing units. Operators in the Featherstone-Bone Spring Pool may appear and show cause why the temporary special rules for the pool should not be rescinded.

**CASE 12319** Continued from January 6, 2000 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 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 12285:** Continued from January 6, 2000, 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 12329:** **Application of EOG Resources, Inc. for a Unit agreement, Lea County, New Mexico.** Applicant seeks approval of a unit agreement for its proposed Red Hills North Unit Area containing 4198.20 acres, more or less, of Federal and State lands comprising all or portions of Sections 6, 7, 8, 17 and 18, Township 25 South, Range 34 East, and all or portions of Sections 1, 12 and 13, Township 25 South, Range 33 East. Said unit area is located approximately 19 miles west by north of Jal, New Mexico.

**CASE 12330:** **Application of Ameristate Oil and Gas, Inc. for Compulsory Pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the top of the Mississippian formation or 12,900 feet, whichever is lesser, in the E/2 for all formations developed on 320-acre spacing including but not limited to the Undesignated South Shoe-Bar-Mississippian Gas Pool, the NE/4 for all formations developed on 160-acre spacing, the N/2 NE/4 for all formations developed on 80-acre spacing, and the NE/4 NE/4 for all formations developed on 40-acre spacing including but not limited to the Undesignated West Lovington-Upper San Andres Pool, the Undesignated Vacuum Grayburg-San Andres Pool, and the Undesignated Vacuum Abo Reef Pool, all in Section 13, Township 17 South, Range 35 East. Applicant proposed to dedicate these pooled units to its State 13 Well No. 1 to be drilled at a standard gas well in the NE/4 NE/4 of Section 13. Also to be considered will be the cost of drilling and completing the well and the actual operating 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 area is located approximately 9 miles southwest of Lovington, New Mexico.

**CASE 12313:** Continued from December 16, 1999 Examiner Hearing

Application of David H. Arrington Oil & Gas, Inc. for compulsory pooling and directional drilling of a horizontal well, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation, Northeast Lovington-Pennsylvanian Pool, underlying the following described acreage in Section 10, Township 16 South, Range 37 East in the following manner: (a) the NW/4 SW/4 for any formations and/or pools developed on 40-acre spacing and (b) the SW/4 in order to form a 160-acre Project Area, as defined by Division Rule 111.A(9), by combining two standard 80-acre oil spacing and proration units in order to accommodate a horizontally drilled wellbore. The applicant proposes to vertically drill its H & L Variance "10" Well No. 1 at a surface location 2130 feet from the South line and 330 feet from the West line (Unit L) of Section 10 to an approximate depth of 11,600 feet, kick-off, and then drill horizontally in an easterly direction a lateral distance of 1400 feet through the Strawn formation. The applicable drilling window or producing area [see Division Rule 111.A(7)] for the proposed wellbore is to be standard for any 40-acre unit and 80-acre units per the outer setback requirements for 80-acre units in the subject pool. Also to be considered will be the cost of drilling and completing this wellbore 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 location of the proposed well is approximately six miles east of Lovington, New Mexico.

**CASE 12272:** Continued from December 16, 1999, Examiner Hearing.

Application of Falcon Creek Resources, Inc. for authority to inject water into six wells in the proposed Teas-Yates Seven Rivers Unit Waterflood Project Area, Lea County, New Mexico. Applicant seeks approval to inject water into the Yates and Seven Rivers formations, West Teas-Yates Seven Rivers Pool, through 6 wells in its proposed Teas-Yates Seven Rivers Unit Waterflood Seven Rivers Pool, located in the following area:

Township 20 South, Range 33 East:

Section 4: SE/4

Section 9: N/2

Section 16: NE/4

This area is located approximately 5 miles northeast of the intersection of New Mexico Highways 176 and 62/180.

**CASE 12331:** Application of Falcon Creek Resources, Inc. for Statutory Unitization, Lea County, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interested in the Yates and Seven Rivers formations, West Teas (Yates-Seven Rivers) Pool, underlying 1,320 acres, more or less, of Federal, State and Fee lands in the following acreage:

**TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM**

Section 4: SE/4

Section 9: S/2, NE4, S/2 NW/4, NE/4 NW/4

Section 16: N/2, N/2 SW/4, NW/4 SE4

Section 17: E/2 NE4, NE/4 SE/4

Said unit to be designated to the West Teas (Yates-Seven Rivers) Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of 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 investment, to each of the various 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 but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such 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 as just and reasonable. The unit area is located approximately 30 miles west by southwest of Hobbs, New Mexico.

