

CASE 13156: Continued from October 9, 2003, Examiner Hearing.

Application of Chi Energy, 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 S/2 of Section 30, Township 22 South, Range 27 East, 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 South Carlsbad-Morrow Gas Pool and South Carlsbad-Strawn Gas Pool. The unit is to be dedicated to applicant's Spencer A Well No. 2, to be located at an orthodox well location in the NW/4 SW/4 of Section 30. 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 Chi Operating, Inc. as operator of the well, and a charge for the risk involved in drilling and completing the well. The unit is located approximately 4 miles south of Carlsbad, New Mexico.

CASE 13173: **Application of Merrion Oil & Gas Corporation for an Unorthodox Infill Coal Gas Well Location, San Juan County, New Mexico.** Applicant seeks an exception to the well location requirements [Rule 7 (a) (1)] provided within the "Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool," as promulgated by Division Order No. R-8768, as amended, for a non-standard infill coal gas well location within an existing 319.96-acre standard stand-up gas spacing unit for the Basin-Fruitland Coal (Gas) Pool (71629) comprising Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of Section 2, Township 26 North, Range 13 West, which is located approximately 15.5 miles south of Farmington, New Mexico. The applicant's proposed Shank Com. Well No.3 (API No. 30-045-31831) is to be drilled 1975 feet from the South line and 2160 feet from the West line (Unit K) of Section 2. This unit is currently dedicated to Merrion Oil & Gas Corporation's Shank Com. Well No. 1 (API No. 30-045-29516), located at a location now considered to be standard but unorthodox at the time it was drilled in mid-1999 (approved by Division Administrative Order NSL-4166, dated November 19, 1998) 1840 feet from the North and West lines (Unit F) of Section 2.

CASE 13174: **Application of Chevron U.S.A. Inc. for Special Pool Rules, Lea County, New Mexico.** Applicant seeks the promulgation of Special Pool Rules for the North-Lusk Strawn Pool located in portions of Sections 28, 29, 32 and 33 of Township 18 South, Range 32 East, including the adoption of a special gas-oil ratio for the pool of 20,000 cubic feet of gas for each barrel of oil produced. Said area is located approximately 10.5 miles south of Maljamar, New Mexico.

CASE 13175: **Application of Permian Resources, Inc. for a Non-Standard Spacing and Proration Unit and an Unorthodox Well Location, Lea County, New Mexico.** Applicant seeks authorization to drill its Berry Hobbs Unit 17 Well No. 1 as a wildcat well to test the Morrow formation and the Strawn formation, Undesignated Northeast Shoe Bar Strawn Gas Pool, at an unorthodox well location 2550 feet from the South line and 1950 feet from the East line (Unit J) of Section 17, Township 16 South, Range 36 East. A standard 320-acre spacing unit comprised of the E/2 of Section 17 is to be dedicated to said well in the Morrow formation and a non-standard spacing and proration unit comprised of the SW/4 NE/4 and the NW/4 SE/4 of Section 17 is to be dedicated to the well in the Strawn formation. Said unit is located approximately 1.5 miles southwest of Lovington, New Mexico.

CASE 13176: **Application of Eagle Resources, L.P. for Compulsory Pooling, and an Unorthodox Gas Well Location, Roosevelt County, New Mexico.** Applicant seeks an order pooling all mineral interests in the following described spacing and proration units in Section 34, Township 2 South, Range 29 East as follows: the N/2 for all formations and/or pools developed on 320-acre spacing which includes but is not limited to the Undesignated Tule-Pennsylvanian Gas Pool, Undesignated Tule-Montoya Gas Pool; the NE/4 for all formations and/or pools developed on 160-acre spacing; the N/2 NE/4 for all formations and/or pools developed on 80-acre spacing; and the NW/4 NE/4 for all formations and/or pools developed on 40-acre spacing. Said units are to be dedicated to applicant's Cook Well No. 1 at an unorthodox well location 330 feet from the North line and 1980 feet from the East line of said Section 34 that will be re-entered and drilled to a depth sufficient to test all formations from the surface to the base of the Ordovician formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in the re-entry of this well. Said area is located approximately 20 miles northwest of Elida, New Mexico.