

**Examiner Hearing – January 6, 2000**

**Docket No. 01-00**

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**CASE 12314:** Continued from December 16, 1999 Examiner Hearing.

**Application of Cross Timbers Oil Company for an unorthodox gas well location, San Juan County, New Mexico.** Applicant seeks approval to recomplete its existing Federal Gas Com. "H" Well No. 2 (API No. 30-045-29705), at an unorthodox gas well location in the Pictured Cliffs formation 2045 feet from the North line and 1685 feet from the East line (Unit G) of Section 31, Township 30 North, Range 12 West. Lots 1 and 2 and the E/2 NW/4 (NW/4 equivalent) of Section 31 are to be dedicated to this well in order to form a standard 158.74-acre gas spacing and proration unit for the Fulcher Kutz-Pictured Cliffs Pool, which is located approximately 1.5 miles north of U.S. Highway 550 at Foothills Drive.

**CASE 12223:** Reopened

**Application of Pogo Producing Company for Approval of a Pilot Pressure Maintenance Project and to Qualify the Project for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act, Eddy County, New Mexico.** Applicant seeks approval to institute a pilot pressure maintenance project in the West Sand Dunes-Delaware Pool on Federal Leases NM 38463, 38464, NM 40859, and NM 0281482-A (comprising all or parts of Sections 20, 21, 28 and 29, Township 23 South, Range 31 East) by the injection of water into the Pure Gold "B" Fed. Well No. 20, located in Unit P of Section 20. 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). This project is located approximately 18 miles east of Loving, New Mexico.

**CASE 12308:** Continued from December 16, 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: (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 12301:** Continued from December 2, 1999, Examiner Hearing.

**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.

**CASE 12302:** Continued from December 2, 1999, Examiner Hearing.

**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 120-acre gas spacing and proration unit (approved by Division Order No. R-369-A, dated September 28, 1953) comprising the N/2 SW/4 and SW/4 SW/4 of Section 5, Township 25 South, Range 37 East, which is located approximately 3 miles north of Jal, New Mexico. The proposed E. J. Wells Well No. 25 is to be drilled 2180 feet from the South line and 1980 feet from the West line (Unit K) of Section 5. This unit is currently dedicated to SDX Resources, Inc.'s: (i) E. J. Wells Well No. 13 (API No. 30-025-11458), located at a standard gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 5; and (ii) E. J. Wells Well No. 16 (API No. 30-025-28768), located at an unorthodox infill gas well location (approved by Division Administrative Order NSL-1823, dated June 22, 1984) 2310 feet from the South line and 610 feet from the West line (Unit L) of Section 5.

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**CASE 12303:** Continued from December 2, 1999, Examiner Hearing.

**Application of Raptor Resources, Inc. for two unorthodox infill gas well locations, Lea County, New Mexico.** Applicant seeks exceptions 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 two unorthodox Jalmat infill gas well locations within an existing non-standard 480-acre gas spacing and proration unit (approved by Division Order No. R-9073, dated December 14, 1989) comprising the N/2 and the SW/4 of Section 9, Township 22 South, Range 36 East, which is located approximately 8 miles west by south of Eunice, New Mexico. The two existing: (i) State "A" A/C-2 Well No. 30 (API No. 30-025-08855), located at an unorthodox Jalmat infill gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 9; and (ii) State "A" A/C-2 Well No. 48 (API No. 30-025-08845), located at an unorthodox Jalmat infill gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 9, are currently completed in the South Eunice-Seven Rivers-Queen Pool at standard oil well locations; however, both are to be plugged back and recompleted up-hole into the Jalmat Gas Pool. This unit is currently simultaneously dedicated to the applicant's State "A" A/C-2 Wells No. 1, 4, 29, 38, 40, 57, 63, 67, and 72.

**CASE 12304:** Continued from December 2, 1999, Examiner Hearing.

**Application of Raptor 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 standard 640-acre gas spacing and proration unit comprising all of Section 8, Township 22 South, Range 36 East, which is located approximately 8 miles west by south of Eunice, New Mexico. The existing State "A" A/C-2 Well No. 54 (API No. 30-025-08841), located at an unorthodox Jalmat infill gas well location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 8, is currently completed in the South Eunice-Seven Rivers-Queen Pool at a standard oil well location; however, this well is to be plugged back and recompleted up-hole into the Jalmat Gas Pool. This unit is currently simultaneously dedicated to the applicant's State "A" A/C-2 Wells No. 3, 24, 25, 26, 43, and 70.

**CASE 12086:** Consolidated – Continued from December 2, 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 December 2, 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 12321:** In the matter of the hearing called by the Oil Conservation Division for an order creating and extending certain pools in Lea County, New Mexico..

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Upper Silurian production and designated as the North Fowler-Upper Silurian Pool. The discovery well is the Altura Energy Ltd. South Mattix Unit Federal Well No. 24 located in Unit O of Section 15, Township 24 South, Range 37 East, NMPM. Said pool would comprise:

**TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM**

Section 15: SE/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the Southwest Lovington-Abo Pool. The discovery well is the David H. Arrington Oil & Gas Inc. Brassie Well No. 1 located in Unit I of Section 33, Township 16 South, Range 36 East, NMPM. Said pool would comprise:

**TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM**

Section 33: SE/4