

CASE 12061: Readvertised

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, Glorieta formation, and Yeso formation 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 12014: Continued from October 22, 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 11872: Reopened

In the matter of Case No. 11872 being reopened pursuant to the provisions of Division Order No. R-10918, which order promulgated temporary special rules and regulations for the Northeast Skaggs-Drinkard Pool in Lea County, New Mexico. Operators in the subject pool may appear and present evidence and testimony as to the nature of the reservoir with regards to making these rules permanent. The area is located approximately 2 miles southeast by south of Monument, New Mexico.

CASE 12080: Continued from November 5, 1998, Examiner Hearing.

Application of David H. Arrington Oil and Gas, Inc. for amendment of Division Order No. R-11028, Lea County, New Mexico. Applicant seeks an order amending Order No. R-11028 to pool all mineral interests from the surface to the base of the Lower Mississippian formation, underlying Lots 11 through 14 and the SW/4 for all formations developed on 320-acre spacing including the Undesignated North Shoe Bar-Atoka Gas Pool, Undesignated North Hume-Morrow Gas Pool and the Undesignated Townsend-Morrow Gas Pool, the SW/4 for all formations developed on 160-acre spacing, the N/2 SW/4 for all formations developed on 80-acre spacing including but not limited to the Undesignated Big Dog-Strawn Pool, and the NE/4 SW/4 for all formations developed on 40-acre spacing including the Undesignated Northwest Townsend-Abo Pool, Townsend-Permo Upper Pennsylvanian Pool and the Undesignated Townsend-Strawn Pool, 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 in the NE/4 SW/4 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. The area is located approximately 5 miles west of Lovington, New Mexico.

CASE 12092: Application of Corinne B. Grace d/b/a Grace Oil Company for compulsory pooling or, in the alternative for an order declaring Division Order No. R-4034 applicable, 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 2, Township 23 South, Range 26 East, and in the following manner: the S/2 thereby forming 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, which presently includes but is not necessarily limited to the Undesignated South Carlsbad-Canyon Gas Pool, South Carlsbad-Strawn Gas Pool, South Carlsbad-Atoka Gas Pool, and South Carlsbad-Morrow Gas Pool; the SE/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 SE/4 SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/o pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Happy Valley-Delaware Pool. These units are to be dedicated to the existing Humble Grace Com. Well No. 1 (API No. 30-015-20350) located 990 feet from the South line and 660 feet from the East line (Unit P) of Section 2. Also to be considered will be the costs of re-entering and the recompletion of this well and the allocation of the costs 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 the re-entry of this well. IN THE ALTERNATIVE, the applicant seeks an order from the Division that its Order No. R-4034, issued in Case No. 4398 and dated October 2, 1970 be declared applicable and relevant under the circumstances involving this well and in full force and effect. By Order No. R-4034, the Division pooled, in part, all mineral interests in the Strawn, Atoka, and Morrow formations underlying the S/2 of Section 2, in which the subject well was dedicated. This well is located south of Carlsbad, New Mexico approximately 1/4 mile east of U. S. Highway 62/180 between Derrick Street and Haston Road.

CASE 12063: Continued from November 5, 1998, Examiner Hearing.

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 12048: Continued from November 5, 1998, Examiner Hearing.

Application of Penwell Energy, 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, Undesignated Gem-Morrow Gas Pool, underlying the E/2 for all formations developed on 320-acre spacing, the SE/4 for all formations developed on 160-acre spacing, the E/2 SE/4 for all formations developed on 80-acre spacing, and the NE/4 SE/4 for all formations developed on 40-acre spacing, all in Section 28, Township 19 South, Range 33 East. Applicant proposes to dedicate these pooled units to its Jade "28" Federal Com Well No. 1 to be drilled at a standard location 1650 feet from the South line and 990 feet from the East line in Unit I of Section 28 to test any and all formations to the base of the Morrow formation. 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 operator of the well and a charge for risk involved in drilling the well. This area is located approximately 25 miles southwest of Hobbs, New Mexico.

CASE 12033: Continued from October 22, 1998, Examiner Hearing.

Application of Public Service Company of New Mexico for review of Oil Conservation Division directive dated March 13, 1998 directing applicant to perform additional remediation for hydrocarbon contamination, San Juan County, New Mexico. Applicant seeks review of a Division directive dated March 13, 1998 directing applicant to perform additional remediation for hydrocarbon contamination located in the area of the Burlington Resources Hampton Well No. 4M located in Unit N, Section 13, Township 30 North, Range 11 West, and a determination by the division that applicant is not a responsible person for purposes of further investigation or remediation of the contamination. Applicant further seeks a stay of the March 13, 1998 directive pending an order in this matter. The subject area is located approximately 3 miles east-southeast of Aztec, New Mexico.

CASE 12093: In the matter of the hearing called by the Oil Conservation Division for an order creating, contracting, 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 Wolfcamp production and designated as the North Corral Draw-Wolfcamp Gas Pool. The discovery well is the Burlington Resources Oil & Gas Company Corral Draw "9" Federal Well No. 1 located in Unit C of Section 9, Township 25 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM

Section 9: N/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Chester production and designated as the Loco Hills-Chester Gas Pool. The discovery well is the Yates Petroleum Corporation Loco "ASI" Federal Com. Well No. 1 located in Unit L of Section 10, Township 18 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 10: W/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Travis-Wolfcamp Pool. The discovery well is the Marathon Oil Company Edward Mitchusson "4" State Well No. 1 located in Unit K of Section 4, Township 19 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 4: SW/4

- (d) CONTRACT the Grayburg Jackson-Seven Rivers-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, by the deletion of the following described area:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM

Section 36: NE/4 SE/4