

DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 2, 1999**8:15 A.M. - 2040 South Pacheco****Santa Fe, New Mexico**

Dockets Nos. 28-99 and 29-99 are tentatively set for September 16 and October 7, 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 11773: Re(opened - Continued from August 19, 1999, Examiner Hearing.)

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 Operators in the subject pool may appear and show cause why the special pool rules should not be rescinded and why the West Maljamar-Devonian Pool should not be developed on statewide 40-acre oil spacing.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 12234: Application of Louis Dreyfus Natural Gas 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 NE/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 NE/4 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing which presently includes the Undesignated South Empire-Wolfcamp Pool; and (d) the SW/4 NE/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 Loco Hills 4 Federal Com Well No. 1, to be drilled 1980 feet from the North line and 1650 feet from the East line (Unit G) 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. The proposed well location is approximately 6.5 miles west-southwest of Loco Hills, New Mexico.

CASE 12235: Application of Louis Dreyfus Natural Gas Corp. 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 2, Township 19 South, Range 28 East, in the following manner: the W/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 Millman-Wolfcamp Gas Pool, Undesignated North Turkey Track-Cisco Gas Pool, Undesignated Millman-Atoka Gas Pool, and Undesignated North Turkey Track-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; the N/2 SW/4 to form a standard 80-acre oil spacing and proration unit for any formations and/or pools developed on 80-acre spacing within that vertical extent, including the Undesignated Travis-Upper Pennsylvanian Pool; and the NE/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, including the Undesignated Artesia Queen-Grayburg-San Andres Pool and Undesignated Palmillo-Bone Spring Pool. The units are to be dedicated to its Turkey Track "2" State Well No. 1 located at an orthodox location 1650 feet from the North and West lines (Unit K) of Section 2. 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 units are located approximately 13 1/2 miles northeast of Lakewood, New Mexico.

CASE 12221: Continued from August 5, 1999, Examiner Hearing.

Application of Yates Petroleum Corporation for Compulsory Pooling, Chaves County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation, the SE/4 of the SE/4 to form a standard 40-acre spacing unit for any formations and/or pools developed on 40-acre spacing and the SE/4 underlying the following acreage Section 17, Township 6 South, Range 26 East; in order to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing, including the Pecos Slope-Abo Gas Pool. This unit is to be dedicated to its Getty "PS" 17 Well No. 2 at an orthodox location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 17. 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 13 miles north of the intersection of U.S. Highway 70 and the Pecos River.

CASE 12219: Continued from August 19, 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.

1

Examiner Hearing – September 2, 1999
Docket No. 27-99
Page 2 of 12

CASE 12236: **Application of Prairie Sun, Inc. for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation through the base of the Morrow formation underlying the E/2 of Section 28, Township 23 South, Range 29 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. The unit is to be dedicated to the existing Laguna Grande Well No. 1 located 1380 feet from the South line and 990 feet from the East line (Unit I) of Section 28. Also to be considered will be the cost of re-entering and recompleting 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 re-entering and recompleting the well. The unit is located approximately 7 1/2 miles east of Lovington, New Mexico.

CASE 12233: **Continued from August 19, 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 surface to the base of the Morrow formation, underlying the following described acreage in Section 18, Township 17 South, Range 29 East, and in the following manner: (a) Lots 2 and 3, the E/2 SW/4, and the SE/4 (S/2 equivalent) to form a standard 293.96-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 Empire-Atoka Gas Pool, Undesignated North Empire-Atoka Gas Pool, and South Empire-Morrow Gas Pool; and (b) the SE/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 this vertical extent. Both units are to be dedicated to a single well, the proposed Empire "18" State Com. Well No. 1 (API No. 30-015-30692), to be drilled 1650 feet from the South line and 990 feet from the East line (Unit I) of Section 18. This location is considered standard for the 160-acre unit and has been approved as an unorthodox gas well location for the South Empire-Morrow Gas Pool by Division Administrative Order NSL-4319, dated June 28, 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 the operator of the well, and a charge for risk involved in drilling the well. The proposed well location is approximately 7.5 miles west of Loco Hills, New Mexico.

CASE 12237: **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 12238: **Application of Mewbourne Oil Company 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 28, Township 21 South, Range 27 East, in the following manner: the W/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 Carlsbad-Wolfcamp Gas Pool, Undesignated La Huerta-Strawn Gas Pool, Undesignated La Huerta-Atoka Gas Pool or Undesignated Southeast La Huerta-Atoka Gas Pool, and Burton Flat-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 NW/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, including the Esperanza-Delaware Pool and Undesignated La Huerta-Wolfcamp Pool. The units are to be dedicated to its Esperanza "28" Fee Com. Well No. 1 to be drilled at an orthodox location in Section 28. 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 units are located approximately 3 miles northeast of Carlsbad, New Mexico.

CASE 12232: **Continued from August 19, 1999, Examiner Hearing.**

Application of Elm Ridge Resources, Inc. for Acreage Rededication, the Formation of Two Non-Standard Gas Spacing and Proration Units, and an unorthodox Coal Gas Well Location, San Juan County, New Mexico. Applicant seeks to rededicate acreage within the Basin-Fruitland Coal (Gas) Pool that is currently dedicated to its: (i) G. H. Callow Well No. 6 (API No. 30-045-20733), located at an unorthodox coal gas well location (approved by Division Administrative Order NSL-477-A, dated June 7, 1996) 2340 feet from the North line and 2420 feet from the East line (Unit G) of Section 28, Township 29 North, Range 13 West, from a standard stand-up 320-acre gas spacing and proration unit that comprises the E/2 of Section 28 to a standard lay-down 320-acre gas spacing and proration unit that comprises the N/2 of Section 28; and (ii) G. H. Callow Well No. 2 (API No. 30-045-07740), located at a standard coal gas well location 890 feet from the North line and 1750 feet from the East line (Unit B) of Section 33, Township 29 North, Range 13 West, from a standard lay-down 320-acre gas spacing and proration unit that comprises the N/2 of Section 33 to a non-standard 320-acre gas spacing and proration unit that comprises the SE/4 of Section 28 and the NE/4 of Section 33. Applicant further seeks to establish a second non-standard 320-acre gas spacing and proration unit within the Basin-Fruitland Coal (Gas) Pool that comprises the SW/4 of Section 28 and the NW/4 of Section 33, in which the coal gas production from the existing Callow Well No. 7 (API No. 30-045-29520), located at an off-pattern unorthodox coal gas well location 850 feet from the North line and 1780 feet from the West line (Unit C) is to be dedicated. This area is located 2 to 3 miles south of Farmington, New Mexico.