

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 16, 1999

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 1-00 and 2-00 are tentatively set for January 6 and January 20, 2000. 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 12305: Application of Trilogy 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 Drinkard formation underlying the SW/4 NE/4 of Section 1, Township 20 South, Range 38 East, to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing, including the House-Yates-Seven Rivers Pool, House-San Andres Pool, House-Blinbry Pool, East House-Tubb Pool, North House-Tubb Pool, House-Tubb Gas Pool and the House-Drinkard Pool. This unit is to be dedicated to its Dreesen Well No. 1 to be drilled and completed at a standard well location in Unit G of Section 1. Also to be considered will be the costs of drilling and completing the well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of the applicant as the operator of the well and a charge for the risk involved in drilling and completing this well. This well is located approximately 2 1/2 miles southeast of Nadine, New Mexico.

CASE 12294: Continued from December 2, 1999, Examiner Hearing.

Application of David H. Arrington Oil & Gas, Inc. for a special project allowable for a directional wellbore or, in the alternative, to amend Rule 6 of the special pool rules for the North Shoe Bar-Strawn Pool, Lea County, New Mexico. Applicant seeks, effective as of October 1, 1999, the assignment of a special project oil allowable of 890 barrels of oil per day for its Mayfly "14" State Com Well No. 2, a directional wellbore located in Units A and B of Section 14, Township 16 South, Range 35 East, or, in the alternative, to amend Rule 6 of the special pool rules for the North Shoe Bar-Strawn Pool, effective as of October 1, 1999, to increase the depth bracket oil allowable from 605 barrels of oil per day to 890 barrels of oil per day. This pool is located within portions of Section 13, Township 16 South, Range 35 East, and is approximately 4 miles southeast of Lovington, New Mexico.

CASE 12276: Continued from December 2, 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 December 2, 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 12237: Continued from November 18, 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 12306: **Application of Mewbourne Oil Company to abolish the Special Rules and Regulations for the South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.** Applicant seeks an order abolishing the special rules and regulations for the South Carlsbad-Morrow Gas Pool so that the well location and infill well requirements of Statewide Rule 104 (instituted by Order No. R-11231) apply. The subject pool covers parts of Townships 22, 23 and 24 South, Ranges 26 and 27 East. The pool covers an area 4 to 8 miles wide stretching south 12 miles from Carlsbad, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12307: **Application of Nadel and Gussman Permian, 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 Atoka formation underlying the N/2 of Section 15, Township 16 South, Range 33 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. The unit is to be dedicated to its proposed Sombrero State Com. Well No. 1 to be drilled at a standard gas well location 990 feet from the North line and 1980 feet from the West line (Unit C) of Section 15. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of the applicant as the operator of the well and a charge for the risk involved in drilling and completing the well. The unit is located approximately 8 miles northeast of Maljamar, New Mexico.

CASE 12293: **Continued from December 2, 1999, Examiner Hearing.**

Application of Pogo Producing Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation underlying the following described acreage in Section 18, Township 20 South, Range 25 East, in the following manner: The E/2 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 Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool; and 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 units are to be dedicated to applicant's Osage Well No. 1, located 1830 feet from the South line and 1980 feet from the East line (Unit J) of Section 18. Also to be considered will be the cost of 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 recompleting the well. The units are located approximately 6 miles west-southwest of Seven Rivers, New Mexico.

CASE 12308: **Application of Pogo Producing Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco Canyon formation underlying the following described acreage in Section 18, Township 20 South, Range 25 East, in the following manner: (a) Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) to form a standard 319.20-acre spacing and proration unit for any formations and/or pools developed on 320-acre spacing within this vertical extent, including the Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool; and (b) 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 this vertical extent. Both units are to be dedicated to its plugged and abandoned W. W. Buchanan Osage Com. Well No. 1 (API No. 30-015-21451), located 1830 feet from the South line and 1980 feet from the East line (Unit J) of Section 18. Also to be considered will be the cost of re-entry, completing, and equipping the well 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 the re-entry of this wellbore. The units are located approximately 6 miles west-southwest of Seven Rivers, New Mexico.

CASE 12309: **Application of Pogo Producing Company for a non-standard gas spacing and proration unit and an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks an exception to the well location and spacing requirements provided within the "Special Rules and Regulations for the McMillan-Morrow Gas Pool," set forth in Division Order No. R-2917, as amended, for (i) the formation of a non-standard 318.82-acre gas spacing and proration unit comprising Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) of Section 7, Township 20 South, Range 27 East, which is located approximately 6 miles southeast of Lakewood, New Mexico; and (ii) to dedicate this unit to its proposed Davis "7" Well No. 1 to be drilled at an unorthodox gas well location 660 feet from the South and West lines (Lot 4/Unit M) of Section 7.

CASE 12285: **Continued from December 2, 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.

