

Examiner Hearing – September 2, 1999

Docket No. 27-99

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CASE 12229: Continued from August 19, 1999, Examiner Hearing.

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 12242: In the matter of the hearing called by the Oil Conservation Division for an order creating, contracting, and extending certain pools in Chaves, Lea, and Roosevelt Counties, New Mexico.

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Southwest Anderson Ranch-Wolfcamp Pool. The discovery well is the Nearburg Producing Company Rancho Verde 10 State Well No. 1 located in Unit L of Section 10, Township 16 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
Section 17: SW/4

Further, ASSIGN a discovery allowable of 48,940 barrels of oil to the discovery well to be produced over a two-year period.

- (b) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Abo production and designated as the North Apache Spring-Abo Gas Pool. The discovery well is the Primero Operating Inc. Apache Spring Federal Well No. 1 located in Unit F of Section 34, Township 10 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 30 EAST, NMPM
Section 34: NW/4

- (c) CREATE a new pool in Roosevelt County, New Mexico, classified as an oil pool for San Andres production and designated as the Northeast Bluit-San Andres Pool. The discovery well is the Manzano Oil Corporation Appaloosa Federal Well No. 1 located in Unit J of Section 35, Township 7 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 7 SOUTH, RANGE 37 EAST, NMPM
Section 35: SE/4

- (d) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the Cross Bough-Atoka Gas Pool. The discovery well is the Reliance Operating Company Federal D Well No. 3 located in Unit O of Section 31, Township 9 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM
Section 31: E/2

- (e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the Northeast Cruz-Delaware Pool. The discovery well is the Yates Petroleum Corporation Quay AQU State Well No. 1 located in Unit C of Section 10, Township 23 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM
Section 10: NW/4

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- (f) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the Southwest Diamondtail-Delaware Pool. The discovery well is the Concho Resources Inc. Tomcat 16 State Well No. 2 located in Unit M of Section 16, Township 23 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NJPM

Section 16: SW/4

Section 21: NW/4

- (g) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production and designated as the East Dublin-Devonian Pool. The discovery well is the Yates Petroleum Corporation Ed Powell Unit Well No. 2 located in Unit N of Section 7, Township 26 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 38 EAST, NMPM

Section 7: SE/4 SW/4

- (h) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for San Andres production and designated as the West Eunice-San Andres Gas Pool. The discovery well is the Texaco E&P Inc. V M Henderson Well No. 16 located in Unit E of Section 30, Township 21 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM

Section 30: NW/4

- (i) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Abo production and designated as the Hightower-Abo Gas Pool. The discovery well is the Toco LLC. Tower Well No. 1 located in Unit N of Section 23, Township 12 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM

Section 23: SW/4

- (j) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Canyon production and designated as the Kemnitz-Canyon Pool. The discovery well is the Kaiser Francis Oil Company TCH Ranch 6 Well No. 1 located in Unit X of Section 6, Township 16 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM

Section 6: SE/4

- (k) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Klein Ranch-Morrow Gas Pool. The discovery well is the Louis Dreyfus Natural Gas Toro 33 State Well No. 1 located in Unit G of Section 33, Township 19 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM

Section 33: N/2

- (l) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the North Shoe Bar-Morrow Gas Pool. The discovery well is the Yates Petroleum Corporation Field APK State Com Well No. 3 located in Unit K of Section 2, Township 16 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM

Section 2: Lots 11, 12, 13, 14 and SW/4

- (m) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Glorieta production and designated as the Teague-Glorieta Gas Pool. The discovery well is the Arch Petroleum, Inc. C E Lamunyon Well No. 41 located in Unit M of Section 21, Township 23 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 21: SW/4

- (n) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the Teas-Delaware Pool. The discovery well is the Shackelford Oil Company Tonto Federal Well No. 1 located in Unit H of Section 10, Township 20 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM

Section 10: NE/4