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May 11, 1998

Via Fax

Michael E. Stogner  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: Case 11906 (Application of Nearburg Exploration Company,  
L.L.C.)

Dear Mr. Stogner:

Please continue the above case to the June 11th Examiner hearing.  
Thank you.

Very truly yours,



James Bruce

Attorney for Nearburg  
Exploration Company, L.L.C.

**DOCKET: EXAMINER HEARING - THURSDAY - MAY 14, 1998****8:15 AM - 2040 South Pacheco****Santa Fe, New Mexico**

Dockets Nos 14-98 and 15-98 are tentatively set for May 28, 1998 and June 11, 1998. 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 11900:** (Continued from April 16, 1998, Examiner Hearing - This Case Will be Dismissed.)

**Application of Yates Petroleum Corporation to rescind Administrative Order No. SWD-657, Lea County, New Mexico.** Applicant seeks rescission of Administrative Order No. SWD-657 which approved the application of Manzano Oil Corporation for authorization to convert the State "22" Well No. 1, located 2310 feet from the South line and 990 feet from the East line (Unit I) of Section 22, Township 10 South, Range 37 East, to a salt water disposal well for the injection of Devonian water into the San Andres formation. Said well is located approximately 12 miles northeast of Tatum, New Mexico.

**CASE 11962:** (Continued from April 16, 1998, Examiner Hearing.)

**Application of Merrion Oil & Gas Corporation for compulsory pooling and a non-standard gas well location, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests in the West Kutz-Pictured Cliffs Pool underlying the SW/4 of Section 15, Township 29 North, Range 13 West, thereby forming a standard 160-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to the existing Farmington "C" Com Well No. 1 (API No. 30-045-12174), located at an unorthodox gas well location 1625 feet from the South line and 1250 feet from the West line (Unit L) of said Section 15. Also to be considered will be the cost of recompleting 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 recompleting said well. Said 160-acre unit area is located approximately 3 miles east of Farmington, New Mexico.

**CASE 11974:** **Application of Richardson Production Company for compulsory pooling, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the SW/4 and all minerals interests in the Basin-Fruitland Coal Gas Pool underlying the W/2 of Section 21, Township 30 North, Range 14 West, forming a standard 160-acre and 320-acre spacing and proration units, respectively. Said units are to be dedicated to its WP Federal "21" Well No. 1 which is to be located in Unit M of said Section 21 for downhole commingled production from the Pictured Cliffs formation and the Basin-Fruitland Coal Gas Pool. Also to be considered will be the costs of participating in said well, including but not limited to the costs of drilling, completing and equipping said wells, including the imposition of a risk factor penalty, and the allocation of those costs and income therefrom as well as actual operating costs and charges for supervision, and the designation of Richardson Operating Company as the operator of the well. Said well is located approximately 5 miles northeast of Kirtland, New Mexico.**CASE 11887:** (Continued from April 16, 1998, Examiner Hearing.)

**Application of Santa Fe Energy Resources, Inc. for compulsory pooling and a non-standard gas spacing and proration unit, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 3-6 and 11-14 of Section 1, Township 21 South, Range 34 East, to form a non-standard 315.22-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Wilson-Morrow Gas Pool. Said unit is to be dedicated to its Outland "1" State Well No. 1, to be drilled at an orthodox gas well location 3300 feet from the North line and 1650 feet from the West line of said Section 1. 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 the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 10 miles west-northwest of Oil Center, New Mexico.

**CASE 11969:** (Continued from April 30, 1998, Examiner Hearing.)

**Application of Santa Fe Energy 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 following described acreage in Section 24, Township 18 South, Range 30 East, and in the following manner: The W/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 said vertical extent, including but not limited to the Undesignated North Shugart-Morrow Gas Pool; the SW/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 said vertical extent; and the NE/4 SW/4, below 4100 feet subsurface, 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 said vertical extent. Said units are to be dedicated to the Benson "24" Fed. Com. Well No. 1, located at an orthodox well location 1980 feet from the South and West lines (Unit K) of said Section 24. 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 the risk involved in drilling said well. Said unit are located approximately 7 miles southeast of Loco Hills, New Mexico.

