

DOCKET: EXAMINER HEARING - THURSDAY - MARCH 4, 1999

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 8-99 and 9-99 are tentatively set for March 18, and April 1, 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 12131:** Application of Santa Fe Energy Resources, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval to drill its Rio Blanco Federal Com. Well No. 2 at an unorthodox Morrow gas well location 660 feet from the South and West lines (Unit M) of Section 4, Township 23 South, Range 34 East, located approximately four miles west-northwest of the San Simon Sink. The S/2 of Section 4 is to be dedicated to the well in order to form a standard 320-acre gas spacing and proration unit in either the Undesignated North Bell Lake-Morrow Gas Pool or Undesignated Antelope Ridge-Morrow Gas Pool.

**CASE 12101:** Continued from February 4, 1999, 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 12132:** Application of Nearburg Exploration Company, L.L.C. for pool creation and special pool rules, Lea County, New Mexico. Applicant seeks the creation of a new pool for the production of hydrocarbons from the Strawn formation to include the NE/4 of Section 15, Township 16 South, Range 32 East. Applicant also seeks the issuance of special rules for this new pool including provisions for 160-acre spacing and special well location requirements. This area is located approximately 5 miles north of Maljamar, New Mexico.

**CASE 12104:** Continued from January 21, 1999, Examiner Hearing.

Application of Harvard Petroleum Corporation for compulsory pooling, Roosevelt County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the San Andres formation underlying the following described acreage in Section 5, Township 5 South, Range 37 East, and in the following manner: Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) thereby forming a standard 319.09-acre gas spacing and proration unit for any and all pools developed on 320-acre spacing within said vertical extent which presently includes only the Bluit-San Andres Associated Pool; the SW/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; the E/2 SW/4 to form a standard 80-acre oil spacing and proration unit for any and all pools developed on 80-acre spacing within said vertical extent which presently includes only the Bluit-San Andres Associated Pool; and, the SE/4 SW/4 (Unit N) 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 said vertical extent. All four of these units are to be dedicated to the applicant's proposed Williams Well No. 1 to be drilled 990 feet from the South line and 1650 feet from the West line (Unit N) of Section 5 being a standard well location for the proposed 319.09, 160, and 40-acre spacing and proration units but an unorthodox oil well location for the proposed 80-acre oil spacing and proration unit. 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 the operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately one mile north by east of Bluit, New Mexico.

**CASE 12133:** Application of Saga Petroleum L.L.C. for approval of a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Crossroads Siluro-Devonian Unit for an area comprising 800 acres of fee lands in Sections 27 and 34 of Township 9 South, Range 36 East, which is located approximately 6 miles east of Crossroads, New Mexico.

**CASE 12134:** Application of OXY USA Inc. for compulsory pooling and a non-standard gas proration unit, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 2450 feet below the surface to 12,260 feet (base of the Morrow formation) underlying the following described acreage in Irregular Section 19, Township 18 South, Range 29 East, in the following manner: the S/2 equivalent to form a non-standard 303.37-acre spacing and proration unit consisting of the SE/4, E/2 SW/4, and Lots 3 and 4 for any and 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 Bobcat Federal Well No. 1 to be drilled and completed at a standard gas well location in Unit N of this section. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of the applicant as the operator of the well and a charge for risk involved in drilling this well. This unit is located approximately 17 miles southeast of Artesia, New Mexico.

**CASE 12037:** Readvertised - Continued from February 18, 1999, Examiner Hearing.

Application of Yates Petroleum Corporation for pool contraction, pool extension and special pool rules, or in the alternative, simultaneous dedication, Lea County, New Mexico. Applicant seeks contraction and extension of the boundaries of the North Shoe Bar-Atoka Gas Pool to conform to the acreage dedicated to the wells therein, and the promulgation of Special Pool Rules which authorize a second well on each standard spacing and proration unit in the pool. In the alternative, applicant seeks authorization to simultaneously dedicate its Brunson "AQK" State Com Well No. 1 located 2260 feet from the North line and 1795 feet from the East line and its Big Flat "ASN" State Com. Well No. 1 located 1650 feet from the South line and 1980 feet from the East line, both in Section 10, Township 16 South, Range 35 East, to a standard gas spacing unit comprised of the E/2 of Section 10 in the North Shoe Bar-Atoka Gas Pool. Said wells are located approximately 6 miles west of Lovington, New Mexico.

**CASE 12114:** Continued from February 18, 1999, Examiner Hearing.

**Application of Chesapeake Operating Inc. for compulsory pooling and an unorthodox well location, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the SE/4 SW/4 of Section 21, Township 15 South, Range 36 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within that vertical extent. This unit is to be dedicated to its I.M. Allen "21" Well No. 1 which will be located at an unorthodox location 1028 feet from the South line and 1744 feet from the West line (Unit N) of Section 21. 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 4 miles northeast of the center of the City of Lovington, New Mexico.

**CASE 11750:** Reopened – Continued from February 18, 1999, Examiner Hearing.

In the matter of Case No. 11750 being reopened pursuant to the provisions of Division Order No. R-10848, which order established temporary special pool rules for the Northeast Shoe Bar-Strawn Pool in Lea County, New Mexico. Operators in the subject pool may appear and show cause why the temporary special rules and regulations for the pool should not be rescinded and the pool not be developed either on statewide 40-acre spacing or with an optional second well on each 80-acre unit. This pool is located approximately 2 miles southwest of Lovington, New Mexico.