

**OIL CONSERVATION DIVISION
ARTESIA, NEW MEXICO
DISTRICT II
NOMENCLATURE ADVERTISEMENT**

In the matter of the application of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department upon its own motion for an order for the creation, discovery allowable assignment and extension of certain existing pools in Eddy County, New Mexico, and giving notice to all persons and parties interested in the subject matter thereof, to show cause why such creation, discovery allowable assignment, and extensions and or deletions should not be made.

(A) Create a new pool in Eddy County, New Mexico classified as an oil pool for Bone Spring production and designated as the Laguna; Bone Spring, South Oil Pool. The discovery well, the Chochiti '28' Federal #1 completed by Concho Resources, Inc., is located in Unit E of Section 28, Township 23 South, Range 29 East, NMPM.

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM ✓

Section 28: NW/4

(B) Create a new pool in Eddy County, New Mexico classified as an oil pool for Delaware production and designated as the Harroun Ranch; Delaware, Northeast Oil Pool. The discovery well, the Cochiti '28' Federal #1 completed by Concho Resources, Inc., is located in Unit E of Section 28, Township 23 South, Range 29 East, NMPM.

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM ✓

Section 28: NW/4

(C) Create a new pool in Eddy County, New Mexico classified as an oil pool for Wolfcamp production and designated as the Logan Draw; Wolfcamp Oil Pool. The discovery well, the Spruce Federal #1 completed by Mack Energy Corporation is located in Unit K of Section 25, Township 17 South, Range 27 East, NMPM.

TOWNSHIP 17 SOUTH, RANGE 27 EAST ✓

Section 25: SW/4

(D) Extend the Artesia; Glorieta-Yeso Oil Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM ✓

Section 33: S/2

(E) Extend the Cedar Canyon; Delaware Oil Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM ✓

Section 23:SE/4

(F) Extend the Crow Flats; Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM ✓

Section 33: N/2

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM ✓

Section 9: S/2

(G) Extend the Empire; Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM ✓

Section 16: S/2

Section 21: NW/4

(H) Extend the Empire; Yeso, East Oil Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM ✓
Section 27: SW/4

(I) Extend the Foor Ranch; Wolfcamp Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM ✓
Section 30: N/2

(J) Extend the Hackberry Hills; Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM ✓
Section 31: E/2 & SW/4

(K) Extend the Hackberry Hills; Canyon Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM ✓
Section 31: E/2 & SW/4

(L) Extend the La Huerta; Delaware Oil Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM ✓
Section 4: Extend Lots 1,2,7,8,9,10,15,16 & SE/4

(M) Extend the Logan Draw; Morrow Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM ✓
Section 16: All
Section 21: N/2

(N) Abolish the Red Lake; Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM ✓
Section 32: E/2

(O) Extend the Ross Draw; Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM ✓
Section 22: S/2

(P) Extend the Sage Draw; Wolfcamp, East Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM ✓
Section 12: SE/4

TOWNSHIP 25 SOUTH, RANGE 27 EAST, NMPM ✓
Section 7: S/2

(Q) Extend the Turkey Track; Morrow, North Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM ✓
Section 19: S/2

DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 7, 1999

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

Dockets Nos. 32-99 and 33-99 are tentatively set for October 21 and November 4, 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 12249: **Application of Navajo Refining Company to modify its discharge plan to change the location of an injection well, Eddy County, New Mexico.** Applicant seeks to modify its discharge plan (# UIC-CLJ-008) to revise the location of its proposed WDW-2 injection well to a well originally drilled as the Amoco Production Company Diamond Federal Gas Com No. 1, located in the NW/4 of Section 12, Township 18 South, Range 27 East. The well is located approximately 10 miles southeast of Artesia, New Mexico.