**CASE 12332:** Application of Falcon Creek Resources, Inc. for Approval of a Waterflood Project for its West Teas (Yates-Seven Rivers) Unit Area and Qualification of Project for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks an order approval of its West Teas (Yates-Seven Rivers) Unit Waterflood Project for injection of water in the Yates and Seven Rivers formations, West Teas-Yates Seven Rivers Pool through six injection wells located in the following described area:

**TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM**

Section 4: SE/4

Section 9: S/2, NE4, S/2 NW/4, NE/4 NW/4

Section 16: N/2, N/2 SW/4, NW/4 SE4

Section 17: E/2 NE4, NE/4 SE/4

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The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for the waterflood operations. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). The unit is located approximately 30 miles west by southwest of Hobbs, New Mexico.

**CASE 12086:** Consolidated – Continued from January 6, 2000, Examiner Hearing.

**Application of Yates Petroleum Corporation and Hanley Petroleum Inc. for allowable reduction and the escrow of production proceeds, Lea County, New Mexico.** Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

**CASE 12086:** Consolidated - Continued from January 6, 2000 Examiner Hearing.

**Application of Energen Resources Corporation for allowable reduction and the escrow of production proceeds, Lea County, New Mexico.** Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and Snyder "C" Well No. 4, and the Snyder "EC" Com Well No. 1, less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

**DOCKET: COMMISSION HEARING – FRIDAY – JANUARY 21, 2000**

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.

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The minutes of the November 17 and December 16, 1999, Commission hearings will be adopted.  
The Oil Conservation Commission may vote to close the open meeting to deliberate any De Novo cases heard at this hearing.

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**CASE 12333:** Application of New Mexico Oil Conservation Division to Amend Division Rules 103 and 202. Application of the New Mexico Oil Conservation Division to amend Rule 103 to require that: (i) signs also be placed on well-related facilities, (ii) signs remain in place until the well and facilities are closed, and (iii) signs be replaced within 90 days after a new operator takes over the well and related facilities and Rule 202 to (i) prohibit the building of permanent structures over P&A wells, (ii) prohibit the removal of P&A markers without Division approval, and (iii) regulate below ground P&A markers. The proposed rule changes are posted on the internet at [www.emnrd.state.nm.us/ocd](http://www.emnrd.state.nm.us/ocd).

**CASE 12148:** De Novo - Continued from November 17, 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 November 17, 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 November 17, 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 12008:** De Novo Continued from November 17, 1999 Commission Hearing

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.

**DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 2, 1999**  
**8:15 A.M. - 2040 South Pacheco**  
**Santa Fe, New Mexico**

Dockets Nos. 37-99 and 1-00 are tentatively set for December 16 and January 6, 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 12249:** Continued from November 4, 1999, Examiner Hearing.

**Application of Navajo Refining Company to modify its discharge plan to change the location of an injection well, Eddy County, New Mexico.** Applicant seeks to modify its discharge plan (# UIC-CLI-008) to revise the location of its proposed WDW-2 injection well to a well originally drilled as the Amoco Production Company Diamond Federal Gas Com No. 1, located in the NW/4 of Section 12, Township 18 South, Range 27 East. The well is located approximately 10 miles southeast of Artesia, New Mexico.

**CASE 12293:** **Application of Pogo Producing Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation underlying the following described acreage in Section 18, Township 20 South, Range 25 East, in the following manner: The E/2 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 Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool; and 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. The units are to be dedicated to applicant's Osage Well No. 1, located 1830 feet from the South line and 1980 feet from the East line (Unit J) of Section 18. Also to be considered will be the cost of recompleting 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 recompleting the well. The units are located approximately 6 miles west-southwest of Seven Rivers, New Mexico.

**CASE 12257:** Continued from November 18, 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 12268:** Continued from November 18, 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 Morrow formation underlying the W/2 of Section 4, Township 20 South, Range 27 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent. The unit is to be dedicated to its Trigg Federal Well No. 1, to be drilled at an orthodox location in the W/2 of Section 4. 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 east-southeast of Lakewood, New Mexico.

**CASE 12287:** Continued from November 18, 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.

**Examiner Hearing – December 2, 1999**

**Docket No. 36-99**

**Page 2 of 6**

**CASE 12244:** Continued from November 18, 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 12261:** Continued from November 4, 1999, Examiner Hearing.

**Application of KCS Medallion Resources, Inc. for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the the base of the Bone Spring formation to the base of the Morrow formation underlying the E/2 of Section 28, Township 21 South, Range 27 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 the Undesignated East Carlsbad-Wolfcamp Gas Pool, Undesignated Burton Flat-Strawn Gas Pool, Undesignated Southeast La Huerta-Atoka Gas Pool, and Burton Flat-Morrow Gas Pool. The unit is to be dedicated to its Esperanza "28" Well No. 1, to be drilled at a location 860 feet from the South line and 1204 feet from the East line (Unit P) 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 applicant as the operator of the well, and a charge for risk involved in drilling and completing the well. The unit is located approximately 3 1/2 miles northeast of Carlsbad, New Mexico.

