

***Examiner Hearing – September 2, 1999***

***Docket No. 27-99***

***Page 3 of 12***

---

**CASE 12239:**     **Application of Marks and Garner Production, Ltd. Co. for an Exception to Division Rules 305 and 309 to Permit Lease Commingling and Approval of a Central Delivery Point, Eddy County, New Mexico.** Applicant seeks an exception to Division Rules 305 and 309 to permit lease commingling of Grayburg-Jackson (Seven Rivers-Queen-Grayburg-San Andres) Pool gas production from 17 wells located in the S/2 of Section 35, Township 16 South, Range 29 East, and Section 4 and the SE/4 NE/4 and NE/4 SE/4 of Section 5, Township 17 South, Range 29 East, without separately metering production from each well. Applicant also requests approval of a central delivery point for the gas production, to be located in the SW/4 SE/4 of Section 8, Township 17 South, Range 29 East. These lands are located approximately 7 miles northwest of Loco Hills, New Mexico.

**CASE 12240:**     **Application of Nearburg Exploration Company, L.L.C. for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the base of the Cisco/Canyon formation to the base of the Morrow formation underlying the N/2 of Section 31, Township 19 South, Range 25 East, 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 Dagger Draw-Strawn Gas Pool, North Cemetery-Atoka Gas Pool, and Undesignated Cemetery-Morrow Gas Pool. The unit is to be dedicated to the Dagger Draw "31" Fed. Well No. 6, to be deepened at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 31. 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 Nearburg Producing Company as the operator of the well, and a charge for risk involved in drilling and completing the well. The unit is located approximately 6 miles northwest of Seven Rivers, New Mexico.

**CASE 12203:**     **Continued from August 19, 1999, Examiner Hearing.**

**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 Bone Spring formation underlying the NE/4 SE/4 of Section 3, Township 20 South, Range 33 East, forming 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 Undesignated Teas Yates-Seven Rivers Pool. The unit is to be dedicated to the Python Federal Well No. 3, to be drilled at an orthodox oil well location 1650 feet from the South line and 660 feet from the East line (Unit I) 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 Nearburg Producing Company as operator of the well, and a charge for risk involved in drilling and completing the well. The unit is located approximately 5.5 miles northeast of the intersection of State Highway 176 and U.S. Highway 62/180.

**CASE 12204:**     **Continued from August 19, 1999, Examiner Hearing.**

**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 Bone Spring formation underlying the SW/4 SE/4 of Section 3, Township 20 South, Range 33 East, forming 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 Undesignated Teas Yates-Seven Rivers Pool. The unit is to be dedicated to the Python Federal Well No. 2, to be drilled at an orthodox oil well location 660 feet from the South line and 1650 feet from the East line (Unit O) 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 Nearburg Producing Company as operator of the well, and a charge for risk involved in drilling and completing the well. The unit is located approximately 5 miles northeast of the intersection of State Highway 176 and U.S. Highway 62/180.

**CASE 12205:**     **Continued from August 19, 1999, Examiner Hearing.**

**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 3, Township 20 South, Range 33 East, 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 East Gem-Morrow Gas Pool; 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; and the NW/4 SE/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 Undesignated Teas Yates-Seven Rivers Pool. These units are to be dedicated to applicant's Viper 3 Fed. Well No. 2, located 1650 feet from the South line and 1980 feet from the East line (Unit J) 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 Nearburg Producing Company as operator of the well, and a charge for the risk involved in drilling and completing the well. The unit is located approximately 4.5 miles northeast of Loco Hills, New Mexico.

**Examiner Hearing – September 2, 1999**  
**Docket No. 27-99**  
**Page 4 of 12**

---

**CASE 12103:** Continued from August 19, 1999, Examiner Hearing.

**Application of Nearburg Exploration Company, L.L.C. and E.G.L. Resources, Inc. to reopen Case No. 12103 and for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order reopening Case No. 12103 and pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the SE/4 SE/4 of Section 3, Township 20 South, Range 33 East, 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 Undesignated Teas-Yates-Seven Rivers Pool. The unit is to be dedicated to a well to be drilled at an orthodox oil well location in the SE/4 SE/4 (Unit P) 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 Nearburg Producing Company as operator of the well, and a charge for risk involved in drilling and completing the well. The unit is located approximately 5.5 miles northeast of the intersection of State Highway 176 and U.S. Highway 62/180.

**CASE 12241:** **Application of Texaco Exploration and Production Inc. for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the base of the Lovington Sand to the base of the Morrow formation underlying the following described acreage in Section 36, Township 16 South, Range 31 East, in the following manner: (a) 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, and (b) the NW/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 that vertical extent. These units are to be dedicated to a single well, the proposed Texmack "36" State Com Well No. to be drilled as a wildcat well at a standard location 990 feet from the North line and 2310 feet from the West line (Unit C) 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 operator of the well and a charge for risk involved in drilling and completing the well. The proposed well location is approximately 10 miles northeast of Loco Hills, New Mexico.

**CASE 12224:** Continued from August 19, 1999, Examiner Hearing.

**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 the N/2 of Section 10, Township 25 North, Range 2 West. These units are to be dedicated to its Elk Com. Well No. 10-8 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 10. 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 operator of the well and a charge for the risk involved in drilling and completing the well. The unit is located approximately 7 1/2 miles north-northeast of Lindreth, New Mexico.

**CASE 12194:** Continued from August 5, 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, thereby 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 includes the Undesignated Teas-Yates-Seven Rivers Pool and the Undesignated West Teas-Yates-Seven Rivers Pool. The 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 the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling the well. The proposed 40-acre unit is located approximately 1.25 miles north of U. S. Highway 62-180 at mile marker No. 77.

**CASE 12196:** Continued from August 5, 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, thereby 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 includes 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 the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling the well. The proposed 40-acre unit is located approximately 1 mile north of U. S. Highway 62-180 at mile marker No. 77.