

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 10, 1999
8:15 A.M. - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos. 19-99 and 20-99 are tentatively set for June 24 and July 8 1999. 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 12190: 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 W/2 of Section 2, Township 26 North, Range 13 West, forming a standard 319.96-acre gas spacing and proration unit. The unit is to be dedicated to applicant's Shank Com Well No. 1 to be drilled at a standard location in the W/2 of Section 2. 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 the risk involved in drilling and completing the well. The unit is located approximately 13 miles south of the City of Farmington.

CASE 12191: Application of OXY USA Inc. for an unorthodox gas well location and an exception to Division Rule 104.D(3) for simultaneous dedication, Eddy County, New Mexico. Applicant seeks approval to drill its proposed Jazz Federal Well No. 1 at an unorthodox gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Irregular Section 4, Township 17 South, Range 27 East, to be dedicated to a previously approved non-standard 323.68-acre gas spacing and proration unit consisting of the N/2 equivalent of the irregular section for any pools/formations spaced on 320 acres including the Crow Flats-Morrow Gas Pool. In addition, the applicant seeks an exception to Division Rule 104.D(3) to continuously and concurrently produce gas from the Morrow formation from this well and from the Roscoe Federal Well No. 1 (API No. 30-015-30236) located 1540 feet from the North line and 1760 feet from the East line of this section and for the simultaneous dedication of both wells to the existing 323.68-acre gas spacing and proration unit. This location is approximately 7 miles east/northeast of Artesia, New Mexico.

Continued from April 1, 1999, 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 12181: (Readvertised)

Application of David H. Arrington Oil and Gas, Inc. for an unorthodox location and for an exception to Division Rule 104.D(3) for simultaneous dedication, Lea County, New Mexico. Applicant seeks an exception to all applicable well location set-back requirements governing any and all formations and/or pools from the surface to the base of the Mississippian formation for its Mayfly "14" State Com. Well No. 1 to be drilled 330 feet from the North and West lines (Unit D) of Section 14, Township 16 South, Range 35 East, to be dedicated to the following described spacing and proration units: (i) the W/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, which presently include the Undesignated North Shoe Bar-Atoka Gas Pool, Undesignated Shoe Bar-Atoka Gas Pool, Townsend-Morrow Gas Pool, and Undesignated North Townsend-Mississippian Gas Pool; and (ii) the NW/4 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160 acre spacing, which presently include the Undesignated North Shoe Bar-Wolfcamp Pool and the Undesignated Shoe Bar-Strawn Pool. The applicant further seeks an exception to Division Rule 104.D(3) to continuously and concurrently produce gas from the Townsend-Morrow Gas Pool from the above-described Mayfly "14" State Com. Well No. 1 and from the existing Mark L. Shidler, Inc. operated Monsanto State Com. Well No. 1 (API No. 30-025-24895) located at a standard gas well location 1980 feet from the South and West lines (Unit K) of Section 14, and for the simultaneous dedication of both wells to the existing 320-acre gas spacing and proration unit comprising the W/2 of Section 14. **Further, the applicant at the time of the hearing shall designate a common operator for both of these Morrow gas wells and this 320-acre unit within the Townsend-Morrow Gas Pool.** The proposed well location is approximately five miles south of Lovington, New Mexico.

Examiner Hearing – June 10, 1999

Docket No. 17-99

Page 2 of 6

CASE 12157: Continued from May 13, 1999, Examiner Hearing.

Application of Chi Energy, Inc. 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 19, Township 20 South, Range 34 East, to form a standard 320-acre spacing and proration unit for any formations and/or pools developed on 320-acre gas spacing within that vertical extent, including the Undesignated Quail Ridge-Morrow Gas Pool. The unit is to be dedicated to the Greenstone Fed. Com. Well No. 1, located at an unorthodox surface/bottomhole location 480 feet from the South line and 1650 feet from the East line (Unit O), or in the alternative, directionally drilled from the above surface location to an unorthodox gas well bottomhole location 760 feet from the South line and 1650 feet from the East line (Unit O). Also to be considered will be the cost of drilling and completing this well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Louis Dreyfus Natural Gas Corp. as operator of the well and unit, and a charge for risk involved in drilling and completing the well. This unit is located approximately 20 miles west-southwest of Monument, New Mexico

CASE 12188: Continued from May 27, 1999, Examiner Hearing.

Application of Chi Energy, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 2035 feet below the surface to the base of the Morrow formation underlying the following described acreage in Section 8, Township 17 South, Range 28 East, in the following manner: the N/2 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 Undesignated Dog Canyon-Strawn Gas Pool; the NE/4 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 SW/4 NE/4 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 Silver Streak State Com. Well No. 1 to be drilled at an unorthodox location 1400 feet from the North line and 1650 feet from the East line (Unit G) of Section 8. 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 Chi Operating, Inc. as operator of the well, and a charge for risk involved in drilling and completing the well. The units are located approximately 11.5 miles east of Artesia, New Mexico.

CASE 12192: **Application of Vincero Oil and Gas Incorporated for compulsory pooling and simultaneous dedication, Lea County, New Mexico.**

Applicant seeks an order pooling all mineral interests from the surface to the base of the San Andres formation underlying the NE/4 SE/4 of Section 30, Township 18 South, Range 39 East, 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, including the East Hobbs-San Andres Pool. The unit is to be simultaneously dedicated to the Laney-Reese A Well No. 1 to be located at an orthodox location in the NE/4 SE/4 of Section 30 and the existing Laney-Reese Well No. 1. 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 Lynx Energy Company, Inc. as operator of the well, and a charge for the risk involved in drilling and completing the well. The unit is located approximately 3 miles northeast of Hobbs, New Mexico.

CASE 12103: (Reopened)

Application of Nearburg Exploration Company, L.L.C. and E.G.L. Resources, Inc. to reopen Case No. 12103 and for compulsory pooling, Lea County, New Mexico. Applicant seeks an order reopening Case No. 12103 and pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the SE/4 SE/4 of Section 3, Township 20 South, Range 33 East, 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, including the Undesignated Teas-Yates-Seven Rivers Pool. The unit is to be dedicated to a well to be drilled at an orthodox oil well location in the SE/4 SE/4 (Unit P) 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 Nearburg Producing Company as operator of the well, and a charge for risk involved in drilling and completing the well. The unit is located approximately 5.5 miles northeast of the intersection of State Highway 176 and U.S. Highway 62/180.

CASE 12193: **Application of Texahoma Oil & Gas Corporation for compulsory pooling and an unorthodox gas well location, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Basin-Fruitland Coal Gas Pool underlying the E/2 of Section 7, Township 31 North, Range 13 West, 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, including the Basin-Fruitland Coal Gas Pool. The unit is to be dedicated to applicant's La Plata 7 Well No. 1 to be drilled at an unorthodox gas well location in the SE/4 of Section 7. 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 and completing the well. The unit is located approximately 3 miles southwest of La Plata, New Mexico.