**CASE 12294:** **Application of David H. Arrington Oil & Gas, Inc. for a special project allowable for a directional wellbore or, in the alternative, to amend Rule 6 of the special pool rules for the North Shoe Bar-Strawn Pool, Lea County, New Mexico.** Applicant seeks, effective as of October 1, 1999, the assignment of a special project oil allowable of 890 barrels of oil per day for its Mayfly "14" State Com Well No. 2, a directional wellbore located in Units A and B of Section 14, Township 16 South, Range 35 East, or, in the alternative, to amend Rule 6 of the special pool rules for the North Shoe Bar-Strawn Pool, effective as of October 1, 1999, to increase the depth bracket oil allowable from 605 barrels of oil per day to 890 barrels of oil per day. This pool is located within portions of Section 13, Township 16 South, Range 35 East, and is approximately 4 miles southeast of Lovington, New Mexico.

**CASE 12295:** **Application of Santa Fe Snyder Corporation 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 E/2 of Section 11, Township 21 South, Range 34 East, to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within this vertical extent, which presently include the Undesignated West Osudo-Morrow Gas Pool and Undesignated Wilson-Morrow Gas Pool. This unit is to be dedicated to its Outland "11" State Com Well No. 1 to be drilled and completed at a standard gas well location in Unit I of Section 11. 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 the applicant as the operator of the well, and a charge for the risk involved in drilling and completing this well. This unit is located approximately 10 miles west of Oil Center, New Mexico.

**CASE 12276:** Continued from November 18, 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.

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**CASE 12277:** Continued from November 18, 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 12296:** **Application of Burlington Resources Oil & Gas Company to amend Rule 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool for purposes of changing well location requirements for coal gas wells, San Juan, Rio Arriba, McKinley and Sandoval Counties, New Mexico.** Applicant seeks to amend Rule 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool to: (a) change the well location boundary requirements from not closer than 790 feet to not closer than 660 feet to any outer boundary of a spacing unit and from not closer than 130 feet to not closer than 10 feet to any quarter-quarter section line or subdivision inner boundary; and (b) to add well location requirements for federal exploratory units.

**CASE 12291:** Continued from November 18, 1999, Examiner Hearing.

**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.

**CASE 12297:** **Application of David H. Arrington Oil and Gas, Inc. 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 28, Township 20 South, Range 24 East, in the following manner: (a) the W/2 for all formations and/or pools developed on 320-acre spacing within that vertical extent including the Undesignated Foster Ranch-Morrow Gas Pool; (b) the SW/4 for all formations and/or pools developed on 160-acre spacing within that vertical extent; (c) the N/2 SW/4 for all formations and/or pools developed on 80-acre spacing; within that vertical extent; and (d) the NE/4 SW/4 for all formations and/or pools developed on 40-acre spacing within that vertical extent. Applicant proposes to dedicate these pooled units to its Orange Stimulator Caddis Federal Com Well No. 1 to be drilled at a standard gas well location 1650 feet from the South line and 1980 feet from the West line (Unit K) 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 risk involved in drilling the well. The area is located approximately 20 miles southeast of Hope, New Mexico.

**CASE 12298:** **Application of Manzano Oil Corporation for approval of a unit agreement, Lea County, New Mexico** Applicant seeks approval of the Sand Springs State Unit for an area comprising 480 acres, more or less, of state lands in portions of Sections 34 and 35, Township 10 South, Range 34 East, which is located approximately 12 miles northwest of Tatum, New Mexico.

**CASE 12285:** Continued from November 18, 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 12286:** Continued from November 18, 1999, Examiner Hearing.

**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.

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**CASE 12275:** Continued from November 18, 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 12299:** **Application of Redwolf Production, 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 Pictured Cliffs formation underlying the following described acreage in Section 36, Township 26 North, Range 13 West, in the following manner: (a) the N/2 for all formations and/or pools developed on 320-acre spacing within that vertical extent including the Basin-Fruitland Coal Gas Pool; (b) the NE/4 for all formations and/or pools developed on 160-acre spacing within that vertical extent including the Undesignated WAW-Fruitland Sand-Pictured Cliffs Pool; and (c) the NE/4 NE/4 for all formations and/or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to its Bear Well No. 1 to be drilled at a standard location in the NE/4 NE/4 (Unit A) of Section 36. 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 Redwolf Production, Inc. Company as operator of the well and a charge for risk involved in drilling and completing the well. The area is located approximately 16 miles southwest of Farmington, New Mexico.

**CASE 12300:** **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 12284:** Continued from November 18, 1999, Examiner Hearing.

