

DOCKET: EXAMINER HEARING - THURSDAY - APRIL 29, 1999

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 14-99 and 15-99 are tentatively set for May 13 and May 27, 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 12162: Continued from April 15, 1999, Examiner Hearing.

Application of Marathon Oil Company to amend Order No. R-11112 to adopt an administrative procedure for adding and subtracting existing and future wells to the previously approved Buchanan tank battery within the Buchanan Centralized Facility, Eddy County, New Mexico. Applicant seeks the amendment of Order No. R-11112 to permit surface commingling, off-lease measurement and storage of North Illinois Camp-Morrow Gas, Illinois Camp-Morrow Gas, North Turkey Track-Morrow Gas, Travis-Wolfcamp Gas, and Travis Upper Pennsylvanian Gas Pool production from its Walker "33" State Lease in the W/2 of Section 33, Township 18 South, Range 28 East with previously approved leases which shall be stored and measured at its centralized facility located in Unit I, Section 33, Township 18 South, Range 28 East. Applicant also seeks the adoption of an administrative procedure to add and subtract existing and future wells to this facility without the requirement of notice and hearing. This facility is located approximately 18 miles northeast of Carlsbad, New Mexico. **IN THE ABSENCE OF OBJECTION THIS CASE WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12170: **Application of Texaco Exploration & Production, Inc. for surface commingling, Lea County, New Mexico.** Applicant seeks an exception to Division Rules 303-A and 309-A to permit surface commingling of Eumont-Yates Seven Rivers Queen Prorated Gas, Monument-Tubb, Skaggs-Drinkard and Skaggs-Abo Gas Pool production from the E.H.B. Phillips Lease covering the NW/4 NW/4 of Section 10, the E>H>B> Phillips "B" Lease covering the W/2 NE/4, E/2 NW/4 of Section 10 and the E.H.B. Phillips "C" Lease covering the E/2 NE/4 of Section 10, all in Township 20 South, Range 37 East. These leases are approximately 2 miles southeast of Monument, New Mexico.

CASE 11089: Continued from March 18, 1999, Examiner Hearing - Reopened.

In the matter of Case No. 11089 being reopened pursuant to the provisions of Division Order No. R-46-C, which order established temporary special pool rules for the Barker Dome-Akah/Upper Barker Creek Pool, San Juan County, New Mexico. Operators in this pool may appear and show cause why the temporary special rules and regulations for the pool should not be rescinded. This pool is located approximately 7 miles west of La Plata, New Mexico.

CASE 12171: **Application of Gillespie Oil, Inc. for unit expansion, statutory unitization, and qualification of the expanded unit area for the recovered oil tax rate and certification of a positive production response pursuant to the "New Mexico Enhanced Oil Recovery Act," Lea County, New Mexico.** Applicant seeks an order expanding the West Lovington Strawn Unit and unitizing all mineral interests in the designated and undesignated West Lovington-Strawn Pool underlying all or parts of: Sections 28, 32, 33, 34, and 35, Township 15 South, Range 35 East; Section 1, Township 16 South, Range 35 East; and Sections 5 and 6, Township 16 South, Range 36 East, comprising 2742.90 acres, more or less, of state, federal, and fee lands. Among the matters to be considered at the hearing, pursuant to the New Mexico Statutory Unitization Act, NMPM 1978 Sections 70-7-1 *et. seq.*, will be: the necessity of unit operations; the determination of horizontal and vertical limits of the expanded unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investments, to each of the tracts in the expanded unit area; the determination of credits and charges to be made among the various owners in the expanded unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate. Applicant further seeks to qualify the expanded unit area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" Sections 7-29A-1 through 7-29A-5, NMSA 1978, and to certify two wells within the expanded unit area for a positive production response. The unit is located approximately 4 miles northwest of Lovington, New Mexico.

CASE 12172: **Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing from the base of the Pictured Cliffs formation to the base of the Mesaverde formation in Lots 1, 2, S/2 NE/4, SE/4 (E/2 equivalent), of Section 4, Township 25 North, Range 2 West. The units are to be dedicated to its Elk Com Well No. 4-7 to be drilled to a depth sufficient to test all formations to the base of the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the NE/4 of Section 4. 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 this well. This area is located approximately 9 miles north of Lindreth, New Mexico.

CASE 12173: **Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations from the surface to the base of the Mesaverde formation in the E/2 for all formations developed on 320-acre spacing and in the SE/4 for all formations developed on 160-acre spacing of Section 22, Township 26 North, Range 2 West. The units are to be dedicated to its Seifert Gas Com "A" Well No. 1 to be drilled to a depth sufficient to test all formations to the base of the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the SE/4 of Section 22. 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 this well. This area is located approximately 12 miles north of Lindreth, New Mexico.

CASE 12133: Continued from April 15, 1999, Examiner Hearing.

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 12163: Continued from April 15, 1999, Examiner Hearing.

Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the SW/4 SE/4 (Unit O) of Section 3, Township 20 South, Range 33 East, forming 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, which presently include the Undesignated Teas Yates-Seven Rivers Pool and the Undesignated West Teas Yates-Seven Rivers Pool. This unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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 this well. This unit is located approximately 1 mile north of U.S. Highway 62-180 at mile marker No. 77.

CASE 12164: Continued from April 15, 1999, Examiner Hearing.

Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NE/4 SE/4 (Unit I) of Section 3, Township 20 South, Range 33 East, forming 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, which presently include the Undesignated Teas Yates-Seven Rivers Pool and the Undesignated West Teas Yates-Seven Rivers Pool. This unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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 this well. This unit is located approximately 1.25 miles north of U.S. Highway 62-180 at mile marker No. 77.

CASE 12165: Continued from April 15, 1999, Examiner Hearing.

Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NW/4 SE/4 (Unit J) of Section 3, Township 20 South, Range 33 East, forming 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, which presently include the Undesignated Teas Yates-Seven Rivers Pool and the Undesignated West Teas Yates-Seven Rivers Pool. This unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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 this well. This unit is located approximately 1.25 miles north of U.S. Highway 62-180 at mile marker No. 77.

CASE 12174: **Application of Energen Resources Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Strawn and Wolfcamp formations underlying the following described acreage in Section 35, Township 15 South, Range 35 East, in the following manner: (a) the W/2 SW/4 to form a standard 80-acre oil spacing and proration unit for any formations and/or pools developed on 80 acre spacing within that vertical extent, including the Undesignated West Lovington-Strawn Pool; and (b) the SW/4 SW/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, including the Townsend-Permo Upper Pennsylvanian Pool. Both units are to be dedicated to a single well to be drilled at a standard oil well location. 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 and completing the well. The SW/4 SW/4 of Section 35 is located approximately four miles northwest of Lovington, New Mexico.