CASE 12250: **Application of Thunderbolt Petroleum, LLC, Inc. for Approval of a waterflood Project, Eddy County, New Mexico.** Applicant seeks authority to institute a waterflood project on its Cal-Mon (State) lease comprising the SW/4 of Section 16, Township 18 South, Range 29 East, by the injection of produced water into the Loco Hills-Queen-Grayburg-San Andres Pool through its Cal-Mon Wells No. 1 and 3 located in Units "L" and "M", respectively, of Section 16. The proposed project area is located approximately 7 miles southwest of Loco Hills, New Mexico.

CASE 12246: **Continued from September 16, 1999, Examiner Hearing.**

Application of Snow Oil & Gas, Inc. for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation which includes the Esperanza-Delaware Pool, underlying the NW/4 SW/4 for all formations developed on 40-acre spacing in Section 28, Township 21 South, Range 27 East. Applicant proposes to dedicate this pooled unit to a well to be drilled at a standard location (Unit L) in the NW/4 SW/4 of Section 28 to test any and all formations to the base of the Bone Spring formation. 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 2 miles northeast of the City of Carlsbad, New Mexico.

CASE 12251: **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 Lots 1, 2, S/2 NE/4, SE/4 (E/2 equivalent), of Section 4, Township 25 North, Range 2 West. The unit is to be dedicated to its Elk Com 4 Well No. 1 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 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 applicant as the operator of the well, and a charge for risk involved in drilling and completing the well. The unit is located approximately 9 miles north of Lindrith, New Mexico.

CASE 12235: **Continued from September 16, 1999, Examiner Hearing.**

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 12234: **Continued from September 16, 1999, Examiner Hearing.**

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 12252: **Application of Enron Oil & Gas Company for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian Chester formation underlying the following described acreage in Section 4, Township 17 South, Range 28 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 Dog Canyon-Strawn Gas Pool and the Undesignated Southeast Crow Flats-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; the E/2 SE 4 to form a standard 80-acre spacing and proration unit for any formations and/or pools developed on 80-acre spacing within that vertical extent; and the SE/4 SE 4 to form a standard 40-acre spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent. Applicant proposes to dedicate these pooled units to its Artrak State Com. Well No. 1 to be drilled at a standard location 660 feet from the South and East lines (Unit P) 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 applicant 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 northwest of Loco Hills, New Mexico.

CASE 12194: **Continued from September 16, 1999, Examiner Hearing.**

Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NW/4 SE/4 (Unit J) of Section 3, Township 20 South, Range 33 East, thereby forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, which presently includes the Undesignated Teas-Yates-Seven Rivers Pool and the Undesignated West Teas-Yates-Seven Rivers Pool. The unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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 risk involved in drilling the well. The proposed 40-acre unit is located approximately 1.25 miles north of U. S. Highway 62-180 at mile marker No. 77.

CASE 12196: **Continued from September 16, 1999, Examiner Hearing.**

Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the SW/4 SE/4 (Unit O) of Section 3, Township 20 South, Range 33 East, thereby forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, which presently includes the Undesignated Teas-Yates-Seven Rivers Pool and the Undesignated West Teas-Yates-Seven Rivers Pool. This unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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 risk involved in drilling the well. The proposed 40-acre unit is located approximately 1 mile north of U. S. Highway 62-180 at mile marker No. 77.

CASE 12229: **(Readvertised)**

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 12253: **Application of Burlington Resources Oil & Gas Company for an unorthodox gas well location and a non-standard gas proration unit, San Juan County, New Mexico.** Applicant seeks to establish a non-standard 160-acre gas spacing and proration unit within the Fulcher Kutz-Pictured Cliffs Pool comprising the SW/4 SW/4 (Unit M) of Section 17, the SE/4 SE/4 (Unit P) of Section 18, the NE/4 NE/4 (Unit A) of Section 19, and the NW/4 NW/4 (Unit D) of Section 20, all in Township 29 North, Range 11 West, which is located approximately one mile west-northwest of Bloomfield, New Mexico. This unit is to be dedicated to the proposed McDaniel Well No. 1-R to be drilled at an unorthodox gas well location 1150 feet from the South line and 1235 feet from the West line (Unit M) of Section 17.

