

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 19, 1999

8:15 A.M. - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos. 27-99 and 28-99 are tentatively set for September 2 and September 16, 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 12226: Application of Williams Production Company for a Non-Standard Gas Proration Unit, San Juan County, New Mexico. Applicant seeks to establish a non-standard 345.77-acre, more or less, gas spacing and proration unit within the Blanco-Mesaverde Pool comprising all of irregular Section 4, Township 31 North, Range 6 West, which is located approximately 5 miles south of that point where Archuleta County, Colorado, La Plata County, Colorado, and the State of New Mexico meet. Blanco-Mesaverde gas production from both the Williams Production Company's: (i) Rosa Unit Well No. 60 (*API No. 30-045-29798*), located 790 feet from the South line and 1845 feet from the West line (Unit N) of Section 4; and (ii) Rosa Unit Well No. 60-A (*API No. 30-045-29799*), located 350 feet from the South line and 1920 feet from the East line (Unit O) of Section 4, is to be dedicated to this unit. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12227: Application of Williams Production Company for a Non-Standard Gas Proration Unit, Rio Arriba and San Juan Counties, New Mexico. Applicant seeks to establish a non-standard 352.87-acre, more or less, gas spacing and proration unit within the Blanco-Mesaverde Pool comprising all of irregular Section 3, Township 31 North, Range 6 West, which lays in both Rio Arriba and San Juan Counties and is located approximately 12.5 miles northeast of the Navajo Lake Dam. Blanco-Mesaverde gas production from both the Williams Production Company's: (i) Rosa Unit Well No. 169 (*API No. 30-039-26130*), located 2375 feet from the South line and 1750 feet from the East line (Unit J) of Section 3; and (ii) Rosa Unit Well No. 169-A (*API No. 30-039-26149*), located on the surface 2460 feet from the South line and 1695 feet from the East line (Unit J) of Section 3, is to be dedicated to this unit. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12228: Application of Williams Production Company for a Non-Standard Gas Proration Unit, Rio Arriba County, New Mexico. Applicant seeks to establish a non-standard 303.88-acre gas spacing and proration unit within the Blanco-Mesaverde Pool comprising all of irregular Section 1, Township 31 North, Range 6 West, which is located approximately 5.5 miles south of the New Mexico/Colorado state line at mile corner marker No. 240. Blanco-Mesaverde gas production from both the Williams Production Company's: (i) Rosa Unit Well No. 164 (*API No. 30-039-26151*), located on the surface 1500 feet from the South line and 1310 feet from the East line (Unit J) of Section 1; and (ii) Rosa Unit Well No. 164-A (*API No. 30-039-26080*), located 1495 feet from the South line and 1210 feet from the East line (Unit J) of Section 1, is to be dedicated to this unit. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12219: Continued from July 22, 1999, Examiner Hearing.

Application of Yates Petroleum Corporation for Compulsory Pooling, Chaves County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 160-acre spacing underlying the SE/4, in all formations developed on 80-acre spacing underlying the N/2 SE/4, and in all formations developed on 40-acre spacing underlying the NE/4 SE/4, from the surface to the base of the Abo formation, Pecos slope-Abo Gas Pool, of Section 20, Township 7 South, Range 25 East. The units are proposed to be dedicated to the proposed Reinauer "RC" Federal Com Well No. 3 which will be drilled at a standard location 1980 feet from the South line and 1000 feet from the East line of (Unit I) of Section 20. 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 30 miles northeast of Roswell, New Mexico.

CASE 12217: Continued from August 5, 1999, Examiner Hearing.

Application of Merrion Oil & Gas Corporation for Compulsory Pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 2, Township 31 North, Range 8 West, in order to form a standard 320-acre gas spacing and proration unit. This unit is to be dedicated to applicant's proposed U-Da-Well Com. Well No. 1 to be drilled at a previously approved unorthodox coal gas well location in the SE/4 NW/4 (Unit F) of Section 2 (see Division Administrative Order NSL-4281 dated May 13, 1999). 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 nine miles north-northwest of the Navajo Lake Dam.

CASE 12224: Continued from August 5, 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.