**CASE 11971:** (Continued from April 30, 1998, Examiner Hearing.)

**Application of Yates Petroleum Corporation for an unorthodox well location, non-standard proration unit, and simultaneous dedication, Eddy County, New Mexico.** Applicant seeks an exception to Division Rule 104.C(2) to permit it to drill its proposed Little Box Canyon AOX Federal Well No. 2 at an unorthodox location 1980 feet from the North line and 1190 feet from the West line as a second well in the W/2 of Section 7, Township 21 South, Range 22 East, and simultaneously dedicate the W/2 of said Section 7 to the Little Box Canyon AOX Federal Wells Nos. 1 and 2 in the Little Box Canyon-Morrow Gas Pool. Said wells are located approximately 30 miles west-northwest of Carlsbad, New Mexico.

**CASE 11975:** **Application of Saba Energy of Texas, Incorporated for special pool rules, Lea County, New Mexico.** Applicant seeks the promulgation of Special Pool Rules for the Tatum-Wolfcamp Pool located in portions of Section 32, Township 12 South, Range 36 East and Sections 5, 6, and 7 of Township 13 South, Range 36 East, including provisions for 80-acre spacing and special well location requirements. Said area is located approximately 2 miles south-southwest of Tatum, New Mexico.

**CASE 11906:** (Continued from April 16, 1998, 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 Cisco/Canyon formation underlying the following described acreage in Section 5, Township 20 South, Range 25 East, and in the following manner: Lots 1, 2, and the S/2 NE/4 (the NE/4) to form a standard 160.45-acre oil spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, including the Undesignated North Dagger-Draw Pennsylvanian Pool; and the SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools spaced on 40 acres within said vertical extent, including the Undesignated Seven Rivers-Yeso Pool. Said units are to be dedicated to its S.P. Johnson Com. Well No. 2, located 1650 feet from the North line and 1980 feet from the East line (Unit G) of said Section 5. 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 the risk involved in drilling said well. Said unit is located approximately 4.5 miles west-northwest of Seven Rivers, New Mexico.

**CASE 11976:** **Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and an unorthodox well location, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in Lots 1, 2, 7, 8, 9, 10, 15 and 16, containing 319.97 acres, more or less, for all formations developed on 320-acre spacing, including but not limited to the Hat Mesa-Morrow Gas Pool; in Lots 9, 10, 15, and 16 for all formations developed on 160-acre spacing; in Lots 15 and 16 for all formations developed on 80-acre spacing; and in Lot 16 for all formations developed on 40-acre spacing, of Section 2, Township 21 South, Range 32 East. Said units are to be dedicated to its Minis "2" Federal Well No. 1 to be drilled to the Morrow formation at an unorthodox location 3630 feet from the South line and (990 feet from the South line of the dedicated stand-up spacing unit) and 660 feet from the East line of said Section 2. 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 area is located approximately 5 miles southeast of Halfway, New Mexico.

**CASE 11965:** (Continued from April 16, 1989, Examiner Hearing.)

**Application of Yates Petroleum Corporation for 320-acre spacing, Eddy County, New Mexico.** Applicant seeks 320-acre spacing for the Cemetary-Wolfcamp Gas Pool located in portions of Section 25, Township 20 South, Range 24 East and Section 30, Township 20 South, Range 25 East (which is located approximately 7 miles west-southwest of Seven Rivers, New Mexico). Said pool was created prior to Division Order No. R-2707 and therefore is not automatically eligible for 320-acre spacing.

**CASE 11811:** (Continued from March 19, 1998, Examiner Hearing.)

**Application of the Oil Conservation Division for an order requiring Hanson Energy to plug seventeen (17) wells in Eddy County, New Mexico.** In the matter of the hearing called by the Oil Conservation Division ("Division") to permit the operator, Hanson Energy, Gulf Insurance Company, and all other interested parties to appear and show cause why seventeen (17) wells located in Township 18 South, Range 28 East and Township 17 South, Ranges 27 and 28 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug said wells, the Division seeks an order (i) authorizing the Division to plug said wells, (ii) declaring forfeiture of the plugging bond, if any, covering said wells, and (iii) authorizing the Division to recover from the operator the costs of plugging the wells in excess of the amount of the bond. Said wells are located approximately 10 miles south-southeast of Artesia, New Mexico.

