

DOCKET: COMMISSION HEARING - WEDNESDAY - JUNE 17, 1998

9:00 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

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

N O T I C E

Please note the date for the Commission Hearing is **WEDNESDAY, JUNE 17, 1998.**

The minutes of the May 7, 1998, Commission hearing will be adopted.

[REDACTED]: (De Novo - Continued from April 9, 1998, Commission Hearing.)

Application of Stevens & Tull, Inc. for salt water disposal, Lea County, New Mexico. Applicant seeks authority to dispose of water produced from the Yates-Seven Rivers formation back into the Yates-Seven Rivers formation of the West Teas Yates-Seven Rivers Pool in the interval from 2989 feet to 3212 feet in its State "BF" Well No. 4 located 330 feet from the North and East lines (Unit A) Section 16, Township 20 South, Range 33 East. In addition, applicant seeks approval of a surface injection pressure of 1,000 psi and an administrative procedure for obtaining further increases in said limitation. Said well is located approximately 3 1/2 miles northeast of the intersection of US Highway 180 and New Mexico Highway 176 in New Mexico. Upon application of Stevens & Tull, Inc. this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 11809: (Continued from April 9, 1998, Commission Hearing.)

Application of Burlington Resources Oil & Gas Company for compulsory pooling, an unorthodox gas well location and a non-standard proration unit, San Juan County, New Mexico. Applicant seeks an order pooling all mineral owners, including working interests, royalty interests and overriding royalty interests below the base of the Dakota formation (base of the Cretaceous aged formation) to the top of the Pre-Cambrian aged formation underlying all of Irregular Section 8, Township 31 North, Range 10 West, forming a non-standard 639.78-acre gas spacing and proration unit for any formations and/or pools developed on 640-acre spacing within said vertical extent. Said unit is to be dedicated to its Marcotte Well No. 2 to be drilled at an unorthodox gas well location 1540 feet from the South line and 935 feet from the East line (Unit I) of said Section 8. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well. Said well is located approximately 2 1/2 miles southeast of Cedar Hills, New Mexico. Upon applications of Total Minatome Corporation, Timothy B. Johnson, Trustee for Ralph A. Bard, Jr. Trust U/A/D February 12, 1983 et al., Lee Wayne Moore and Joann Montgomery Moore, Trustees, and Bert Harris, this case will be heard De Novo pursuant to the provisions of Rule 1220.

The following Cases, Case 11954 and Case 11987, have been consolidated with Case 11724.

CASE 11724: (De Novo - Continued from April 9, 1998, Commission Hearing.)

Application of Gillespie-Crow, Inc. 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, New Mexico. Applicant seeks an order expanding the West Lovington Strawn Unit and unitizing all mineral interests in the designated and Undesignated West Lovington-Strawn Pool underlying the S/2 SE/4 of Section 28, all of Section 33, and the W/2 and W/2 SE/4 of Section 34, Township 15 South, Range 35 East; Lots 1 through 8 of Section 1, Township 16 South, Range 35 East; and Lots 3 through 5 of Section 6, Township 16 South, Range 36 East, comprising 1618.95 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, Sections 70-7-1 et. seq., will be: the necessity of unit operations; the determination 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 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. Applicant further seeks to qualify the expanded unit area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5), and to certify two wells within the expanded unit area for a positive production response. Said unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico. Upon application of Yates Petroleum Corporation and Hanley Petroleum, Inc. this case will be heard De Novo pursuant to the provisions of Rule 1220.

Commission Hearing - June 18, 1998

Docket No. 16-98

Page 2 of 2

CASE 11954: (Continued from April 9, 1998, Commission Hearing.)

Application of Hanley Petroleum, Inc. and Yates Petroleum Corporation for expansion of the West Lovington Strawn Unit, Lea County, New Mexico. Applicants seek amendment of the Unit Agreement for the West Lovington Strawn Unit to provide for the allocation of the produced and saved hydrocarbons to the separately owned tracts in the Unit on a fair, reasonable and equitable basis, 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. Applicants request that the unit boundary be expanded to include all or parts of Sections 27, 28, 33, 34 and 35, Township 15 South, Range 35 East;; Lots 1 through 8 of Section 1, Township 16 South, Range 35 East; and Lots 2 through 7 of Section 6, Township 16 South, Range 36 East, in the West Lovington-Strawn Pool. Said area is located 4.5 miles west-northwest of Lovington, New Mexico.

CASE 11987: Application of EEX Corporation for a 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, New Mexico. Applicant seeks an order approving the expansion of the West Lovington Strawn Unit to include Lots 1 and 8 of Section 6, Township 16 South, Range 36 East (E/2 NE/4 equivalent) comprising 90.81 acres, more or less; unitizing the expanded unit area under the Statutory Unitization Act; approving tract participation for the expanded unit area on a fair, reasonable and equitable basis; approving the West Lovington Strawn Unit Agreement and Unit Operating Agreement as amended to include the expanded unit area; and qualifying the expanded unit area for the recovered oil tax rate and certifying the Gillespie Snyder "C" Well No. 4 for a positive production response. Said area is located 4.5 miles west-northwest of Lovington, New Mexico.

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