

DOCKET: COMMISSION HEARING - THURSDAY – AUGUST 12, 13, 19, 20, 26, and 27, 1999

9:00 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

The Land Commissioner's designee for this hearing will be Jami Bailey or Gary Carlson

The minutes of the July 15, 1999, Commission hearing will be adopted.

The Oil Conservation Commission may vote to close the open meeting to deliberate any De Novo cases heard at this hearing.

**NOTE: The Commission hearing scheduled for August 19th will begin at 1:00 pm.
Case 12033 will be heard on August 26 & 27, 1999**

CASE 12225: The Oil Conservation Division is calling a hearing to consider proposed October, 1999 – March, 2000 gas allowables for the prorated gas pools in New Mexico. Allowable assignment factors are being distributed with an OCD Memorandum dated July 22, 1999. If requests for changes are not received at the August 12, 1999 hearing, these factors will be used to assign allowables for the October - March period.

CASE 12119: Continued from July 15, 1999, Commission Hearing.

Application of the Oil Conservation Division to amend Rule 104 (19 NMAC 15.C.104) pertaining to well spacing. The proposed amendments may be accessed on the internet on the Division homepage at: www.emnrd.state.nm.us/ocd. Written comments on this proposed rule amendment will be accepted until August 4, 1999.

CASE 12161: De Novo - Continued from July 15, 1999, Commission Hearing.

Application of Ridgeway Arizona Oil Corporation for a unit agreement, Catron County, New Mexico. Applicant seeks approval of the Cottonwood Canyon Carbon Dioxide Gas Unit Agreement, and exploratory unit comprising 109,309.33 acres, more or less, of federal, state, and fee lands in Catron County, New Mexico, and certain lands in Apache County, Arizona, covering all or parts of the following sections.

A. State of Arizona

Township 12 North, Range 29 East, G.&S.R.M.

Section 24

Township 12 North, Range 30 East, G.&S.R.M.

Sections 9, 10, 11, 13, 14, 19-21, 23-29, 34 and 35

Township 12 North, Range 31 East, G.&S.R.M.

Sections: 18-21, 27-31, 33, and 34

Township 10 North, Range 31 East, G.&S.R.M.

Sections: 3 and 10

Township 9 North, Range 31 East, G.&S.R.M.

Sections: 3, 10, 15, 22, and 27

B. State of New Mexico

Township 2 North, Range 20 West, NMPM

Sections: 30, 31, and 32

Township 2 North, Range 21 West, NMPM

Sections: 9, 14-16, 21-28, and 33-36

Township 1 North, Range 20 West, NMPM

Sections: 4-9, 16-21, 26, 27, and 28-35

Township 1 North, Range 21 West, NMPM

Sections: 1-4, 9-16, 21-28, and 33-36

Township 1 South, Range 20 West, NMPM

Sections: 2-10, 16-21, and 28-33

Township 1 South, Range 21 West, NMPM

Sections: 1-4, 9-16, 21-28, and 33-36

Township 2 South, Range 20 West, NMPM

Sections: 5-6, 18, and 19

Township 2 South, Range 21 West, NMPM

Sections: 1-4, 9-16, 21-28, and 33-36

Township 3 South, Range 21 West, NMPM

Sections: 3 and 4

The unit area is centered approximately where US Highway 60 intersects the Arizona – New Mexico state line. Upon application of Gary L. Kiehne, this case will be heard De Novo pursuant to the provisions of Rule 1220.

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CASE 12186: **De Novo**

Application of Chesapeake Operating Inc. 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 15, Township 16 South, Range 35 East, in the following manner: (a) the E/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre gas spacing within that vertical extent, including the Townsend-Morrow Gas Pool and the North Shoe Bar-Atoka Gas Pool; (b) the NE/4 to form a standard 160-acre gas spacing and proration for any formations and/or pools developed on 160-acre gas spacing within that vertical extent, including the North Shoe Bar-Wolfcamp Gas Pool; (c) the E/2 NE/4 to form a standard 80-acre oil spacing and proration unit for any formations and/or pools developed on 80-acre oil spacing within that vertical extent; and (d) the SE/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre oil spacing within that vertical extent, including the Townsend-Permo Upper Pennsylvanian Pool. These units are to be dedicated to its Boyce "15" Well No. 1 which will be located at a standard location within Unit H of the section. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs 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 this well. This unit is located approximately 5 ½ miles southwest of the center of the City of Lovington, New Mexico. Upon application of Ameristate Oil & Gas, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 11996: **De Novo**

Application of Pendragon Energy Partners, Inc. and J. K. Edwards Associates, Inc. to confirm production from the appropriate common source of supply, San Juan County, New Mexico. The applicants, pursuant to Rule 3 of the "*Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool*," as promulgated by Division Order No. R-8768, as amended, seeks an order confirming that the following described wells completed within the vertical limits of the WAW-Fruitland Sand-Pictured Cliffs Pool and the Basin-Fruitland Coal (Gas) Pool are producing from the appropriate common source of supply and providing further relief as the Division deems necessary: (i) the Pendragon Energy Partners, Inc. operated Chaco Well Nos. 1, 2-R, 4, and 5 and Chaco Ltd. Well Nos. 1-J and 2-J located in Sections 7 and 18, Township 26 North, Range 12 West and Section 1, Township 26 North, Range 13 West, and (ii) the Whiting Petroleum Corporation operated Gallegos Federal "26-12-6" Well No. 2, Gallegos Federal "26-12-7" Well No. 1, Gallegos Federal "26-13-" Well Nos. 1 and 2, and Gallegos Federal "26-13-12" Well No. 1 located in Sections 6 and 7, Township 26 North, Range 12 West and Sections 1 and 12, Township 26 North, Range 13 West. The area in which these wells are located is approximately 15 miles south-southeast of Farmington, New Mexico. Upon application of Pendragon Energy Partners, Inc., Pendragon Resources, L. P., and J. R. Edwards Associates, Inc.; and Whiting Petroleum Corporation and Maralex Resources, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12033: **De Novo**

Application of Public Service Company of New Mexico for review of Oil Conservation Division directive dated March 13, 1998 directing applicant to perform additional remediation for hydrocarbon contamination, San Juan County, New Mexico. Applicant seeks review of a Division directive dated March 13, 1998 directing applicant to perform additional remediation for hydrocarbon contamination located in the area of the Burlington Resources Hampton Well No. 4M located in Unit N, Section 13, Township 30 North, Range 11 West, and a determination by the division that applicant is not a responsible person for purposes of further investigation or remediation of the contamination. Applicant further seeks a stay of the March 13, 1998 directive pending an order in this matter. The subject area is located approximately 3 miles east-southeast of Aztec, New Mexico. Upon application of Burlington Resources Oil and Gas Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.