**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 12301:** **Application of SDX Resources, Inc. for an unorthodox infill gas well location, Lea County, New Mexico.** Applicant seeks an exception to the well location requirements provided within the "Special Rules and Regulations for the Jalmat Gas Pool", as promulgated by Division Order No. R-8170, as amended, for an unorthodox Jalmat infill gas well location within an existing non-standard 114.41-acre gas spacing and proration unit (approved by Division Order No. R-6245, dated January 16, 1980) comprising Lots 3 and 4 (W/2 SW/4 equivalent) of Section 31, Township 24 South, Range 37 East, and Lot 4 (NE/4 NE/4 equivalent) of Section 6, Township 25 South, Range 37 East, which is located approximately 3.5 miles north by west of Jal, New Mexico. The proposed Jalmat Federal Com. Well No. 2 is to be drilled 1650 feet from the South line and 760 feet from the West line (Lot 3/Unit L) of Section 31. This unit is currently dedicated to SDX Resources, Inc.'s Jalmat Federal Com. Well No. 1 (API No. 30-025-26701) located at an unorthodox gas well location (also approved by Division Order No. R-6245) 590 feet from the North line and 660 feet from the West line (Lot 4/Unit D) of Section 6.

**CASE 12302:** **Application of SDX Resources, Inc. for an unorthodox infill gas well location, Lea County, New Mexico.** Applicant seeks an exception to the well location requirements provided within the "*Special Rules and Regulations for the Jalmat Gas Pool*", as promulgated by Division Order No. R-8170, as amended, for an unorthodox Jalmat infill gas well location within an existing non-standard 120-acre gas spacing and proration unit (approved by Division Order No. R-369-A, dated September 28, 1953) comprising the N/2 SW/4 and SW/4 SW/4 of Section 5, Township 25 South, Range 37 East, which is located approximately 3 miles north of Jal, New Mexico. The proposed E. J. Wells Well No. 25 is to be drilled 2180 feet from the South line and 1980 feet from the West line (Unit K) of Section 5. This unit is currently dedicated to SDX Resources, Inc.'s: (i) E. J. Wells Well No. 13 (API No. 30-025-11458), located at a standard gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 5; and (ii) E. J. Wells Well No. 16 (API No. 30-025-28768), located at an unorthodox infill gas well location (approved by Division Administrative Order NSL-1823, dated June 22, 1984) 2310 feet from the South line and 610 feet from the West line (Unit L) of Section 5.

**CASE 12303:** **Application of Raptor Resources, Inc. for two unorthodox infill gas well locations, Lea County, New Mexico.** Applicant seeks exceptions to the well location requirements provided within the "*Special Rules and Regulations for the Jalmat Gas Pool*", as promulgated by Division Order No. R-8170, as amended, for two unorthodox Jalmat infill gas well locations within an existing non-standard 480-acre gas spacing and proration unit (approved by Division Order No. R-9073, dated December 14, 1989) comprising the N/2 and the SW/4 of Section 9, Township 22 South, Range 36 East, which is located approximately 8 miles west by south of Eunice, New Mexico. The two existing: (i) State "A" A/C-2 Well No 30 (API No. 30-025-08855), located at an unorthodox Jalmat infill gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 9; and (ii) State "A" A/C-2 Well No. 48 (API No. 30-025-08845), located at an unorthodox Jalmat infill gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 9, are currently completed in the South Eunice-Seven Rivers-Queen Pool at standard oil well locations; however, both are to be plugged back and recompleted up-hole into the Jalmat Gas Pool. This unit is currently simultaneously dedicated to the applicant's State "A" A/C-2 Wells No. 1, 4, 29, 38, 40, 57, 63, 67, and 72.

**CASE 12304:** **Application of Raptor Resources, Inc. for an unorthodox infill gas well location, Lea County, New Mexico.** Applicant seeks an exception to the well location requirements provided within the "*Special Rules and Regulations for the Jalmat Gas Pool*", as promulgated by Division Order No. R-8170, as amended, for an unorthodox Jalmat infill gas well location within an existing standard 640-acre gas spacing and proration unit comprising all of Section 8, Township 22 South, Range 36 East, which is located approximately 8 miles west by south of Eunice, New Mexico. The existing State "A" A/C-2 Well No. 54 (API No. 30-025-08841), located at an unorthodox Jalmat infill gas well location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 8, is currently completed in the South Eunice-Seven Rivers-Queen Pool at a standard oil well location; however, this well is to be plugged back and recompleted up-hole into the Jalmat Gas Pool. This unit is currently simultaneously dedicated to the applicant's State "A" A/C-2 Wells No. 3, 24, 25, 26, 43, and 70.

**CASE 12236:** **Continued from October 21, Examiner Hearing.**

**Application of Prairie Sun, Inc. for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation through the base of the Morrow formation underlying the E/2 of Section 28, Township 23 South, Range 29 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. The unit is to be dedicated to the existing Laguna Grande Well No. 1 located 1380 feet from the South line and 990 feet from the East line (Unit I) of Section 28. Also to be considered will be the cost of re-entering and recompleting 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 re-entering and recompleting the well. The unit is located approximately 7 1/2 miles east of Lovington, New Mexico.

