

Examiner Hearing – December 2, 1999

Docket No. 36-99

Page 4 of 6

CASE 12275: Continued from November 18, 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 in all formations developed on 320-acre spacing in the S/2 including but not limited to the East Gem-Morrow Gas Pool, in all formations developed on 160-acre spacing in the SE/4, in all formations developed on 80-acre spacing in the N/2 SE/4, and in all formations developed on 40-acre spacing in the NW/4 SE/4 of Section 13, Township 19 South, Range 33 East. The units are to be dedicated to its Stetson 13 Federal Com Well. No. 1 to be drilled at a standard location 1650 feet from the South and East lines of Section 13 to a depth sufficient to test all formations from the surface to the base of the Morrow 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 Nearburg Producing Company as the operator of the well, and a charge for risk involved in drilling and completing the well. These units are located approximately 9 miles northeast of Halfway, New Mexico.

CASE 12299: **Application of Redwolf Production, Inc. for compulsory pooling, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the following described acreage in Section 36, Township 26 North, Range 13 West, in the following manner: (a) the N/2 for all formations and/or pools developed on 320-acre spacing within that vertical extent including the Basin-Fruitland Coal Gas Pool; (b) the NE/4 for all formations and/or pools developed on 160-acre spacing within that vertical extent including the Undesignated WAW-Fruitland Sand-Pictured Cliffs Pool; and (c) the NE/4 NE/4 for all formations and/or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to its Bear Well No. 1 to be drilled at a standard location in the NE/4 NE/4 (Unit A) of Section 36. 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 Redwolf Production, Inc. Company as operator of the well and a charge for risk involved in drilling and completing the well. The area is located approximately 16 miles southwest of Farmington, New Mexico.

CASE 12300: **Application of EOG Resources, Inc. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Pennsylvanian formation underlying the N/2 of Section 15, Township 25 South, Range 33 East, to form a standard 320-acre spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent including the Draper Mill-Wolfcamp Gas Pool. Applicant proposes to dedicate this pooled unit to its Ochoa "15" Federal Well No. 2 to be drilled at a standard location 1700 feet from the North line and 1760 feet from the West line (Unit F) of Section 15. 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 and completing the well. The area is located approximately 20 miles southwest of Jal, New Mexico.

CASE 12284: Continued from November 18, 1999, Examiner Hearing.

Application of McElvain Oil & Gas Properties, Inc. for Compulsory Pooling and an Unorthodox Well Location, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Pictured Cliffs formation to the base of the Dakota formation, underlying the following described acreage in Section 33, Township 26 North, Range 2 West, in the following manner: (a) the S/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 Blanco-Mesaverde Pool, Basin-Dakota Pool, and Undesignated Gavilan Greenhorn-Graneros-Dakota Oil Pool; (b) the SE/4 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within this vertical extent which presently includes but is not necessarily limited to the Undesignated Northeast Ojito Gallup-Dakota Oil Pool; and (c) the NW/4 SE/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. All three units are to be dedicated to a single well, the proposed Cougar Com. "33" Well No. 1, to be drilled 1970 feet from the South line and 2125 feet from the East line (Unit J) of Section 33. This location: (i) is considered standard for the Blanco-Mesaverde Pool and for all formation spaced on 40 acres; (ii) is unorthodox for the Undesignated Gavilan Greenhorn-Graneros-Dakota Oil Pool and for all formation spaced on 160 acres; and (iii) has been approved as an unorthodox gas well location for the Basin-Dakota Pool by Division Administrative Order NSL-4370, dated October 25, 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 9 miles north of Lindrieth, New Mexico.

