

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 19, 1998

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 33-98 and 34-98 are tentatively set for December 3 and December 17, 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 12067: Readvertised

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 15, 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.

CASE 12087: **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 Section 3, Township 20 South, Range 33 East, in the following manner: the N/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, including but not limited to the East Gem-Morrow Gas Pool; the NE/4 to form a 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 SW/4 NE/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 unit(s) is to be dedicated to its Viper "3" Federal Well No. 1 to be drilled in accordance with Division Rule 111 (directional wellbore) from an unorthodox surface location to a standard subsurface location. Also 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 well is located approximately 4 ¼ miles northeast of the intersection of U.S. Highway 180 and New Mexico State Highway 176, New Mexico.

CASE 12074: Continued from November 5, 1998, Examiner Hearing.

Application of Xeric Oil & Gas Corporation 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 NW/4 SE/4 of Section 14, Township 19 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 the Nadine Drinkard-Abo Pool. This unit is to be dedicated to its Cain Well No. 1 to be drilled and completed at a standard well location in Unit J of Section 14. 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 10 miles southeast of Hobbs, New Mexico.

CASE 12088: **Application of Xeric Oil & Gas Corporation 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 NW/4 SW/4 of Section 19, Township 20 South, Range 39 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 DK-Abo Pool. This unit is to be dedicated to its Carter "19" Well No.2 to be drilled and completed at a standard well location in Unit L of Section 19. 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 10 miles southeast of Hobbs, New Mexico.

CASE 12066: Continued from October 22, 1998, Examiner Hearing.

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 12068: **Readvertised**

Application of Marathon Oil Company for surface commingling, Eddy County, New Mexico. Applicant seeks an exception to Division Rule 309-A and Rule 303-A to permit surface commingling of North Illinois Camp-Morrow, Illinois Camp-Morrow, North Turkey Track-Morrow, Wildcat Travis-Wolfcamp and Travis-Upper Pennsylvanian Pool production from the Buchanan "33" State Lease, Samuel Burns "34" State Lease, David Crockett "27" State Lease, Henry Courtman "4" State Lease, James Garvin "22" State Lease, J. Guerrero "34" State Lease, Edward Mitchusson "4" State Lease, George Pagan "26" State Lease, and W. B. Travis "15" State Lease, covering parts of Sections 15, 22, 26, 27, 33, 34, Township 18 South, Range 28 East, and Section 4, Township 19 South, Range 28 East. These leases are located approximately 18 miles northeast of Carlsbad, New Mexico.

CASE 12062: **Continued from October 22, 1998, Examiner Hearing.**

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 12089: **Application of Mallon Oil Company for a non-standard gas spacing and proration unit and for an unorthodox gas well location, Rio Arriba County, New Mexico.** Applicant seeks approval of an unorthodox gas well location in both the Nacimiento and San Jose formations for its existing Jicarilla 464-30 Well No. 10 (API No. 30-039-25788), located 1700 feet from the North line and 800 feet from the West line (Lot 2/Unit F) of irregular Section 30, Township 30 North, Range 3 West. The applicant further seeks to dedicate gas production attributed to both intervals from this well to a non-standard 246.46-acre gas spacing and proration unit comprising Lots 1 and 2 and the NE/4 (N/2 equivalent) of Section 30, which is located approximately 1.5 miles north of U. S. Highway 64 at mile-marker No. 62.

CASE 12060: **Continued from November 5, 1998, Examiner Hearing.**

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 12090: **Application of Mewbourne Oil Company for an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks approval to drill its Baldrige Canyon "11" State Com. Well No. 2 at an unorthodox Morrow gas well location 990 feet from the North line and 1250 feet from the East line (Unit A) of Section 11, Township 24 South, Range 24 East, located approximately 7 miles northwest of White City, New Mexico. The E/2 of Section 11 is to be dedicated to the well in order to form a standard 320-acre gas spacing and proration unit in the Baldrige Canyon-Morrow Gas Pool.

CASE 12070: **Continued from November 5, 1998, Examiner Hearing.**

Application of Mewbourne Oil Company 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 36, Township 20 South, Range 27 East and in the following manner: The S/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 West Burton Flat-Wolfcamp Pool, Undesignated Saladar-Upper Pennsylvanian Gas Pool, Undesignated Mesa Burton Flat-Strawn Gas Pool, Undesignated Northeast Avalon Atoka-Gas Pool, and the Burton Flat-Morrow Gas Pool; and the SE/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, including the Undesignated Foster Draw-Delaware Gas Pool and Undesignated East Avalon-Bone Spring Gas Pool. These units are to be dedicated to its Avalon Hills "36" State Com Well No. 1, located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 36. 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 unit is located approximately 7.5 miles north of Carlsbad, New Mexico.

CASE 12091: **Application of Santa Fe Energy 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 E/2 of Section 23, Township 18 South, Range 31 East, in order 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 not be limited to the Undesignated North Shugart-Morrow Gas Pool and Undesignated Shugart-Atoka Gas Pool. This unit is to be dedicated to a well to be drilled at an orthodox gas well location thereon. 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 10.5 miles southeast of Loco Hills, New Mexico.