**CASE 12086:** **Consolidated – Continued from November 18, 1999, Examiner Hearing.**

**Application of Yates Petroleum Corporation and Hanley Petroleum Inc. for allowable reduction and the escrow of production proceeds, Lea County, New Mexico.** Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

**CASE 12086:** **Consolidated - Continued from November 18, 1999, Examiner Hearing.**

**Application of Energen Resources Corporation for allowable reduction and the escrow of production proceeds, Lea County, New Mexico.** Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and Snyder "C" Well No. 4, and the Snyder "EC" Com Well No. 1, less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

**Examiner Hearing – December 2, 1999**

**Docket No. 36-99**

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**CASE 12280:** Continued from November 18, 1999, Examiner Hearing.

**Application of Oil Conservation Division for an order requiring Rault Petroleum Corporation to plug four (4) wells in Lincoln, De Baca and Chaves Counties, New Mexico.** In the matter of the hearing called by the Oil Conservation Division to permit the operator, Rault Petroleum Corporation and all other interested parties to appear and show cause why the following four (4) wells located in (i) Unit J, Section 2, Township 3, South, Range 19 East, Lincoln County (the Armstrong State Well No. 1), (ii) Unit M, Section 33, Township 3 South, Range 25 East, De Baca County (the Mark W. Isler Well No. 1), (iii) Unit G, Section 24, Township 1 North, Range 20 East, De Baca County (the Ridge State Well No. 1), and (iv) Unit F, Section 24, Township 8 South, Range 27 East, Chaves County, (the Union State Well No. 1), should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order.

**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 ½ 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**  
**8:15 A.M. - 2040 South Pacheco**  
**Santa Fe, New Mexico**

DOCKET NO. 35-99

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 Corn. 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 Corn. "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 Lindrith, 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 Corn 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.

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**CASE 12256:** Continued from November 4, 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 27, 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 Undesignated South Burton-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 9.5 miles north-northeast of Carlsbad, New Mexico.

**CASE 12257:** Continued from November 4, 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 12268:** Continued from November 4, 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 Morrow formation underlying the W/2 of Section 4, Township 20 South, Range 27 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent. The unit is to be dedicated to its Trigg Federal Well No. 1, to be drilled at an orthodox location in the W/2 of Section 4. 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 east-southeast of Lakewood, New Mexico.

**CASE 12278:** Continued from November 4, 1999, Examiner Hearing.

**Application of Pride Energy Company for Division rescission of approval of a change of operator, Lea County, New Mexico.** Applicant seeks a Division order rescinding its October 5, 1999 approval of a request by EGL Resources Inc. for a change of operator (Division form C-104) from Pride Energy Company to EGL Resources, Inc. for the Arco State Well No. 1 located in Unit P, Section 16, Township 18 South, Range 35 East, Lea County, New Mexico. This well is located approximately 19 miles west of Hobbs, New Mexico.

**CASE 12086:** Consolidated – Continued from October 7, 1999, Examiner Hearing.

**Application of Yates Petroleum Corporation and Hanley Petroleum Inc. for allowable reduction and the escrow of production proceeds, Lea County, New Mexico.** Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

**CASE 12086:** Consolidated - Continued from October 7, 1999, Examiner Hearing.

**Application of Energen Resources Corporation for allowable reduction and the escrow of production proceeds, Lea County, New Mexico.** Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and Snyder "C" Well No. 4, and the Snyder "EC" Com Well No. 1, less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

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**CASE 12279:** Continued from November 4, 1999, Examiner Hearing.

**Application of Oil Conservation Division for an order requiring Merit Energy Company to plug three (3) wells in Eddy County, New Mexico.** In the matter of the hearing called by the Oil Conservation Division to permit the operator, Merit Energy Company and all other interested parties to appear and show cause why three (3) wells located in Section 1, Township 21 South, Range 27 East, Eddy County, New Mexico (the Burton Flat Wells No. 1, 2 and 3 located in Units J, O and P, respectively), should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order. These wells are located approximately 12 miles southeast of Lakewood, New Mexico.

**CASE 12280:** Continued from November 4, 1999, Examiner Hearing.

**Application of Oil Conservation Division for an order requiring Rault Petroleum Corporation to plug four (4) wells in Lincoln, De Baca and Chaves Counties, New Mexico.** In the matter of the hearing called by the Oil Conservation Division to permit the operator, Rault Petroleum Corporation and all other interested parties to appear and show cause why the following four (4) wells located in (i) Unit J, Section 2, Township 3, South, Range 19 East, Lincoln County (the Armstrong State Well No. 1), (ii) Unit M, Section 33, Township 3 South, Range 25 East, De Baca County (the Mark W. Isler Well No. 1), (iii) Unit G, Section 24, Township 1 North, Range 20 East, De Baca County (the Ridge State Well No. 1), and (iv) Unit F, Section 24, Township 8 South, Range 27 East, Chaves County, (the Union State Well No. 1), should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order.

