

DOCKET: EXAMINER HEARING - THURSDAY - JULY 9, 1998

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 20-98 and 21-98 are tentatively set for July 23 and August 6, 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 11988: (Continued from June 25, 1998, Examiner Hearing.)

Application of Merrion Oil & Gas Corporation for compulsory pooling, San Juan County, New Mexico. The applicant seeks an order pooling all mineral interests in the Basin-Dakota Pool underlying Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 5, Township 29 North, Range 11 West, thereby forming a standard 293.68-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to its proposed Fifield Com Well No. 1-E (API No. 30-045-29517) to be drilled at a standard gas well location in the NW/4 equivalent 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 unit and a charge for risk involved in drilling said well. Said unit area is located approximately 4 miles south of Aztec, New Mexico.

CASE 11997: **Application of Merrion Oil & Gas Corporation for compulsory pooling, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Basin Fruitland Coal Gas Pool underlying the S/2 of Section 10, Township 26 North, Range 12 West. Applicant proposes to dedicate this pooled unit to its Hickman "A" Well No. 3 to be drilled at a standard location in the SW/4 SW/4 of Section 10. 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 20 miles northwest of Nageezi, New Mexico.

CASE 11998: **Application of Costilla 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 Chester series or formation underlying the following described acreage in Section 33, Township 16 South, Range 26 East, and in the following manner: The N/2 of Section 33 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 POW-Morrow Gas Pool and Undesignated P.O.W.-Strawn Gas Pool; the NW/4 of Section 33 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 SE/4 NW/4 of Section 33 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. The units are to be dedicated to its Funk "45" Well No.2, located at an orthodox location 1980 feet from the South line and 1680 feet from the West line (Unit K) of Section 33. 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. Said units are located approximately 3 miles north-northeast of Artesia, New Mexico.

CASE 11999: **Application of Costilla Energy, Inc. for compulsory pooling and an unorthodox well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Chester series or formation underlying the following described acreage in Section 33, Township 16 South, Range 26 East, and in the following manner: The S/2 of Section 33 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 POW-Morrow Gas Pool, Undesignated Diamond Mound-Atoka Gas Pool, and Undesignated P.O.W.-Strawn Gas Pool; the SW/4 of Section 33 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 NW/4 SW/4 of Section 33 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. The units are to be dedicated to its Funk "49" Well No.1 to be located at an unorthodox location 1650 feet from the South line and 1080 feet from the West line (Unit L) of Section 33. 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 units are located approximately 2.5 miles north-northeast of Artesia, New Mexico.

CASE 11906: (Continued from June 11, 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 formations and/or pools developed on 160-acre spacing within said vertical extent, including the Undesignated North Dagger Draw-Upper 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 risk involved in drilling said well. Said unit is located approximately 4.5 miles west north-west of Seven Rivers, New Mexico.

CASE 11986: (Continued from June 11, 1998, Examiner Hearing.)

Application of Saba Energy of Texas, Incorporated for pool creation and special pool rules, Lea County, New Mexico. Applicant seeks the creation of a new pool for the production of hydrocarbons from the Upper Pennsylvanian formation that is comprised of the E/2 NE/4 and the E/2 SE/4 of Section 7, Township 13 South, Range 36 East, as the result of the discovery of oil in its Saba State Well No. 1 located in Unit I of said Section 7 and the promulgation of Special Pool Rules for this new pool 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 12000: **Application of Marbob Energy Corporation for pool contraction, pool creation, special pool rules and a non-standard spacing and proration unit, Lea County, New Mexico.** Applicant seeks the creation of a new pool for the production of hydrocarbons from the Devonian formation to include the W/2 SE/4 and the E/2 SW/4 of Section 31, Township 9 South, Range 37 East. Applicant also seeks the promulgation of special rules and regulations for this new pool including provisions for 160-acre spacing and special well location requirements and the approval of a non-standard spacing and proration unit comprised of the W/2 SE/4 and the E/2 SW/4 of Section 31. This area is located approximately 8.5 miles east of Crossroads, New Mexico.