**JAMES BRUCE**

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April 8, 1998

Michael E. Stogner  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505


*M.S.*

Re: Case 11906 (Application of Nearburg Exploration Company,  
L.L.C.)

Dear Mr. Stogner:

Please continue the above case to the May 14th Examiner hearing.  
Thank you.

Very truly yours,

  
James Bruce

Attorney for Nearburg  
Exploration Company, L.L.C.

**DOCKET: EXAMINER HEARING - THURSDAY - APRIL 16, 1998**

8:15 AM - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 11-98 and 12-98 are tentatively set for April 30, 1998 and May 14, 1998. 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 11962:** Application of Merrion Oil & Gas Corporation for compulsory pooling and a non-standard gas well location, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the West Kutz-Pictured Cliffs Pool underlying the SW/4 of Section 15, Township 29 North, Range 13 West, thereby forming a standard 160-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to the existing Farmington "C" Com Well No. 1 (API No. 30-045-12174), located at an unorthodox gas well location 1625 feet from the South line and 1250 feet from the West line (Unit L) of said Section 15. Also to be considered will be the cost of recompleting 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 recompleting said well. Said 160-acre unit area is located approximately 3 miles east of Farmington, New Mexico.

**CASE 11963:** Application of Merrion Oil & Gas Corporation for compulsory pooling and a non-standard gas well location, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Undesignated West Kutz-Pictured Cliffs Pool underlying the NW/4 of Section 15, Township 29 North, Range 13 West, thereby forming a standard 160-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to the proposed Boice Com Well No. 1 (API No. 30-045-29519) to be drilled at an unorthodox gas well location 670 feet from the North line and 1290 feet from the West line (Unit D) of said Section 15. 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 160-acre unit area is located approximately 3 miles east of Farmington, New Mexico.

**CASE 11964:** Application of Marathon Oil Company to amend the special rules and regulations for the Travis-Upper Pennsylvanian Pool, Eddy County, New Mexico. Applicant seeks to amend Rule 4 of the Special Rules and Regulations for the Travis-Upper Pennsylvanian Pool, as promulgated by Division Order No. R-5643, as amended, to provide for standard oil well locations, within standard 80-acre oil spacing and proration units, not closer than 330 feet to any governmental quarter-quarter section. Further, the applicant requests an increased gas-oil ratio limitation of 7,000 cubic feet of gas per barrel of oil for said pool. The pool currently includes portions of Sections 12, 13, 14, and 23, Township 18 South, Range 28 East, which is located approximately 9 miles west-southwest of Loco Hills, New Mexico.

**CASE 11949:** (Continued from March 19, 1998, Examiner Hearing.)

Application of Thornton Operating Corporation to amend Division Order No. R-9514-C, Chaves County, New Mexico. Applicant seeks an amendment to Division Order No. R-9514-C, issued in Case 11615 and dated June 5, 1997 which authorized the reentry and directional drilling of the McClellan Federal Well No. 1 from a previously approved surface location 182 feet from the North line and 507 feet from the West line (Unit D) of Section 26, Township 13 South, Range 29 East, to authorize a new unorthodox bottomhole location for this well in the Devonian formation 68 feet from the South line and 263 feet from the West line (Unit M) of Section 23, Township 13 South, Range 29 East. This well is located approximately 18 miles east of Hagerman, New Mexico.  
**IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

**CASE 11965:** Application of Yates Petroleum Corporation for 320-acre spacing, Eddy County, New Mexico. Applicant seeks 320-acre spacing for the Cemetery-Wolfcamp Gas Pool located in portions of Section 25, Township 20 South, Range 24 East and Section 30, Township 20 South, Range 25 East (which is located approximately 7 miles west-southwest of Seven Rivers, New Mexico). Said pool was created prior to Division Order No. R-2707 and therefore is not automatically eligible for 320-acre spacing.

**CASE 11906:** (Reopened)

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 Cisco/Canyon formation underlying the following described acreage in Section 5, Township 20 South, Range 25 East, and in the following manner: Lots 1, 2, and the S/2 NE/4 (the NE/4) to form a standard 160.45-acre oil spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, including the Undesignated North Dagger-Draw Pennsylvanian Pool; and the SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools spaced on 40 acres within said vertical extent, including the Undesignated Seven Rivers-Yeso Pool. Said units are to be dedicated to its S.P. Johnson Com. Well No. 2, located 1650 feet from the North line and 1980 feet from the East line (Unit G) of said Section 5. 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 the risk involved in drilling said well. Said unit is located approximately 4.5 miles west-northwest of Seven Rivers, New Mexico.