**CASE 12292:** In the matter of the hearing called by the Oil Conservation Division for an order creating and contracting certain pools in Chaves and Eddy Counties, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Barnett production and designated as the Empire-Barnett Gas Pool. The discovery well is the OXY USA, Inc. P.I.B. Federal Well No. 1 located in Unit G of Section 21, Township 17 South, Range 28 East, NMPM. Said pool would comprise:

**TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM**

Section 21: E/2

- (b) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the South Foor Ranch-Wolfcamp Gas Pool. The discovery well is the Yates Petroleum Corporation Samedan "ATH" State Well No. 1 located in Unit I of Section 35, Township 10 South, Range 26 East, NMPM. Said pool would comprise:

**TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM**

Section 35: E/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the South Washington Ranch-Morrow Gas Pool. The discovery well is the Marbob Energy Corporation Primero Federal Well No. 1 located in Unit D of Section 23, Township 26 South, Range 24 East, NMPM. Said pool would comprise:

**TOWNSHIP 26 SOUTH, RANGE 24 EAST, NMPM**

Section 23: N/2

- (d) CONTRACT the Empire-Pennsylvanian Gas Pool in Eddy County, New Mexico, by the deletion of the following described area:

**TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM**

Section 21: NE/4

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

**DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 4, 1999**  
**8:15 A.M. - 2040 South Pacheco**  
**Santa Fe, New Mexico**

Dockets Nos. 34-99 and 35-99 are tentatively set for November 18 and December 2, 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 12249:** Continued from October 7, 1999, Examiner Hearing.

**Application of Navajo Refining Company to modify its discharge plan to change the location of an injection well, Eddy County, New Mexico.** Applicant seeks to modify its discharge plan (# UIC-CLI-008) to revise the location of its proposed WDW-2 injection well to a well originally drilled as the Amoco Production Company Diamond Federal Gas Com No. 1, located in the NW/4 of Section 12, Township 18 South, Range 27 East. The well is located approximately 10 miles southeast of Artesia, New Mexico.

**CASE 12273:** **Application of Pogo Production Company for an Unorthodox Oil Well Location, Lea County, New Mexico.** Applicant seeks approval to drill its proposed Red Tank "33" Federal Well No. 1 at an unorthodox oil well location 10 feet from the North and East lines (Unit A) of Section 33, Township 22 South, Range 32 East, in order to test both the Delaware and Bone Spring formations. The NE/4 NE/4 of Section 33 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for both the Undesignated West Red Tank-Delaware Pool and the Undesignated Red Tank-Bone Spring Pool. This unit is located approximately 8 miles north-northeast of New Mexico State Road No. 128 at the Lea/West County line.

**CASE 12234:** Continued from October 21, 1999, Examiner Hearing.

**Application of Louis Dreyfus Natural Gas for Compulsory Pooling and an Unorthodox Oil Well Location, 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 4, Township 18 South, Range 29 East, in the following manner: (a) 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 this vertical extent which presently includes the Undesignated Grayburg-Strawn Gas Pool, Undesignated Grayburg-Atoka Gas Pool, Undesignated Grayburg-Morrow Gas Pool, and Undesignated South Empire-Morrow Gas Pool; (b) 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 spacing within that vertical extent; (c) the S/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 spacing which presently includes the Undesignated South Empire-Wolfcamp Pool; and (d) the SW/4 NE/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 which presently includes the Loco Hills-Queen-Grayburg-San Andres Pool, Undesignated Loco Hills-Bone Spring Pool, and Undesignated Loco Hills-Cisco Pool. These four units are to be dedicated to a single well, the proposed Loco Hills 4 Federal Com Well No. 1, to be drilled 1980 feet from the North line and 1650 feet from the East line (Unit G) of Section 4, being a standard well location for the 40, 160, and 320-acre spacing and proration units but an unorthodox oil well location in the Undesignated South Empire-Wolfcamp Pool for the 80-acre unit. 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 6.5 miles west-southwest of Loco Hills, New Mexico.

**CASE 12274:** **Application of David H. Arrington Oil and Gas, Inc. for Compulsory Pooling, Directional Drilling and an Unorthodox Well Location, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the SE/4 NE/4 for all formations developed on 40-acre spacing, Section 29, Township 15 South, Range 36 East. Applicant proposes to dedicate this pooled unit to its Prince Nymph Well No. 1-A which will be drilled by reentering the Price-Nymph Well No. 1 located 2308 feet from the South line and 943 feet from the East line in Unit I of Section 29 and kicking off and directionally drilling in a northerly direction to an unorthodox bottomhole location within 50 feet of a point 2440 feet from the North line and 866 feet from the East line in Unit H of Section 29 provided, however, the bottomhole location shall not be closer than 200 feet to the southern boundary of the dedicated 40-acre spacing unit. 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 unit is located approximately 2 miles northeast of Lovington, New Mexico.

