

DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 22, 1998
8:15 A.M. - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos. 30-98 and 31-98 are tentatively set for November 5 and November 19, 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 12014: Continued from September 17, 1998, Examiner Hearing.

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 12060: **Application of KCS Medallion 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 S/2 of Section 19, Township 18 South, Range 31 East, to form a standard 320-acre standard gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the North Shugart-Morrow Gas Pool and Undesignated North Shugart-Atoka Gas Pool. This unit will be dedicated to its Shugart West Fed. 19-2 Well, to be drilled at an orthodox location in the SE/4 of Section 19. 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 6 miles southwest of the intersection of State Highway 529 and U.S. Highway 82.

CASE 12053: Continued from October 8, 1998, 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 following described acreage in Section 3, Township 17 South, Range 27 East, and in the following manner: the S/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent, which presently may include but is not necessarily limited to the Undesignated Crow Flats-Morrow Gas Pool; the SW/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; and the SE/4 SW/4 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 that vertical extent. The units are to be dedicated to its Little Hammer Fed. Com. Well No. 1 to be drilled and completed at an orthodox gas well location 860 feet from the South line and 2105 feet from the West line (Unit N) of said Section 3. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs 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 units are located approximately 8 miles east-northeast of Artesia, New Mexico.

CASE 12061: **Application of Devon Energy Corporation (Nevada) for lease commingling, Eddy County, New Mexico.** Applicant seeks an exception to Division Rule 309 to permit lease commingling of Red Lake Queen-Grayburg-San Andres Pool production from 12 wells to be drilled on Federal Leases LC 061783-A and LC 061783-B, collectively covering the W/2 SW/4 of Section 3, and the SE/4 of Section 4, Township 18 South, Range 27 East, without separately metering production from each well or lease. The leases are located approximately 9 miles southeast of Artesia, New Mexico. IN THE ABSENCE OF OBJECTION THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

CASE 12057: Continued from October 8, 1998, Examiner Hearing.

Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the following described acreage in Section 14, Township 16 South, Range 32 East, in the following manner: the S/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 that vertical extent; the SW/4 to form a standard 160-acre gas spacing and proration units for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; the N/2 SW/4 to form a standard 80-acre spacing or proration unit for any and all formations and/or pools developed on 80-acre spacing within that vertical extent; and the NW/4 SW/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to the proposed Anderson AST State Com Well No. 1 which will be drilled at an unorthodox gas well location 1980 feet from the South line and 1310 feet from the West line (Unit L) of Section 14 to test all formations from the surface to the base of the Morrow formation, Undesignated Anderson Ranch-Morrow Gas Pool. 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 4 miles north-northeast of Maljamar, New Mexico.

CASE 12042: Continued from September 17, 1998, Examiner Hearing.

Application of OXY USA INC., for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp to the base of the Morrow formation underlying the E/2 of Section 21, Township 17 South, Range 28 East, to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent, which presently may include but is not necessarily limited to the Empire-Pennsylvanian Gas Pool and/or the Empire-Wolfcamp Gas Pool. The unit is to be dedicated to its PIB Federal Well No 1 to be drilled and completed at an unorthodox gas well location 2440 feet from the North line and 1980 feet from the East line (Unit G) of Section 21. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs 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 16 miles southeast of Artesia, New Mexico.

CASE 12062: **Application of Chesapeake Operating, Inc. for an unorthodox gas well location, Lea County, New Mexico.** Applicant seeks approval to drill its proposed Boyce "15" Well No.1 at an unorthodox gas well location 660 feet from the North line and 660 feet from the East line (Unit A) of Section 15, Township 16 South, Range 35 East, to be dedicated to a 320-acre gas spacing and proration unit consisting of the E/2 of the section. The location is located approximately 5 miles west of Lovington, New Mexico.

CASE 12063: **Application of Matador Petroleum Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the E/2 of Section 28, Township 19 South, Range 33 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent, which presently may include but is not necessarily limited to the Gem-Morrow Gas Pool. The unit is to be dedicated to its Topacio Well No.1 to be drilled and completed at a standard gas well location in Unit G of Section 28. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs 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 unit is located approximately 25 miles southwest of Hobbs, New Mexico.

CASE 12064: **Application of Anadarko Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico.** Applicant seeks an order pooling all uncommitted royalty and overriding royalty interest owners with respect to any production from the Devonian, McKee and Ellenburger formations underlying the N/2 of Section 21, Township 22 South, Range 36 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320-acre gas spacing within that vertical extent, which presently may include but is not necessarily limited to the Langley-Ellenburger Gas Pool. This unit is to be dedicated to its Greer Well No.4 to be drilled and completed at an unorthodox gas well location 1600 feet from the North line and 321 feet from the West line (Unit E) of Section 21. The unit is located approximately 8 miles southwest of Eunice, New Mexico.

CASE 12065: **Application of Anadarko Petroleum Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from 4,000 feet below the surface to the base of the Mississippian-Barnett Shale formation underlying the E/2 of Section 33, Township 17 South, Range 30 East to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320- acre gas spacing within that vertical extent, which presently may include but is not necessarily limited to the Cedar Lake-Morrow Gas Pool. This unit is to be dedicated to its Cedar Lake Federal "33" Well No.1 to be drilled and completed at a standard gas well location in Unit I of Section 33. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs 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 unit is located approximately 2 miles south-southeast of Loco Hills, New Mexico.

CASE 12066: **Application of Falcon Creek Resources, Inc. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SE/4 NE/4 of Section 24, Township 20 South, Range 38 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools spaced on 40- acre spacing, including but not limited to the Undesignated House-San Andres Pool, Blinebry Oil and Gas Pool, East Warren-Tubb Oil and Gas Pool and Undesignated D-K-Abo Pool. This unit is to be dedicated to its Terry Well No. 2 to be drilled and completed at a standard well location in Unit H of Section 24. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs 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 unit is located approximately 13 miles southeast of Hobbs, New Mexico.

CASE 12067: **Application of Nearburg Exploration Company, L.L.C. 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 following described acreage in Section 16, Township 16 South, Range 32 East, and in the following manner: the E/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent, which presently may include but is not necessarily limited to the Anderson Ranch-Morrow Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing. These units are to be dedicated to its Rancho Bonito "15" State Com Well No. 1 to be drilled and completed at a standard gas well location in Unit H of the section. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs 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 unit is located approximately 4½ miles north of Maljamar, New Mexico.