Examiner Hearing – August 19, 1999

Docket No. 26-99

Page 2 of 4

CASE 11773: (Reopened)

In the matter of Case No. 11773 being reopened pursuant to the provisions of Division Order No. R-10854, which order promulgated temporary special rules and regulations for the West Maljamar-Devonian Pool in Lea County, New Mexico, including a provision for 160-acre spacing. Operators in the subject pool may appear and show cause why the special pool rules should not be rescinded and why the West Maljamar-Devonian Pool should not be developed on statewide 40-acre oil spacing.

CASE 12229: **Application of OXY USA, Inc. for Compulsory Pooling and an Unorthodox Oil 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 Section 4, Township 18 South, Range 29 East, and 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 this vertical extent which presently includes but is not necessarily limited to the Undesignated Grayburg-Strawn Gas Pool, Undesignated Grayburg-Atoka Gas Pool, Undesignated Grayburg-Morrow Gas Pool, and Undesignated South Empire-Morrow Gas Pool; (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 said vertical extent; (c) the S/2 NW/4 to form a standard 80-acre oil spacing and proration unit for the Undesignated South Empire-Wolfcamp Pool; and (d) the SE/4 NW/4 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 this vertical extent which presently includes but is not necessarily limited to the Loco Hills-Queen-Grayburg-San Andres Pool, Undesignated Loco Hills-Bone Spring Pool, and Undesignated Loco Hills-Cisco Pool. These four units are to be dedicated to a single well, the proposed Buckskin Federal Well No. 1, to be drilled 1980 feet from the North line and 1650 feet from the East line (Unit F) of Section 4 being a standard well location for the 40, 160, and 320-acre spacing and proration units but an unorthodox oil well location in the Undesignated South Empire-Wolfcamp Pool for the 80-acre unit. 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. Further, the Loco Hills-Queen-Grayburg-San Andres Pool underlying the SE/4 NW/4 of Section 4 is currently dedicated to SDX Resources, Inc.'s Federal "632" Well No. 2 (API No. 30-015-23912), located at a standard oil well location 1650 feet from the North and West lines of Section 4. At the time of the hearing it will be necessary for the applicant to address certain issues created by the forced pooling of producing acreage currently operated by another operator. The proposed well location is approximately 6.5 miles west-southwest of Loco Hills, New Mexico.

CASE 12230: **Application of Gothic Production Corporation for an Unorthodox Infill Gas Well Location, Chaves County, New Mexico.** Applicant seeks an exception to the well requirements provided within the "Special Rules and Regulations for the Pecos Slope-Gas Pool," as promulgated by 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 Pecos Slope-Abo Gas Pool comprising the NW/4 of Section 29, Township 5 South, Range 25 East, which is located approximately 32 miles north-northeast of Roswell, New Mexico. The proposed McClellan "MOC" Federal Well No. 18 is to be drilled 660 feet from the North line and 330 feet from the West line (Unit D) of Section 29. This unit is currently dedicated to Gothic Production Corporation's McClellan "MOC" Federal Well No. 7 (API No. 30-005-62159), located at a standard gas well location 760 feet from the North line and 1980 feet from the West line (Unit C) of Section 29.

CASE 12231: **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, with the exception of the Cisco and Canyon formations, underlying the W/2 of Section 15, Township 19 South, Range 25 East, thereby forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within this vertical extent, which presently includes but is not necessarily limited to the Undesignated Penasco Draw-San Andres-Yeso Associated Pool, Undesignated Boyd-Strawn Gas Pool, North Cemetery-Atoka Gas Pool, and Undesignated Boyd-Morrow Gas Pool. This unit is to be dedicated to the proposed Osage Boyd "15" Federal Com. Well No. 2 to be drilled 1650 feet from the South line and 1980 feet from the West line (Unit K) of Section 15, which is a standard gas well location for all intervals except the Undesignated Penasco Draw-San Andres-Yeso Associated Pool. 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 Nearburg Producing Company as the operator of the well and a charge for risk involved in drilling and completing the well. The proposed unit is located approximately six miles west by north of Lakewood, New Mexico.

CASE 12203: **Continued from August 5, 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.