CASE 12001: **Application of Petroleum Development Corporation for a unit agreement, Lea County, New Mexico.** Applicant seeks approval of the T.P. "A" State Unit Agreement for an area comprising 160 acres of State lands in portions of Sections 15 and 16, Township 10 South, Range 36 East, which is located approximately 13 miles north-northeast of Tatum, New Mexico.

CASE 11993: (Continued from June 25, 1998, Examiner Hearing.)

Application of John H. Hendrix Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations from the top of the Abo formation (approximately 7,000 feet) to the base of the Strawn formation developed on 40-acre spacing underlying the NE/4 NW/4, and in all formations developed on 80-acre spacing underlying the E/2 NW/4, including the Cass-Pennsylvanian Pool, of Section 16, Township 20 South, Range 37 East. The unit is to be dedicated to its Wood State Well No. 4 which will be drilled at a standard location 660 feet from the North line and 2310 feet from the West line (Unit C) 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 the well. This area is located approximately 3 miles southeast of Monument, New Mexico.

CASE 11994: (Continued from June 25, 1998, Examiner Hearing.)

Application of David H. Arrington Oil and Gas, 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, Townsend-Morrow Gas Pool, underlying Lots 9 through 16 for all formations developed on 320-acre spacing, Lots 11 through 14 for all formations developed on 160-acre spacing, Lots 13 and 14 for all formations developed on 80-acre spacing and Lot 14 for all formations developed on 40-acre spacing, all in Section 3, Township 16 South, Range 35 East. Applicant proposes to dedicate these pooled units to its Parachute Hopper Well No. 1 to be drilled at a standard gas well location 3510 feet from the South line and 1650 feet from the West line of Section 3. 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. This area is located approximately 5 miles west of Lovington, New Mexico.

CASE 12002: **Application of Scott E. Wilson and Richard K. Barr d/b/a Wilson & Barr Oil & Gas Exploration for an unorthodox well location, Eddy County, New Mexico.** Applicant seeks authorization to drill a well to the Morrow formation, Undesignated Little Box Canyon-Morrow Gas Pool, at an unorthodox well location 850 feet from the North line and 300 feet from the West line of Section 31, Township 20 1/2 South, Range 22 East. All of irregular Section 31 is to be dedicated to the well. The unit is located approximately 20 miles south of Hope, New Mexico.

CASE 12003: **Application of Manzano Oil Corporation for special pool rules, Lea County, New Mexico.** Applicant seeks the promulgation of special pool rules and regulations for the Featherstone - Bone Spring Pool comprised of portions of Sections 20 and 21 of Township 20 South, Range 35 East, including provisions for 80-acre spacing and special well location requirements. The area is located approximately 9 miles west-southwest of Monument, New Mexico.

CASE 12004: **Application of Stevens & Tull, Inc. for a non-standard subsurface gas well location/producing area and a non-standard gas proration unit, Eddy County, New Mexico.** Applicant, in accordance with Division General Rules 104.F and 111(C)2, seeks approval for a non-standard subsurface gas well location/producing area to be applicable to any and all formations and/or pools developed on 320-acre spacing from the surface to the base of the Morrow formation, which presently includes but is not necessarily limited to the Undesignated Indian Loafer Draw-Upper Pennsylvanian Gas Pool, Undesignated Little Box Canyon-Strawn Gas Pool, Undesignated Little Box Canyon-Atoka Gas Pool, and Undesignated Little Box Canyon-Morrow Gas Pool, for its proposed Sweet Thing Federal Unit Well No. 2 to be drilled from a surface location 660 feet from the North and West lines (Lot 5/Unit M) of irregular Section 31, Township 20-1/2 South, Range 22 East to a proposed bottomhole location that is to be no closer than 660 feet to the North line of said Section 31 nor closer than 435 feet to the West line of said Section 31. Further, all of said irregular Section 31, comprising an area of 233.79 acres, is to be dedicated to said well. This unit is located approximately 20 miles south of Hope, New Mexico.