

DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 21, 1999**8:15 A.M. - 2040 South Pacheco****Santa Fe, New Mexico**

Dockets Nos. 33-99 and 34-99 are tentatively set for November 4 and November 18, 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 12264: **Application of Maralo, LLC for an Amendment of Commingling Order CTB-480 to Allow for an Alternate Method of Gas Measurement, Lea County, New Mexico.** Applicant seeks an amendment to Commingling Order CTB-480 and an exception to Division Rules 309-A and 309-B to allocate production based on annual GOR well testing for the following federal leases in the West Corbin-Delaware Pool: Corbin "13" Federal, West Corbin "13" Federal and the Uncle Sam "13" Federal, covering the NE/4 SE/4, S 2 SE/4 and SE/4 NE/4, respectively, of Section 13, Township 18 South, Range 32 East. These leases are located approximately 10 miles southeast of Maljamar, New Mexico.

CASE 12229: **Readvertised - Continued from October 7, 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, 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 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 that 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 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 G) of Section 4 which is 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. The proposed well location is approximately 6.5 miles west-southwest of Loco Hills, New Mexico.

CASE 12265: **Application of OXY USA Inc. for Salt Water Disposal, Eddy County, New Mexico.** Applicant seeks approval to convert its Government Well No. 9, with a surface location of 330 feet from the North line and and 230 feet from the East line (Unit A) and a subsurface location 772 feet from the North line and 660 feet from the East line (Unit A) of Section 10, Township 20 South, Range 28 East, to a salt water disposal well by injection in the perforated interval from 6378 feet to 6619 feet of the Bone Springs formation of the Old Millman Ranch-Bone Spring Associated Pool. This well is located approximately 15 miles east of Seven Rivers, New Mexico.

CASE 11853: **Reopened**

In the matter of Case No. 11853 being reopened pursuant to the provisions of Division Order No. R-10909, which order established temporary special rules and regulations for the Southeast Monument-Abo Gas Pool in Lea County, New Mexico including a provision for a 10,000 to 1 gas-oil ratio. Operators in the subject pool may appear and show cause why the limiting gas/oil ratio for the Southeast Monument-Abo Pool should not revert back to the statewide standard 2,000 to one.

CASE 12231: **Continued from October 7, 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, 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.

1

Examiner Hearing – October 21, 1999

Docket No. 32-99

Page 2 of 5

CASE 12237: **Continued from October 7, 1999 Examiner Hearing.**

Application of Mewbourne Oil Company for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Bone Spring formation to the base of the Morrow formation underlying the W/2 of Section 8, Township 18 South, Range 31 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within this vertical extent, including the Undesignated North Shugart-Atoka Gas Pool and Undesignated North Shugart-Morrow Gas Pool. The unit is to be dedicated to its Fren "8" Fed. Com. Well No. 1, located at an orthodox gas well location in the NW/4 of Section 8. 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 and completing the well. The unit is located approximately 6 1/2 miles southeast of Loco Hills, New Mexico.

CASE 12250: **Readvertised**

Application of Thunderbolt Petroleum, LLC, Inc. for approval of a Waterflood Project and to Qualify the Project for the Recovered Oil Tax Rate, Eddy County, New Mexico. Applicant seeks authority to institute a waterflood project in the Loco Hills Queen-Grayburg-San Andres Pool on its Calmon State Lease, comprising the SW/4 of Section 16, Township 18 South, Range 29 East, by the injection of produced water into the Calmon State Well No. 1, located in Unit L of Section 16 and the Calmon State Well No. 3, located in Unit M of Section 16. Applicant further seeks to qualify the project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). The project is located approximately 8 miles southwest of Loco Hills, New Mexico.

CASE 12261: **Continued from October 7, 1999, Examiner Hearing.**

Application of KCS Medallion Resources, Inc. for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the the base of the Bone Spring formation to the base of the Morrow formation underlying the E/2 of Section 28, Township 21 South, Range 27 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 East Carlsbad-Wolfcamp Gas Pool, Undesignated Burton Flat-Strawn Gas Pool, Undesignated Southeast La Huerta-Atoka Gas Pool, and Burton Flat-Morrow Gas Pool. The unit is to be dedicated to its Esperanza "28" Well No. 1, to be drilled at a location 860 feet from the South line and 1204 feet from the East line (Unit P) of Section 7. 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 and completing the well. The unit is located approximately 3 1/2 miles northeast of Carlsbad, New Mexico.

CASE 12255: **Continued from October 7, 1999, Examiner Hearing.**

Application of Chi Energy, Inc. for Compulsory Pooling, 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 17 South, Range 28 East, in the following manner: the S/2 of Section 4 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 Dog Canyon-Strawn Gas Pool and the Undesignated Southeast Crow Flats-Morrow Gas Pool and; 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. Both units are to be dedicated to its proposed Heavy Harry State Com. Well No. 1, to be drilled at a standard location 660 feet from the South line and 1650 feet from the West line of Section 4. 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 Chi Operating, Inc. as the operator of the well, and a charge for risk involved in drilling and completing the well. The units are located approximately 13 miles east-southeast of Artesia, New Mexico.

CASE 12266: **Application of Santa Fe Snyder Corporation for Approval of a Unit Agreement, Lea County, New Mexico.** Applicant seeks approval of the Outland State Unit Agreement, comprising 1600 acres of state land covering all or parts of Sections 1, 2, 11, and 12, Township 21 South, Range 34 East. The unit is located approximately 10 miles west of Oil Center, New Mexico.

CASE 12244: **Continued from October 7, 1999, Examiner Hearing.**

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 surface to the base of the Morrow formation underlying the following described acreage in Section 7, Township 22 South, Range 26 East, 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 Hackberry Hills-Canyon Gas Pool, Undesignated Happy Valley-Strawn Gas Pool, Undesignated Hackberry Hills-Atoka Gas Pool, and Happy Valley-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 NE/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 Filaree Dome-Delaware Pool and Undesignated Happy Valley-Bone Spring Pool. The units are to be dedicated to its White Tip "7" Fed. Well No. 1 to be located 1550 feet from the South line and 990 feet from the East line (Unit I) of Section 7. 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 west-southeast of Carlsbad, New Mexico.