CASE 12254: **Application of Maralo, LLC for an Exception to Division Rules 305 and 309 to Permit Lease Commingling and Approval of a Central Delivery Point, Lea County, New Mexico.** Applicant seeks an exception to Division Rules 305 and 309 to permit lease commingling of West Corbin-Delaware Pool gas production from 5 wells located in the SE/4 NE/4 and SE/4 of Section 13, Township 18 South, Range 32 East, without separately metering production from each well. Applicant also requests approval of a central delivery point for the gas production, to be located in the SE/4 SE/4 of Section 13. The lands are located approximately 8 1/2 miles south-southeast of Maljamar, New Mexico.

CASE 12245: **Continued from September 16, 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 10, Township 17 South, Range 28 East, in the following manner: the S/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 Dog Canyon-Strawn Gas Pool and the Undesignated Southeast Crow-Flats-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 SW/4 SW/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40 acres within that vertical extent. The units are to be dedicated to its Coal Train Fed. Com. Well No. 1 to be drilled at a location 990 feet from the South and West lines (Unit M). 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 13.5 miles east of Artesia, New Mexico.

CASE 12255: **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 12233: **Continued from September 16, 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: **Continued from September 16, 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 12256:** **Application of E.G.L. Resources, Inc. for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Yates formation underlying the NW/4 of Section 27, Township 20 South, Range 28 East, 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, including the Undesignated South Burton-Yates Gas Pool. This unit is to be dedicated to a well to be drilled at a standard gas well location thereon. 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 9.5 miles north-northeast of Carlsbad, New Mexico.
- CASE 12257:** **Application of E.G.L. Resources, Inc. for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Yates formation underlying the NW/4 of Section 23, Township 20 South, Range 28 East 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, including the Russell-Lower Yates Gas Pool. This unit is to be dedicated to a well to be drilled at a standard gas well location thereon. 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 11 miles north-northeast of Carlsbad, New Mexico.
- CASE 12258:** **Application of Schalk Development Co. for an Exception To the Well Density Requirements of Division Order No. R-10987-A to Permit Two Blanco-Mesaverde Gas Pool Wells in the Same Quarter-Quarter Section, Rio Arriba County, New Mexico.** Applicant seeks approval of an exception to the special rules for the Blanco-Mesaverde Gas Pool to permit the Schalk 54 Well No. 1E and Schalk 54 Well No. 2, both located in Unit I of Section 2, Township 30 North, Range 5 West, to produce from the Blanco-Mesaverde Gas Pool. The E/2 of Section 2 will be dedicated to the wells. The unit is located approximately 18 miles west-southwest of Dulce, New Mexico.
- CASE 12259:** **Application of Southwestern Energy Production 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 36, Township 17 South, Range 27 East, in the following manner: 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 that vertical extent, including the Undesignated North Illinois Camp-Morrow Gas Pool; and 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, including the Logan Draw-Wolfcamp Gas Pool and the Undesignated Empire-Pennsylvanian Gas Pool. The units are to be dedicated to its Bluff "36" State Com Well No. 1, to be drilled at a location 660 feet from the North line and 1350 feet from the West line (Unit C) of Section 36, as well as any other well drilled within the 320 acre unit pursuant to Division rules. 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 units are located approximately 10 miles southeast of Artesia, New Mexico.
- CASE 12260:** **Application of KCS Medallion Resources, 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 7, Township 24 South, Range 25 East, in the following manner: Lots 3, 4, E/2 SW/4, and the SE/4 of Section 7 to form a standard 319.80-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated Mosley Canyon-Strawn Gas Pool, Undesignated Baldrige Canyon-Morrow Gas Pool; and Lots 3, 4, and the E/2 SW/4 of Section 7 to form a standard 159.80-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent. The units will be dedicated to its State Com. 7 Well No. 2, to be drilled at a location 1800 feet from the South line and 1980 feet from the West line (Unit K) 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 the risk involved in drilling and completing the well. The units are located approximately 5.5 miles northwest of Whites City, New Mexico.
- CASE 12261:** **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 12262:** **Application of Burk Royalty Co. for approval of a Waterflood Project and to Qualify the Project for the Recovered Oil Tax Rate Pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.** Applicant seeks approval to institute a waterflood project in the Lynch Yates-Seven Rivers Pool on its Neal Fee Lease, comprising the NE 4 of Section 35, Township 20 South, Range 34 East, by the injection of water at pressures of up to 1500 psi into the Neal Well No. 3, located in Unit A of Section 35. Applicant further seeks to qualify the project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Sections 7-29A-1 through 7-29A-5, NMSA 1978). The project is located approximately 16 miles west-northwest of Oil Center, New Mexico.

