

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 7, 1999

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 2-99 and 3-99 are tentatively set for January 21, and February 4, 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 12092: Continued from December 17, 1998, Examiner Hearing.

**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 12108: **Application of Southwestern Energy Production Company 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 W/2 of Section 9, Township 23 South, Range 34 East, 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 Undesignated North Antelope Ridge-Wolfcamp Gas Pool, Undesignated Antelope Ridge-Strawn Gas Pool, Undesignated Antelope Ridge-Atoka Gas Pool, and Undesignated North Bell Lake-Morrow Gas Pool. The unit is to be dedicated to its Maucho State 9 Well No. 1, to be drilled at an orthodox gas well location in the SW/4 NW/4 (Unit E) of Section 9. 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 applicant as the operator of the well and a charge for risk involved in drilling the well. The unit is located approximately 18 miles southwest of Oil Center, New Mexico.

CASE 12097: Continued from December 17, 1998, Examiner Hearing.

**Application of Merrion Oil 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 Lots 3 and 4, the S/2 NW/4, and the SW/4 of Section 2, Township 26 North, Range 13 West, thereby forming a standard-acre gas spacing and proration unit for this pool. This unit is to be dedicated to its proposed Shank Com Well No. 1 (API No. 30-045029516) to be drilled at a previously approved off-pattern unorthodox coal gas well location 1840 feet from the North and West lines (Unit F) of Section 2 (see Division Administrative Order NSL-4166, dated November 19, 1988). 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 applicant as the operator of the well and a charge for risk involved in drilling the well. This unit is located approximately 14 miles south of Farmington, New Mexico.

CASE 12094: (Readvertised)

**Application of Manzano Oil Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 40-acre spacing underlying Lot 15, from the surface to the base of the Strawn formation, in irregular Section 3, Township 16 South, Range 36 East. The units are to be dedicated to the proposed Quarry Well No. 1 which will be drilled at a standard location 3526 feet from the South line and 2095 feet from the East line 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. This area is located within the City of Lovington, New Mexico.

CASE 12109: **Application of Cross Timbers Oil Company for an unorthodox coal gas well location, San Juan County, New Mexico.** Applicant seeks approval to drill its proposed Stanolind Gas Com. "D" Well No. 2 at an off-pattern non-standard coal gas well location 790 feet from the South and East lines (Lot 16/Unit P) of Section 17, Township 32 North, Range 12 West, in the Basin-Fruitland Coal (Gas) Pool. Lots 9 through 16 (N/2 equivalent) of Section 17 are to be dedicated to this well in order to form a standard 302.63-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool. The well is located approximately five miles east-northeast of La Plata, New Mexico.

**CASE 12014:** Continued from December 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 12080:** Continued from December 3, 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 12110:** **Application of Nearburg Exploration Company, L.L.C. for approval of a unit agreement, Lea County, New Mexico.** Applicant seeks approval of its proposed Range State Unit as an exploratory unit for an area comprising 640 acres, more or less, of state lands consisting of the S/2 of Section 21 and the N/2 of Section 28, Township 21 South, Range 35 East. This unit is located approximately 13 miles west of Eunice, New Mexico.

**CASE 12101:** Continued from December 17, 1998, Examiner Hearing.

**Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations underlying the N/2, for all formations developed on 320-acre spacing in Section 7, Township 19 South, Range 31 East. The unit is to be dedicated to its Red Cloud "7" Fed. Com. Well No. 1 to be drilled as a wildcat well to test the Morrow formation at a standard location 660 feet from the North line and 1980 feet from the West line of Section 7. 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 11 miles northwest of Halfway, New Mexico.

**CASE 12102:** Continued from December 17, 1998, Examiner Hearing.

**Application of Chevron U.S.A., Inc. for surface commingling, Lea County, New Mexico.** Applicant seeks an exception to Division Rule 303-A and 309-A to permit surface commingling of Monument-Abo and North Monument-Abo Pool production from the following State Leases: E-7419, B-10268, B-230, E-7572, B-243, B-1585, B-10233, B-10164, E-7355, covering parts of Sections 1, 12, 13, 14, 23, Township 19 South, Range 36 East. Said leases are approximately 5 miles southwest of Hobbs, New Mexico.

**CASE 12111:** **Application of OXY USA Inc. for compulsory pooling, Eddy 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 S/2 of Section 7, Township 17 South, Range 28 East, to form a standard 320-acre spacing and proration unit for all formations and/or pools developed on 320-acre gas spacing within that vertical extent, which presently may include the Dog Canyon-Strawn Gas Pool or the Crow Flats-Morrow Gas Pool. The unit is to be dedicated to its OXY's Papa Bear Federal Well No. 1 to be drilled and completed at a standard gas well location in Unit K of this section. 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 10 miles east of Artesia, New Mexico.