

DOCKET: COMMISSION HEARING - FRIDAY - DECEMBER 18, 1998

9:00 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

The Land Commissioner's designee for this hearing will be Jami Bailey or Gary Carlson

The minutes of November 16th Commission hearing will be adopted.

Final action will be taken in:

CASE 12003: Application of Manzano Oil Corporation for special pool rules, Lea County, New Mexico.**CASE 11839:** De Novo - Continued from November 16, 1998, Commission Hearing.

Application of Odessa Oil Investments, Inc. for salt water disposal, Eddy County, New Mexico. Applicant seeks authority to re-enter the existing Lakewood State Com Well No. 1 (formerly the Monsanto Company Lakewood State Com Well No. 1), located 1980 feet from the North and West lines (Unit F) of Section 30, Township 19 South, Range 26 East, and utilize the well to dispose of produced water into the Devonian formation through the open-hole interval from approximately 10,300 feet to 10,700 feet. Said well is located approximately 3 miles west of Lakewood, New Mexico. Upon application of Odessa Oil Investments, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12086: Continued from November 16, 1998, Commission Hearing.

Application of Yates Petroleum Corporation and Hanley Petroleum Inc. for allowable reduction, and the escrow of production process, Lea County, New Mexico. Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities, (2) providing for termination of the depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission, and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

CASE 12073: De Novo

Application of Nearburg Exploration Company L.L.C. for compulsory pooling and an unorthodox surface location and subsurface drilling window, Eddy 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 11, Township 17 South, Range 25 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools spaced on 320- acre gas spacing within that vertical extent, including the South Eagle Creek-Morrow Gas Pool. The unit is to be dedicated to the Eagle Creek "11" Well No. 1 to be drilled in accordance with Division Rule 111 except this well will be at an unorthodox surface location 1070 feet from the North line and 2111 feet from the West line (Unit C) with a subsurface drilling window such that at the top of the Morrow formation, the producing interval shall not be closer than 660 feet from the southern boundary line nor closer than 660 feet to the side boundary lines of this spacing unit. Also to be considered will be the cost 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 and completing the well. The well is located at the approximate southeast corner of the Artesia airport, New Mexico. Upon application of Yates Petroleum Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

The Oil Conservation Commission may vote to close the open meeting to deliberate any De Novo cases heard at this hearing.