*Examiner Hearing - April 16, 1998*

*Docket No. 10-98*

*Page 2 of 3*

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**CASE 11941:** (Continued from March 19, 1998, Examiner Hearing.)

**Application of Mewbourne Oil 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 W/2 of Section 11, Township 24 South, Range 24 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Mosley Canyon-Strawn Gas Pool and the Balldridge Canyon-Morrow Gas Pool. Said unit is to be dedicated to its Balldridge Canyon "11" State Com. Well No. 1, located 1650 feet from the South line and 660 feet from the West line (Unit L) of said Section 11. 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 the risk involved in drilling said well. Said unit is located approximately 7 miles northwest of Whites City, New Mexico.

**CASE 11905:** (Continued from April 2, 1998, Examiner Hearing.)

**Application of Devon Energy Corporation (Nevada) for simultaneous dedication, Eddy County, New Mexico.** Applicant seeks an exception to Division Rule 104.D.(3) to permit it to drill its Pure Fed. Well No. 3 at a location 1650 feet from the North and East lines (Unit G) of Section 11, Township 21 South, Range 25 East, to test the Catclaw Draw-Morrow Gas Pool, and to simultaneously dedicate Section 11, in the Morrow formation, to the Pure Fed. Well No. 3 and its existing Pure Fed. Well Nos. 1 and 2. Said unit is located approximately 9.5 miles northwest of Carlsbad, New Mexico.

**CASE 11966:** **Application of Devon Energy Corporation (Nevada) for 23 unorthodox oil well locations, Eddy County, New Mexico.** Applicant seeks approval of 23 unorthodox oil well locations in the Red Lake Queen-Grayburg-San Andres Pool for wells in Sections 27, 31, 33, and 34, Township 17 South, Range 27 East, and Sections 3, 5, 6, 9, 17, and 18, Township 18 South, Range 27 East. Said area is centered approximately 9 miles southeast of Artesia, New Mexico.

**CASE 11967:** (This Case will be Continued to April 30, 1998, Examiner Hearing.)

**Application of Mewbourne Oil 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 22, Township 21 South, Range 26 East, and in the following manner: the N/2 thereby forming a standard 320-acre gas spacing and proration unit for any and all pools developed on 320-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated Avalon-Wolfcamp Gas Pool, Undesignated Avalon-Upper Pennsylvanian Gas Pool, Undesignated Avalon-Strawn Gas Pool, Undesignated Northeast Happy Valley-Strawn Gas Pool, Undesignated Avalon-Atoka Gas Pool, Undesignated Crozier Bluff-Atoka Gas Pool, Undesignated Avalon-Morrow Gas Pool, and Undesignated Burton Flat-Morrow Gas Pool; 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 said vertical extent which presently includes but is not necessarily limited to the Undesignated East Catclaw Draw-Delaware Pool; and the E/2 NW/4 to form a standard 80-acre oil spacing and proration unit for any pools developed on 80-acre spacing within said vertical extent (which currently there is none and should therefore be dismissed unless there is good cause shown to include an 80-acre proration unit). Said units are to be dedicated to a single well to be drilled at a standard location for all three sized units in the NE/4 NW/4 (Unit C) of said Section 22. 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 the operator of the well and a charge for risk involved in drilling said well. Unit "C" of said Section 22 is located approximately 4 miles northwest of Carlsbad, New Mexico.

**CASE 11900:** (Continued from March 19, 1998, Examiner Hearing.)

**Application of Yates Petroleum Corporation to rescind Administrative Order No. SWD-657, Lea County, New Mexico.** Applicant seeks rescission of Administrative Order No. SWD-657 which approved the application of Manzano Oil Corporation for authorization to convert the State "22" Well No. 1, located 2310 feet from the South line and 990 feet from the East line (Unit I) of Section 22, Township 10 South, Range 37 East, to a salt water disposal well for the injection of Devonian water into the San Andres formation. Said well is located approximately 12 miles northeast of Tatum, New Mexico.