

CASE 12289:

Application of Gillespie Oil, Inc. and Energen Resources Corporation to Amend Division Order No. R-10864-A for Unit Expansion, Statutory Unitization, and Qualification Of the Expanded Unit area for the Recovered Oil Tax Rate And Certification of a Positive Production Response Pursuant To the "New Mexico Enhanced Oil Recovery Act," Lea County, County, New Mexico. Applicants seek to amend Division Order No. R-10864-A to expand the West Lovington Strawn Unit and unitizing all mineral interests in the designated and undesignated West Lovington-Strawn Pool underlying all or parts of Sections 28, 32, 33, 34, and 35, Township 15 South, Range 35 East; Section 1, Township 16 South, Range 36 East, comprising 2612.90 acres, more or less, of state, federal, and fee lands. Among the matters to be considered at the hearing, pursuant to the New Mexico Statutory Unitization Act, NMSA 1978 Sections 70-7-1 et seq., will be: The necessity of unit operations; the determination of horizontal and vertical limits of the expanded unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investments, to each of the tracts in the expanded unit area; the determination of credits and charges to be made among the various interest owners in the expanded unit area for their investment in wells and equipment; appropriate amendments to the Unit Agreement and Unit Operating Agreement; and such other matters as may be necessary and appropriate. Applicants further seek to qualify the expanded unit area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act," NMSA 1978 Sections 7-29A-1 through 7-29A-5, and to certify five wells within the expanded unit area for a positive production response. The unit is located approximately 4 miles northwest of Lovington, New Mexico.

CASE 12276:

Continued from November 4, 1999, Examiner Hearing.

Application of Burlington Resources Oil & Gas Company for Compulsory Pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Mesaverde formation and the Chacra formation underlying the following described acreage within Section 36, Township 27 North, Range 8 West, in the following manner: (i) a 320-acre gas spacing unit consisting of the W/2 of this section for gas production from the Blanco-Mesaverde Gas Pool to be dedicated to the proposed Brookhaven Com Well No. 8 to be located in the NW/4 and to the Brookhaven Com Well No. 8-A to be located in the SW/4 of this section; (ii) for a standard 160-acre gas spacing unit consisting of the NW/4 of this section for gas production from the Otero-Chacra Gas Pool to be dedicated to the Brookhaven Com Well No. 8; and (iii) for a standard 160-acre gas spacing unit consisting of the SW/4 of this section for gas production from the Otero-Chacra Gas Pool to be dedicated to the Brookhaven Com Well No. 8-A. The units are to be dedicated to Burlington Resources Oil & Gas Company's Brookhaven Com Wells No. 8 and 8-A which are to be drilled as dual completions at standard gas well locations within these quarter sections. Also to be considered will be the costs of drilling and completing the wells and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the wells, and a charge for risk involved in drilling and completing the wells. The wells are located approximately 15 miles northeast of the El Huerfano Trading Post on New Mexico State Highway 44.

CASE 12277:

Continued from November 4, 1999, Examiner Hearing.

Application of Burlington Resources Oil & Gas Company for Compulsory Pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Mesaverde formation within the E/2 of Section 16, Township 31 North, Range 11 West for a 320-acre gas spacing unit consisting of the E/2 of this section for gas production from the Blanco-Mesaverde Gas Pool to be dedicated to the proposed Brookhaven Com B Well No. 3B to be located in the NE/4 SE/4 of Section 16. 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 5 miles north of Aztec, New Mexico.

CASE 12290:

Application of Burlington Resources Oil & Gas Company to amend the Special Rules and Regulations for the Basin-Dakota Gas Pool for purposes of changing well location requirements for Dakota Wells, Rio Arriba and San Juan Counties, New Mexico. Applicant seeks to amend Rule 2(d) of the Special Rules and Regulations for the Basin-Dakota Gas Pool set forth in Division Order No. R-8170, as amended, in order to: (a) change the initial and infill well location boundary requirements to not closer than 660 feet to any outer boundary of a gas proration and spacing unit and to not closer than 10 feet to any quarter-quarter section line or subdivision inner boundary; (b) delete the 920 foot minimum distance between wells; and (c) add well location requirements for federal exploratory units.

CASE 12291:

Application of Yates Petroleum Corporation for an Unorthodox Gas Well Location, Lea County, New Mexico. Applicant seeks an exception to Division Rule 104.C(2), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, to re-enter and deepen the plugged and abandoned R. L. Burns Corporation Witt Well No. 1 (API No. 30-025-24559) to be redesignated the R. T. Burns "ATL" Well No. 1, to the Mississippian formation at an unorthodox gas well location 330 feet from the South and East lines (Unit P) of Section 11, Township 16 South, Range 35 East. The E/2 of Section 2 is to be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit for the Undesignated North Townsend-Mississippian Gas Pool. This unit is located approximately one mile southwest of the Lovington Lea County – Zip Franklin Memorial Airport.

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CASE 12256: Continued from November 4, 1999, Examiner Hearing.

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: Continued from November 4, 1999, Examiner Hearing.

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 12268: Continued from November 4, 1999, Examiner Hearing.

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 Morrow formation underlying the W/2 of Section 4, Township 20 South, Range 27 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent. The unit is to be dedicated to its Trigg Federal Well No. 1, to be drilled at an orthodox location in the W/2 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 5 miles east-southeast of Lakewood, New Mexico.

CASE 12278: Continued from November 4, 1999, Examiner Hearing.

Application of Pride Energy Company for Division rescission of approval of a change of operator, Lea County, New Mexico. Applicant seeks a Division order rescinding its October 5, 1999 approval of a request by EGL Resources Inc. for a change of operator (Division form C-104) from Pride Energy Company to EGL Resources, Inc. for the Arco State Well No. 1 located in Unit P, Section 16, Township 18 South, Range 35 East, Lea County, New Mexico. This well is located approximately 19 miles west of Hobbs, New Mexico.

CASE 12086: Consolidated – Continued from October 7, 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 October 7, 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.