**CASE 12275:** **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.

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**CASE 12246:** Continued from October 21, 1999, Examiner Hearing.

**Application of Snow Oil & Gas, Inc. for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation which includes the Esperanza-Delaware Pool, underlying the NW/4 SW/4 for all formations developed on 40-acre spacing in Section 28, Township 21 South, Range 27 East. Applicant proposes to dedicate this pooled unit to a well to be drilled at a standard location (Unit L) in the NW/4 SW/4 of Section 28 to test any and all formations to the base of the Bone Spring 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 applicant as the operator of the well, and a charge for risk involved in drilling and completing the well. The unit is located approximately 2 miles northeast of the City of Carlsbad, New Mexico.

**CASE 12276:** **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:** **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 12229:** Readvertised - Continued from October 21, 1999, Examiner Hearing.

**Application of OXY USA, Inc. for Compulsory Pooling and an Unorthodox Oil Well Location, 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 4, Township 18 South, Range 29 East, in the following manner: (a) 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 this vertical extent which presently includes the Undesignated Grayburg-Strawn Gas Pool, Undesignated Grayburg-Atoka Gas Pool, Undesignated Grayburg-Morrow Gas Pool, and Undesignated South Empire-Morrow Gas Pool; (b) 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; (c) the S/2 NW/4 to form a standard 80-acre oil spacing and proration unit for the Undesignated South Empire-Wolfcamp Pool; and (d) the SE/4 NW/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 which presently includes the Loco Hills-Queen-Grayburg-San Andres Pool, Undesignated Loco Hills-Bone Spring Pool, and Undesignated Loco Hills-Cisco Pool. These four units are to be dedicated to a single well, the proposed Buckskin Federal Well No. 1, to be drilled 1980 feet from the North line and 1650 feet from the East line (Unit G) of Section 4 which is a standard well location for the 40, 160, and 320-acre spacing and proration units but an unorthodox oil well location in the Undesignated South Empire-Wolfcamp Pool for the 80-acre unit. 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 6.5 miles west-southwest of Loco Hills, New Mexico.

**CASE 12278:** **Application of Pride Energy Company for Division rescission of approval of a change of operator, Lea County, New Mexico.** Applicant seeks a Division order rescinding its October 5, 1999 approval of a request by EGL Resources Inc. for a change of operator (Division form C-104) from Pride Energy Company to EGL Resources, Inc. for the Arco State Well No. 1 located in Unit P, Section 16, Township 18 South, Range 35 East, Lea County, New Mexico. This well is located approximately 19 miles west of Hobbs, New Mexico.

**CASE 12235: Continued from October 21, 1999, Examiner Hearing.**

**Application of Louis Dreyfus Natural Gas Corp. 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 2, Township 19 South, Range 28 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 Millman-Wolfcamp Gas Pool, Undesignated North Turkey Track-Cisco Gas Pool, Undesignated Millman-Atoka Gas Pool, and Undesignated North Turkey Track-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; the N/2 SW/4 to form a standard 80-acre oil spacing and proration unit for any formations and/or pools developed on 80-acre spacing within that vertical extent, including the Undesignated Travis-Upper Pennsylvanian Pool; and the NE/4 SW/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 Artesia Queen-Grayburg-San Andres Pool and Undesignated Palmillo-Bone Spring Pool. The units are to be dedicated to its Turkey Track "2" State Well No. 1 located at an orthodox location 1650 feet from the North and West lines (Unit K) of Section 2. 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 units are located approximately 13 1/2 miles northeast of Lakewood, New Mexico.

**CASE 12244: Continued from October 21 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 12264: Continued from October 21, 1999, Examiner Hearing.**

**Application of Maralo, LLC for an Amendment of Commingling Order CTB-480 to Allow for an Alternate Method of Gas Measurement, Lea County, New Mexico.** Applicant seeks an amendment to Commingling Order CTB-480 and an exception to Division Rules 309-A and 309-B to allocate production based on annual GOR well testing for the following federal leases in the West Corbin-Delaware Pool: Corbin "13" Federal, West Corbin "13" Federal and the Uncle Sam "13" Federal, covering the NE/4 SE/4, S/2 SE/4 and SE/4 NE/4, respectively, of Section 13, Township 18 South, Range 32 East. These leases are located approximately 10 miles southeast of Maljamar, New Mexico.