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

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RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

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September 30, 1999

HAND DELIVERED

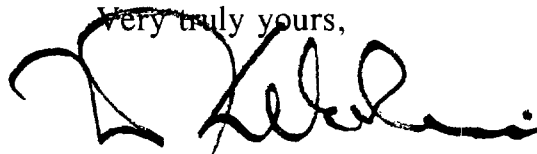
Ms. Lori Wrotenbery, Director
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

**Re: Dreessen Well No. 1
Application of Trilogy Operating, Inc.
for Compulsory Pooling
Lea County, New Mexico**

Dear Ms. Wrotenbery:

On behalf of Trilogy Operating, Inc., please find enclosed our referenced application which we request be set for hearing on the Examiner's docket now scheduled for December 16, 1999. Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,



W. Thomas Kellahin

cc: Trilogy Operating, Inc.
Attn: Jerry Weant

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CASE ____ : Application of Trilogy 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 Drinkard formation underlying the SW/4NE/4 of Section 1, T20S, R38E, NMPM, Lea County, New Mexico, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools spaced on 40-acre spacing, including but not limited to the House Yates-Seven Rivers Pool, House San Andres Pool, House Blinebry Pool, East House Tubb Pool, North House Tubb Pool, House Tubb Gas Pool and the House Drinkard Pool. This unit is to be dedicated to its Dreessen Well No. 1 to be drilled and completed at a standard well location in Unit G of Section 1. Also to be considered will be the costs of drilling and completing said well 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 well and a charge for risk involved in said well.

The proposed well is located approximately 2-1/2 miles southeast from Nadine, New Mexico.

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE APPLICATION
OF TRILOGY OPERATING, INC.
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

CASE NO. 1220

A P P L I C A T I O N

TRILOGY OPERATING, INC. by its attorneys, Kellahin & Kellahin, and in accordance with Section 70-2-17(c) (1978) applies to the New Mexico Oil Conservation Division for an order pooling all mineral interests from the surface to the base of the Drinkard formation underlying the SW/4NE/4 of Section 1, T20S, R38E, NMPM, Lea County, New Mexico, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools spaced on 40-acre spacing, including but not limited to the House Yates-Seven Rivers Pool, House San Andres Pool, House Blinebry Pool, East House Tubb Pool, North House Tubb Pool, House Tubb Gas Pool and the House Drinkard Pool. This unit is to be dedicated to its Dreessen Well No. 1 to be drilled and completed at a standard well location in Unit G of Section 1. 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 the operator of the well and a charge for risk involved in this well.

In support of its application, Trilogy Operating, Inc. states:

1. Trilogy Operating, Inc. has a working interest ownership in the oil and gas minerals from the surface to the base of the Drinkard formation underlying the SW/4NE/4 of Section 1, T20S, R38E, NMPM, Lea County, New Mexico.

2. The subject tract is located within the House Yates-Seven Rivers Pool, House San Andres Pool, House Blinebry Pool, East House Tubb Pool, North House Tubb Pool, House Tubb Gas Pool and the House Drinkard Pool.

3. The well is to be drilled at a standard oil well location in the SW/4NE/4 (Unit G) of Section 1 to test any and all formations in the pooled interval from the surface to the base of the Drinkard formation.

4. Trilogy Operating, Inc. has the voluntary agreement of certain of the working interest ownership of the oil & gas minerals from the surface to the base of the Drinkard formation underlying the SW/4NE/4 of Section 1.

5. Trilogy Operating, Inc., despite its good faith effort, has been unable to locate the remaining unleased mineral interest owners in the spacing unit as identified on Exhibit "A."

6. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Trilogy Operating, Inc. needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

8. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for December 16, 1999.

WHEREFORE, Trilogy Operating, Inc., as applicant, requests that this application be set for hearing on December 16, 1999 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the mineral interest described in the appropriate spacing unit for the drilling of this well at a standard well location upon terms and conditions which include:

- (1) Trilogy Operating, Inc. be named operator;

- (2) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (3) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200 %;
- (4) Provision for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;
- (5) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285

EXHIBIT "A"

<u>Mineral Interest Owner</u>	<u>Mineral Interest</u>
Descendents of John W. Waldrep Addresses Unknown	3/224
Shari Candice Campbell 2929 East 85th Tulsa, OK 74137	9.38/320
Heirs of A.J. Ballerstedt c/o Carl L. Lohman Rt. #3, Box 25-A Seymour, TX 76380	3/320
Marry Littleton Address Unknown	1/640
Lurlene Hall Address Unknown	1/640
Heirs or Devisees of Dorothy Jean LeMoine - presumably Parkland Christian Church 12305 Spanaway Loop Road South Tacoma, WA 98444-1205 Attn: Mr. Scott Wallace	1.125/32
Robert N. Stafford and John T. Stafford, Trustees of the Carmon J. Stafford Trust B under Agreement dated 3/31/87 c/o Pat White 251 Ridgewood Drive Spring, TX 77386	5/640
Beakon Oil and Gas, Inc. c/o Mr. Brent Beakley 4101 JB Shepperd Parkway Odessa, TX 79762	9.37/320
J. Cleo Thompson and James Cleo Thompson, a partnership 325 N. St. Paul, Suite 4500 Dallas, TX 75201-3993	1/32