

DOCKET: EXAMINER HEARING - THURSDAY - JULY 8, 1999

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 22-99 and 23-99 are tentatively set for July 22 and August 5, 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 12209: **Application of Falcon Creek Resources, Inc. to amend Division Order No. R-11165 for surface commingling, off-lease measurement and storage, Lea County, New Mexico.** Applicant seeks to amend Division Order No. R-11165 to add an additional 40-acre spacing unit and its well to the previously approved centralized facility for the surface commingling, off-lease measurement and storage of West Teas Yates-Seven Rivers Pool production from its BF State Lease (E-3441) being the Arco State 886 Well No. 2 located in Unit B of Section 16, Township 20 South, Range 33 East, which shall be stored and measured at its centralized facility located in Unit G of this section. This facility is located approximately 4 miles northeast of the intersection of Federal Secondary Highway Number FAS 1217 and US Highway 180, New Mexico. IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.

CASE 12210: **Application of Cross Timbers Oil Company to Amend Division Order No. R-11132 to permit an alternative unorthodox gas well location, San Juan, County, New Mexico.** Applicant seeks to amend Division Order No. R-11132, which approved its proposed Ute Indians "A" Well No. 26 at an unorthodox subsurface gas well location/producing area in the Ute Dome-Paradox Gas Pool no closer than: (i) 1650 feet to the North and West lines; (ii) 850 feet to the South line; and (iii) 1450 feet to the East line of Section 2, to be directionally drilled from a surface location 570 feet from the South line and 1045 feet from the East line of Section 2, Township 31 North, Range 14 West. Applicant seeks to amend the order to allow, in the alternative, an unorthodox gas well location for a vertical wellbore to be drilled at the above-described surface location. The unit is located approximately 5 miles west of La Plata, New Mexico.

CASE 12202: **Continued from June 24, 1999, Examiner Hearing.**

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and an unorthodox gas well location, 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 irregular Section 3, Township 16 South, Range 28 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 Crow Flats-Morrow Gas Pool; the SW/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 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. These units are to be dedicated to applicant's Crow Flats 3 Fed. Well No. 1, located 960 feet from the South line and 760 feet from the West line (Unit M) 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 15.5 miles northeast of Artesia, New Mexico.

CASE 12203: **Continued from June 24, 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 June 24, 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 June 24, 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.

CASE 12206: Continued from June 24, 1999, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and unorthodox gas well location, 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 24, Township 19 South, Range 33 East, and in the following manner: the E/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 NE/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 NE/4 NE/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 East Gem-Delaware Pool, Undesignated East Gem-Bone Spring Pool, and Undesignated East Gem-Strawn Spring Pool. The units are to be dedicated to its Sagebrush 24 Fed. Com Well No. 1, to be located at an unorthodox gas well location 660 feet from the north line and 990 feet from the east line (Unit A) of Section 24. 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 the well. The unit is located approximately 4 miles northeast of Loco Hills, New Mexico.

CASE 12211: **Application of Nearburg Exploration Company, L.L.C. for an unorthodox gas well location, Lea County, New Mexico.** Applicant seeks approval to drill its Sagebrush "24" Federal Com. Well No. 1 at an unorthodox Morrow gas well location 660 feet from the North line and 990 feet from the East line (Unit A) of Section 24, Township 19 South, Range 33 East, located approximately 12 miles south-southwest of Buckeye, New Mexico. The E/2 of Section 24 is to be dedicated to the well to form a standard 320-acre gas spacing and proration unit in either the Undesignated East Gem-Morrow Gas Pool or Undesignated Quail Ridge-Morrow Gas Pool.

CASE 12212: **Application of Nearburg Exploration Company, L.L.C. for an unorthodox well location, Lea County, New Mexico.** Applicant seeks authorization to drill a well to the Morrow formation, Undesignated East Lusk-Morrow Gas Pool, at an unorthodox well location 990 feet from the South line and 660 feet from the East line (Unit P) of Section 25, Township 19 South, Range 32 East. The E/2 of Section 25 is to be dedicated to the well. The unit is located approximately 16 miles south-southeast of Maljamar, New Mexico.

CASE 12103: Continued from June 24, 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 12195: Continued from June 24, 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, 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 1.25 miles north of U. S. Highway 62-180 at mile marker No. 77.