CASE 12231: **Continued from August 19, 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.

CASE 12203: **Continued from September 16, 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.

CASE 12204: **Continued from September 16, 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 SW/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. 2, to be drilled at an orthodox oil well location 660 feet from the South line and 1650 feet from the East line (Unit O) 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 miles northeast of the intersection of State Highway 176 and U.S. Highway 62/180.

CASE 12205: **Continued from September 16, 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 Morrow formation underlying the following described acreage in Section 3, Township 20 South, Range 33 East, in the following manner: the S/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 Gem-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 NW/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 Teas Yates-Seven Rivers Pool. These units are to be dedicated to applicant's Viper 3 Fed. Well No. 2, located 1650 feet from the South line and 1980 feet from the East line (Unit J) 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 the risk involved in drilling and completing the well. The unit is located approximately 4.5 miles northeast of Loco Hills, New Mexico.

CASE 12103: Continued from September 16, 1999, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. and E.G.L. Resources, Inc. to reopen Case No. 12103 and for compulsory pooling, Lea County, New Mexico. Applicant seeks an order reopening Case No. 12103 and pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the SE/4 SE/4 of Section 3, Township 20 South, Range 33 East, 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 Teas-Yates-Seven Rivers Pool. The unit is to be dedicated to a well to be drilled at an orthodox oil well location in the SE/4 SE/4 (Unit P) 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.

CASE 12244: Continued from September 16, 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.

CASE 12086: Consolidated – Continued from September 16, 1999, Examiner Hearing.

Application of Yates Petroleum Corporation and Hanley Petroleum Inc. for allowable reduction and the escrow of production proceeds, Lea County, New Mexico. Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

CASE 12086: Consolidated - Continued from September 16, 1999, Examiner Hearing.

Application of Energen Resources Corporation for allowable reduction and the escrow of production proceeds, Lea County, New Mexico. Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and Snyder "C" Well No. 4, and the Snyder "EC" Com Well No. 1, less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

CASE 12263: In the matter of the hearing called by the Oil Conservation Division for an order creating, abolishing, and extending certain pools in Chaves and Eddy Counties, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Northeast Harroun Ranch-Delaware Pool. The discovery well is the Concho Resources, Inc. Cochit: "28" Federal Well No. 1 completed in Unit E of Section 28, Township 23 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM
Section 28: NW/4

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the South Laguna-Bone Spring Pool. The discovery well is the Concho Resources, Inc. Cochiti "28" Federal Well No. 1 located in Unit E of Section 28, Township 23 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM
Section 28: NW/4

- (c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Logan Draw-Wolfcamp Pool. The discovery well is the Mack Energy Corporation Spruce Federal Well No. 1 located in Unit K of Section 25, Township 17 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 25: SW/4

- (d) ABOLISH the Red Lake-Morrow Gas Pool in Eddy County, New Mexico, comprising the following described area:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 32: E/2