CASE 12301: **Application of SDX Resources, Inc. for an unorthodox infill gas well location, Lea County, New Mexico.** Applicant seeks an exception to the well location requirements provided within the "Special Rules and Regulations for the Jalmat Gas Pool", as promulgated by Division Order No. R-8170, as amended, for an unorthodox Jalmat infill gas well location within an existing non-standard 114.41-acre gas spacing and proration unit (approved by Division Order No. R-6245, dated January 16, 1980) comprising Lots 3 and 4 (W/2 SW/4 equivalent) of Section 31, Township 24 South, Range 37 East, and Lot 4 (NE/4 NE/4 equivalent) of Section 6, Township 25 South, Range 37 East, which is located approximately 3.5 miles north by west of Jal, New Mexico. The proposed Jalmat Federal Com. Well No. 2 is to be drilled 1650 feet from the South line and 760 feet from the West line (Lot 3/Unit L) of Section 31. This unit is currently dedicated to SDX Resources, Inc.'s Jalmat Federal Com. Well No. 1 (API No. 30-025-26701) located at an unorthodox gas well location (also approved by Division Order No. R-6245) 590 feet from the North line and 660 feet from the West line (Lot 4/Unit D) of Section 6.

Examiner Hearing – December 2, 1999

Docket No. 36-99

Page 3 of 6

CASE 12277: Continued from November 18, 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 12296: **Application of Burlington Resources Oil & Gas Company to amend Rule 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool for purposes of changing well location requirements for coal gas wells, San Juan, Rio Arriba, McKinley and Sandoval Counties, New Mexico.** Applicant seeks to amend Rule 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool to: (a) change the well location boundary requirements from not closer than 790 feet to not closer than 660 feet to any outer boundary of a spacing unit and from not closer than 130 feet to not closer than 10 feet to any quarter-quarter section line or subdivision inner boundary; and (b) to add well location requirements for federal exploratory units.

CASE 12291: Continued from November 18, 1999, Examiner Hearing.

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.

CASE 12297: **Application of David H. Arrington Oil and 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 Morrow formation underlying the following described acreage in Section 28, Township 20 South, Range 24 East, in the following manner: (a) the W/2 for all formations and/or pools developed on 320-acre spacing within that vertical extent including the Undesignated Foster Ranch-Morrow Gas Pool; (b) the SW/4 for all formations and/or pools developed on 160-acre spacing within that vertical extent; (c) the N/2 SW/4 for all formations and/or pools developed on 80-acre spacing; within that vertical extent; and (d) the NE/4 SW/4 for all formations and/or pools developed on 40-acre spacing within that vertical extent. Applicant proposes to dedicate these pooled units to its Orange Stimulator Caddis Federal Com Well No. 1 to be drilled at a standard gas well location 1650 feet from the South line and 1980 feet from the West line (Unit K) of 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 operator of the well and a charge for risk involved in drilling the well. The area is located approximately 20 miles southeast of Hope, New Mexico.

CASE 12298: **Application of Manzano Oil Corporation for approval of a unit agreement, Lea County, New Mexico** Applicant seeks approval of the Sand Springs State Unit for an area comprising 480 acres, more or less, of state lands in portions of Sections 34 and 35, Township 10 South, Range 34 East, which is located approximately 12 miles northwest of Tatum, New Mexico.

CASE 12285: Continued from November 18, 1999, Examiner Hearing.

Application of Nearburg Exploration, Company, LLC. 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 N/2 for all formations developed on 320-acre spacing including but not limited to the Undesignated San Simon Wolfcamp Gas Pool, the NW/4 for all formations developed on 160-acre spacing, the N/2 NW/4 for all formations developed on 80-acre spacing, and the NW/4 NW/4 for all formations developed on 40-acre spacing, all in Section 17, Township 22 South, Range 35 East. Applicant proposes to dedicate these pooled units to a well to be drilled at a standard gas well in the NW/4 NW/4 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 Nearburg Producing Company as operator of the well, and a charge for risk involved in drilling and completing the well. The area is located approximately 10.5 miles southwest of Oil Center, New Mexico.

CASE 12286: Continued from November 18, 1999, Examiner Hearing.

Application of Nearburg Exploration Company L.L.C. for an Unorthodox Gas Well Location, Eddy 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 drill its South Boyd "27" Well No. 10 to the Morrow formation at an unorthodox gas well location 510 feet from the North line and 990 feet from the East line (Unit A) of Section 27, Township 19 South, Range 25 East. The N/2 of Section 27 is to be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit for the Undesignated Cemetery-Morrow Gas Pool. This unit is located approximately 6 miles west of Lakewood, New Mexico.