

DOCKET: EXAMINER HEARING - THURSDAY – MAY 13, 1999

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 16-99 and 17-99 are tentatively set for May 27 and June 10, 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 12178: Application of Santa Fe Energy Resources, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks an exception to the well location requirements provided within the “*Special Rules and Regulations for the Baish-Wolfcamp Pool*” set forth in Division Order No. R-2765 for an unorthodox oil well location in a standard 80-acre gas spacing unit for the Undesignated Baish-Wolfcamp Pool comprising the E/2 NE/4 of Section 15, Township 17 South, Range 32 East, which is located approximately 1.25 miles southeast of Maljamar, New Mexico. The existing Maljamar “15” Federal Well No. 1 (API No. 30-025-34549), to be recompleted uphole from the deeper Devonian formation into the Wolfcamp formation, is located at a previously approved unorthodox oil well location in the Undesignated Maljamar-Devonian Pool (approved by Division Administrative Order NSL-4150, dated October 15, 1998) 1310 feet from the North and East lines (Unit A) of Section 15. IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.

CASE 12104: Reopened and Readvertised

Application of Harvard Petroleum Corporation for compulsory pooling and an unorthodox oil well location, 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 8 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 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 12157: Readvertised

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 12179: Application of Enerquest Resources, L.L.C. to amend special pool rules for the East Hobbs-San Andres Pool, Lea County, New Mexico. Applicant seeks to amend the special rules for the East Hobbs-San Andres Pool, as promulgated by Division Order No. R-7511, to include the assignment at a special depth bracket allowable, pursuant to Division Rule 505.D, of 160 barrels of oil per day. The East Hobbs-San Andres Pool comprises portions of Section 25 of Township 18 South, Range 38 East, and Sections 29, 30, 31 and 32, of Township 18 South, Range 39 East, which is located approximately 2 miles northeast of Hobbs, New Mexico.

CASE 12180: Application David H. Arrington Oil & Gas, Inc. for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Brassy Deep Exploratory Unit Agreement for an area encompassing 640 acres, more or less, of state and fee lands in Sections 33 and 34 of Township 16 South, Range 36 East, which is located approximately 5 miles south of Lovington, New Mexico.

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CASE 12181: **Application of David H. Arrington Oil and Gas, Inc. for an unorthodox location and for an exception to Division Rule 104.D(3), 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 19, Township 17 South, Range 34 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 includes but not necessarily limited to 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 includes but not necessarily limited to 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 its 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.

CASE 12120: **Readvertised**

Application of Universal Resources Corporation for surface commingling, Sandoval and San Juan Counties, New Mexico. Applicant seeks an exception to Division Rules 303-A and 309-A to permit surface commingling of Alamito-Gallup Oil Pool and Lybrook-Gallup Oil Pool production from the following Federal Leases NMNM6682, NMNM6681, NMNM16586, NMNM58878, NMNM10087, NMNM048989A, and State Lease: 00016172 and 00016174, covering parts of Sections 21, 22, 23, 27, 28, 31, 32, 34, Township 23 North, Range 7 West, Sandoval County, New Mexico, Section 2, Township 22 North, Range 8 West, and Section 26, Township 23 North, Range 8 West, San Juan County, New Mexico. These leases are located approximately 50 miles southeast of Farmington, New Mexico.

CASE 12182: **Application of Conoco, Inc. for pool creation, special pool rules and the assignment of a special depth bracket allowable, Lea County, New Mexico.** Applicant seeks the creation of a new pool for the production of oil from the Strawn formation comprising the NE/4 of Section 36, Township 20 South, Range 37 East (being approximately eight miles south-southeast of Monument, New Mexico), the promulgation of special pool rules therefor including provisions for 160-acre spacing and proration units and designated well location requirements, and for the assignment of a special depth bracket oil allowable, pursuant to Division Rule 505.D, of 600 barrels of oil per day.

CASE 12183: **Application of McKay Oil Corporation for an unorthodox infill gas well location, Chaves County, New Mexico.** Applicant seeks an exception to the well location requirements provided within the "*Special Rules and Regulations for the West Pecos Slope-Abo Gas Pool*" set forth in Division Order No. R-9976-C for an unorthodox Abo infill gas well location in an existing standard 160-acre gas spacing unit for the West Pecos Slope-Abo Gas Pool comprising the NE/4 of Section 24, Township 6 South, Range 22 East, which is located approximately 14 miles south of Mesa, New Mexico. The South Four Mile Draw Federal "B" Com. Well No. 12 (API No. 30-005-63175) is to be drilled 600 feet from the North line and 1958 feet from the East line (Unit B) of Section 24. This unit is currently dedicated to McKay Oil Corporation's Remmele Federal Com. Well No. 8 (API No. 30-005-62328), located at an unorthodox gas well location (approved by Division Administrative Order NSL-2285, dated September 2, 1986) 1905 feet from the North line and 585 feet from the East line (Unit H) of Section 24.

CASE 12166: **Continued from April 15, 1999, Examiner Hearing.**

Application of Energen Resources Corporation for compulsory pooling, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in the Mesaverde and Dakota formations in the W/2 of Section 19, Township 30 North, Range 4 West, forming standard 320-acre spacing and proration units respectively. These units are to be dedicated to its Carson Well No. 4 which is to be located in Unit E of Section 19. Applicant also seeks approval to dedicate the pooled units to its Carbon No. 4-M infill well to be drilled at an orthodox infill location in Unit L of Section 19, following the completion of the Carson Well No. 4. Also to be considered will be the cost of drilling and completing the wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for the risk involved in drilling the wells. These wells are located approximately 6 miles northeast of Gobernador, New Mexico.