**CASE 12237: Continued from October 21, 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 12261: Continued from October 21, 1999, Examiner Hearing.**

**Application of KCS Medallion Resources, Inc. for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the the base of the Bone Spring formation to the base of the Morrow formation underlying the E/2 of Section 28, Township 21 South, Range 27 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 the Undesignated East Carlsbad-Wolfcamp Gas Pool, Undesignated Burton Flat-Strawn Gas Pool, Undesignated Southeast La Huerta-Atoka Gas Pool, and Burton Flat-Morrow Gas Pool. The unit is to be dedicated to its Esperanza "28" Well No. 1, to be drilled at a location 860 feet from the South line and 1204 feet from the East line (Unit P) 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 applicant as the operator of the well, and a charge for risk involved in drilling and completing the well. The unit is located approximately 3 1/2 miles northeast of Carlsbad, New Mexico.

**Examiner Hearing – November 4, 1999**

**Docket No. 33-99**

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**CASE 12279: This case will be continued to November 18, 1999, Examiner Hearing.**

**Application of Oil Conservation Division for an order requiring Merit Energy Company to plug three (3) wells in Eddy County, New Mexico.** In the matter of the hearing called by the Oil Conservation Division to permit the operator, Merit Energy Company and all other interested parties to appear and show cause why three (3) wells located in Section 1, Township 21 South, Range 27 East, Eddy County, New Mexico (the Burton Flat Wells No. 1, 2 and 3 located in Units J, O and P, respectively), should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order. These wells are located approximately 12 miles southeast of Lakewood, New Mexico.

**CASE 12280: This case will be continued to November 18, 1999, Examiner Hearing.**

**Application of Oil Conservation Division for an order requiring Rault Petroleum Corporation to plug four (4) wells in Lincoln, De Baca and Chaves Counties, New Mexico.** In the matter of the hearing called by the Oil Conservation Division to permit the operator, Rault Petroleum Corporation and all other interested parties to appear and show cause why the following four (4) wells located in (i) Unit J, Section 2, Township 3, South, Range 19 East, Lincoln County (the Armstrong State Well No. 1), (ii) Unit M, Section 33, Township 3 South, Range 25 East, De Baca County (the Mark W. Isler Well No. 1), (iii) Unit G, Section 24, Township 1 North, Range 20 East, De Baca County (the Ridge State Well No. 1), and (iv) Unit F, Section 24, Township 8 South, Range 27 East, Chaves County, (the Union State Well No. 1), should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order.

**CASE 12256: Continued from October 21, 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 27, 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 Undesignated South Burton-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 9.5 miles north-northeast of Carlsbad, New Mexico.

**CASE 12257: Continued from October 21, 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 12268: Continued from October 21, 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 Morrow formation underlying the W/2 of Section 4, Township 20 South, Range 27 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent. The unit is to be dedicated to its Trigg Federal Well No. 1, to be drilled at an orthodox location in the W/2 of Section 4. 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 east-southeast of Lakewood, New Mexico.

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**CASE 12281:** In the matter of the hearing called by the Oil Conservation Division for an order creating and extending certain pools in Eddy County, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Chalk Bluff-Wolfcamp Gas Pool. The discovery well is the Yates Petroleum Corporation Pierre "AGF" State Com. Well No. 1 located in Unit A of Section 26, Township 18 South, Range 27 East, NMPM. Said pool would comprise:

**TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM**

Section 26: N/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Cisco production and designated as the Illinois Camp-Cisco Gas Pool. The discovery well is the Louis Dreyfus Natural Gas Corporation Fireweed "10" Federal Well No. 1 located in Unit H of Section 10, Township 18 South, Range 28 East, NMPM. Said well would comprise:

**TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM**

Section 10: N/2

- (c) EXTEND the East Carlsbad-Bone Spring Pool in Eddy County, New Mexico, to include:

**TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM**

Section 14: E/2

- (d) EXTEND the Cedar Lake-Cisco Pool in Eddy County, New Mexico, to include:

**TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM**

Section 25: S/2

- (e) EXTEND the Southeast Crow Flats-Morrow Gas Pool in Eddy County, New Mexico, to include:

**TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM**

Section 8: N/2

- (f) EXTEND the East Empire-Yeso Pool in Eddy County, New Mexico, to include:

**TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM**

Section 20: SE.4

- (g) EXTEND the Frontier Hills-Strawn Gas Pool in Eddy County, New Mexico, to include:

**TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM**

Section 15: S/2

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

**TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM**

Section 15: SE/4

Section 16: SW/4

- (i) EXTEND the Logan Draw-Morrow Gas Pool in Eddy County, New Mexico, to include:

**TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM**

Section 23: N/2

Section 24: N/2

- (j) EXTEND the Malaga-Delaware Pool in Eddy County, New Mexico, to include:

**TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM**

Section 5: SW/4

- (k) EXTEND the Russell-Lower Yates Gas Pool in Eddy County, New Mexico, to include:

**TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM**

Section 22: E/2

(l) EXTEND the North Shugart-Bone Spring Pool in Eddy County, New Mexico, to include:

**TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM**

Section 9: SW/4

Section 18: SW/4

Section 19: W/2

(m) EXTEND the North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include:

**TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM**

Section 22: N/2

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