- (e) EXTEND the Artesia-Glorieta-Yeso Pool in Eddy County, New Mexico, to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 33: S/2

- (f) EXTEND the Cedar Canyon-Delaware Pool in Eddy County, New Mexico, to include:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 23: SE/4

- (g) EXTEND the Crow Flats-Morrow Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 33: N/2

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 9: S/2

- (h) EXTEND the Empire-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 16: S/2
Section 21: NW/4

- (i) EXTEND the East Empire-Yeso Pool in Eddy County, New Mexico, to include:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 27: SW/4

- (j) EXTEND the Foor Ranch-Wolfcamp Gas Pool in Chaves County, New Mexico, to include:

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM
Section 30: N/2

- (k) EXTEND the Hackberry Hills-Atoka Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 31: E/2 and SW/4

- (l) EXTEND the Hackberry Hills-Canyon Gas Pool in Eddy County, New Mexico, to include:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 31: E/2 and SW/4

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- (m) EXTEND the La Huerta-Delaware Pool in Eddy County, New Mexico, to include:
TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 4: Lots 1, 2, 7, 8, 9, 10, 15, 16 and SE/4
- (n) EXTEND the Logan Draw-Morrow Gas Pool in Eddy County, New Mexico, to include
TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 16: All
Section 21: N/2
- (o) EXTEND the Ross Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, to include:
TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
Section 22: S/2
- (p) EXTEND the East Sage Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, to include:
TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 12: SE/4
TOWNSHIP 25 SOUTH, RANGE 27 EAST, NMPM
Section 7: S/2
- (q) EXTEND the North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include:
TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 19: S/2

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

DOCKET: COMMISSION HEARING - THURSDAY - OCTOBER 14, 1999

9:00 A.M. - OCD Hearing Room
2040 S. Pacheco
Santa Fe, New Mexico

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

The minutes of the September 23, 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.

CASE 12186: ***De Novo - Continued from September 23, 1999, Commission Hearing.***

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 1/2 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 12148: ***De Novo***

Application of The Wiser Oil Company to qualify the Skelly Unit Area Waterflood Expansion Project for the Recovered Oil Tax Rate, Eddy County, New Mexico. Applicant seeks to qualify the Skelly Unit Area Waterflood Expansion Project (Grayburg-Jackson Pool) for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act (Sections 7-29A-1 through 7-29A-5, NMSA 1978). The unit area covers all or part of Sections 13, 14, 21-23, and 26-28, Township 17 South, Range 31 East. The unit area is centered approximately 1 mile east-northeast of the intersection of U.S. Highway 82 and State Highway 529. Upon application of The Wiser Oil Company, this case will be heard De Novo pursuant to the of Rule 1220.

CASE 12149: ***De Novo***

Application of The Wiser Oil Company to qualify the State "D" Lease Waterflood Expansion Project for the recovered oil tax rate, Eddy County, New Mexico. Applicant seeks to qualify the State "D" Lease Waterflood Expansion Project (Grayburg-Jackson Pool) covering part of Section 26, Township 17 South, Range 31 East, for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act (Sections 7-29A-1 through 7-29A-5, NMSA 1978). The lease is located approximately 2 miles east-southeast of the intersection of U.S. Highway 82 and State Highway 529. Upon application of The Wiser Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12150: ***De Novo***

Application of The Wiser Oil Company to qualify the State "AZ" Lease Waterflood Expansion Project for the recovered oil tax rate, Eddy County, New Mexico. Applicant seeks to qualify the State "AZ" Lease Waterflood Expansion Project (Grayburg-Jackson Pool), covering the SW/4 SW/4 of Section 16, Township 17 South, Range 31 East, for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act (Sections 7-29A-1 through 7-29A-5, NMSA 1978). The lease is located approximately 1 mile north-northwest of the intersection of U.S. Highway 82 and State Highway 529. Upon application of The Wiser Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.