

DOCKET: EXAMINER HEARING - THURSDAY - JULY 23, 1998

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

Dockets Nos. 21-98 and 22-98 are tentatively set for August 6 and August 20, 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 12010: Application of Bass Enterprises Production Company for a non-standard subsurface oil well location/producing area, Lea County, New Mexico. Applicant, in accordance with Division Rules 104.F and 111.C.(2), seeks approval to recomplate its Monteith "C" Well No. 1 (API No. 30-025-34284), located at a standard surface oil well location 660 feet from the North line and 1830 feet from the East line (Unit B) of Section 13, Township 16 South, Range 36 East, by directionally drilling to a non-standard subsurface oil well location/producing area in the Northeast Lovington-Pennsylvanian Pool. The W/2 NE/4 of said Section 13 is to be dedicated to this well in order to form a standard 80-acre oil spacing and proration unit for Northeast Lovington-Pennsylvanian Pool oil production and the applicable drilling window or producing area within this 80-acre unit is to be no closer than 510 feet to the north, east, and south boundaries of the unit nor closer than 186 feet to the western boundary of the unit. This well location is approximately one mile southeast of the Lovington Country Club.

CASE 12011: Application of Strata Production Company 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 W/2 of Section 22, Township 22 South, Range 32 East. Applicant proposes to dedicate this spacing and proration unit to its Hill Federal Well No. 1 to be drilled at a standard location 1980 feet from the South and West lines (Unit K) of Section 22 to a depth sufficient to test any and all formations down 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 applicant as the operator of the well, and a charge for risk involved in drilling the well. Said units are located approximately 9 miles north-northeast of the intersection of Highway 128 and the border between Eddy and Lea Counties.

CASE 12012: Application of Ocean Energy, Inc. for special pool rules, Lea County, New Mexico. Applicant seeks the promulgation of Special Pool Rules for the North Echol-Devonian Pool, located in portions of Sections 21, 22, 27, and 28, Township 10 South, Range 37 East, including provisions for 80-acre spacing and special well location requirements. The area is centered approximately 11.5 miles southeast of Crossroads, New Mexico.

CASE 11998: (Readvertised)

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 "49" Well No.2, located at an orthodox location 1980 feet from the North line and 1680 feet from the West line (Unit F) 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 12013: Application of Costilla Energy, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its Funk "49" Well No. 1 at an unorthodox Morrow gas well location 1650 feet from the South line and 1080 feet from the West line (Unit L) of Section 33, Township 16 South, Range 26 East, located approximately 2.5 miles north of the junction of U.S. Highways 285 and 82 in Artesia, New Mexico. The S/2 of said Section 33 is to be dedicated to said well in order to form a standard 320-acre gas spacing and proration unit in the POW-Morrow Gas Pool.

CASE 12014: Application of Louis Dreyfus Natural Gas Corp. 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 28, Township 19 South, Range 35 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 North Pearl-Morrow Gas Pool. Said unit is to be dedicated to its Toro "28" State Com. Well No. 1, located at an orthodox location 1980 feet from the North line and 660 feet from the East line (Unit H) 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 the operator of the well, and a charge for risk involved in drilling the well. This unit is located approximately 11 miles west of Monument, New Mexico.

CASE 11990: (Continued from June 25, 1998, Examiner Hearing.)

Application of Yates Petroleum Corporation for downhole commingling, Lea County, New Mexico. Applicant seeks authority to downhole commingle Atoka, Morrow and Mississippian production within the wellbore of its existing Morton Unit Well No. 1 located 770 feet from the North line and 2150 feet from the East line (Unit B) of Section 5, Township 15 South, Range 35 East. This well is located approximately 7 miles southwest of Hagerman, New Mexico.

CASE 11991: (Continued from June 25, 1998, Examiner Hearing.)

Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant seeks authority to downhole commingle Undesignated Kennedy Farms-Upper Pennsylvanian, Undesignated Kennedy Farms-Atoka and Kennedy Farms-Morrow Pool production within its Martin "ARH" Well No. 1 located 1980 feet from the South and East lines (Unit J) of Section 27, Township 17 South, Range 26 East. This well is located approximately 3 miles southeast of Artesia, New Mexico.

CASE 12015: **Application of Gruy Petroleum Management for an unorthodox well location and simultaneous dedication, Lea County, New Mexico.** Applicant seeks an exception to Oil Conservation Division Rule 104.C.(2) to authorize an unorthodox gas well location for the Rhodes Federal Unit Well No. 43 at a point 2310 feet from the South line and 990 feet from the West line (Unit L) of Section 4, Township 26 South, Range 37 East, and authorization to simultaneously dedicate this well and its Rhodes Federal Unit Wells 43 and 415 to a standard gas spacing unit comprised of the SW/4 of Section 4 in the Rhodes-Yates-Seven Rivers Gas Pool. Said wells are located approximately 3 miles south-southeast of Jal, New Mexico.

CASE 12016: **Application of Penwell Energy, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all formations developed on 320-acre spacing underlying the W/2, in all formations developed on 160-acre spacing in the NW/4, in all formations developed on 40-acre spacing from the surface to the base of the Morrow formation in the SW/4 NW/4 of Section 33, Township 19 South, Range 29 East. Applicant proposes to dedicate this acreage to its Millman SE 33 Fed. Com. Well No. 1 to be drilled at a standard location 2310 feet from the North line and 660 feet from the West line (Unit E) 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. This area is located approximately 15 miles northeast of Carlsbad, New Mexico.

CASE 12017: **Application of Gruy Petroleum Management for an unorthodox well location and simultaneous dedication, Lea County, New Mexico.** Applicant seeks an exception to Oil Conservation Division Rule 104.C.(2) to authorize an unorthodox gas well location for the Rhodes State Com. Well No. 5 at a point 330 feet from the North line and 2310 feet from the West line (Unit C) of Section 16, Township 26 South, Range 37 East, and authorization to simultaneously dedicate that well and its Rhodes State Com. Wells 18 and 19 to a standard gas spacing unit comprised of the NW/4 of Section 16 in the Rhodes-Yates-Seven Rivers Gas Pool. These wells are located approximately 5 miles south-southeast of Jal, New Mexico.

CASE 12018: **Application of Bahlburg Exploration Inc. for compulsory pooling and directional drilling, 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 N/2 NW/4 of Section 10, Township 16 South, Range 36 East, for all formations developed on 80-acre spacing. Applicant proposes to dedicate this spacing unit to its City of Lovington 10 Well No. 1 to be directionally drilled from a surface location 21.5 feet from the South line and 2435 feet from the East line (Unit O) of Section 3, Township 16 South, Range 36 East, to a standard bottomhole location in the Strawn formation within 50 feet of a point 510 feet from the North line and 1830 feet from the West line (Unit C) 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 in the City of Lovington, New Mexico.

CASE 12019: 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 Strawn production and designated as the Southeast Indian Basin-Strawn Gas Pool. The discovery well is the Hallwood Petroleum, Inc. Catclaw Draw Unit Well No. 12 located in Unit N of Section 24, Township 21 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM

Section 24: S/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Glorieta and Yeso production and designated as the Northeast Red Lake-Glorieta-Yeso Pool. The discovery well is the Arco Permian Red Lake "3" Federal Well No. 1 located in Unit F of Section 3, Township 18 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 3: NW/4

- (c) EXTEND the Avalon-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 9: SW/4