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1-18-00

**JAMES BRUCE**  
**Attorney at Law**  
**Post Office Box 1056**  
**Santa Fe, New Mexico 87504**  
**Telephone: (505) 982-2043**  
**Fax: (505) 982-2151**

FAX COVER SHEET

DELIVER TO: Mark Ashley

COMPANY: Oil Conservation Division

CITY: Santa Fe, New Mexico

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MEMO: Mark: Enclosed is a pre-hearing statement in Case 12,323.

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

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:

APPLICATION OF OCEAN ENERGY RESOURCES,  
INC. FOR A NON-STANDARD SUBSURFACE GAS  
WELL LOCATION/PRODUCING AREA, LEA  
COUNTY, NEW MEXICO.

Case No. 12,323

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as  
required by the Oil Conservation Division.

APPEARANCES

APPLICANT

Ocean Energy Resources, Inc.  
Suite 1600  
1001 Fannin  
Houston, Texas 77002  
Attention: Derold Maney  
(713) 265-6897

APPLICANT'S ATTORNEY

James Bruce  
P.O. Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

OTHER PARTY

OTHER PARTY'S ATTORNEY

STATEMENT OF THE CASE

APPLICANT

Applicant seeks an unorthodox gas well location for the  
Panther Martin State Com. Well No. 2, to be directionally drilled  
from a surface location 2310 feet FSL and 1650 feet FWL to a bottom  
hole location 2040 feet FSL and 2280 feet FWL of S3-16S-35E. The  
well will be drilled to test the Morrow formation. The location is  
based on geologic reasons.

OPPONENT

**PROPOSED EVIDENCE****APPLICANT**

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Derold Maney (landman)	10 min.	1. Land plat 2. Notice letters 3. Waiver letter
Jim Huck (geophysicist)	15 min.	1. Isopach 2. Structure map 3. Cross-section 4. Production plat

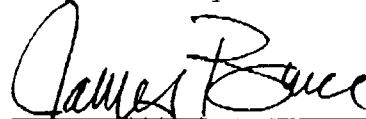
**OPPONENT**

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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**PROCEDURAL MATTERS**

-None-

Respectfully submitted,



James Bruce  
P.O. Box 1056  
Santa Fe, New Mexico 87504  
(505) 982-2043

Attorney for Ocean Energy Resources, Inc.

**DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 20, 2000**

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

Dockets Nos. 4-00 and 5-00 are tentatively set for February 3 and February 17, 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 12322:** **Application of Home-Stake Oil & Gas Company for an Increase in the Depth Bracket Allowable for the South McCormack-Silurian Pool, Lea County, New Mexico.** Applicant seeks an order approving special pool rules for the South McCormack-Silurian Pool, including an increased depth bracket allowable of 230 barrels of oil per day. The pool covers portions of Sections 16, 21, and 22, Township 22 South, Range 37 East, and is centered approximately 3 1/2 miles south of Eunice, New Mexico.

**CASE 12323:** **Application of Ocean Energy Resources, Inc. for a Non-Standard Subsurface Gas Well Location/Producing Area, Lea County, New Mexico.** Applicant, in accordance with Division Rules 104.F and 111.C (2), seeks approval for a non-standard subsurface gas well location/producing area for both the Undesignated North Shoe Bar-Atoka Gas Pool and the Morrow formation in either the Undesignated North Shoe Bar-Morrow Gas Pool or the Undesignated Townsend-Morrow Gas Pool within a standard 320-acre gas spacing and proration unit for both intervals comprising Lots 11, 12, 13, and 14 and the SW/4 of irregular Section 3, Township 16 South, Range 35 East, (which is located approximately 25 miles west by north of Carlsbad, New Mexico). The applicant seeks to re-enter the plugged and abandoned Bridge Oil Company, L. P.'s Chevron State Well No. 1 (API No. 30-025-31102), to be renamed the Panther Martin State Com. Well No. 1, located on the surface at a standard gas well location 2310 feet from the South line and 1650 feet from the West line (Unit S) of Section 3, and directionally drill to an approximate depth of 12,657 feet at a targeted unorthodox subsurface gas well location 2040 feet from the South line and 2280 feet from the West line (Unit S) of Section 3.

**CASE 12324:** **Application of Harvey E. Yates Company for Compulsory Pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the SW/4 NW/4 (Unit E) of Section 8, Township 17 South, Range 38 East to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40 acres spacing within that vertical extent. 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 actual operating 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 drilling the well. The unit is located approximately 3 1/2 miles northwest of Knowles, New Mexico.

**CASE 12257:** **Continued from January 6, 2000, 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 12237:** **Continued from January 6, 2000, 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 12308:** **Continued from January 6, 2000, 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 12325:** **Application of Chesapeake Operating Inc. for Compulsory Pooling and an Unorthodox Subsurface Location, 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 17, Township 16 South, Range 36 East, in the following manner: 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 gas spacing within that vertical extent, including the West Lovington Pennsylvanian Gas Pool; the SW/4 for form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within that vertical extent, including the North Shoe Bar-Wolfcamp Gas Pool; and the S/2 SW/4 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre oil spacing within that vertical extent, including the Northeast Show Bar-Strawn Pool. The unit(s) is to be dedicated to its College of Southwest "15" Well No. 1 which was drilled as a directional wellbore at total depth in the Morrow formation which is at an unorthodox subsurface location 580 feet from the South line and 1085 feet from the West line of this section. Also to be considered will be the costs of drilling and completing the well and the actual operating 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 drilling the well. The unit is located approximately 3 miles south of the center of the City of Lovington, New Mexico.

**CASE 12326:**     **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: the E/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent, including the Townsend-Morrow Gas Pool, and North Shoe Bar-Atoka Gas Pool; the NE/4 for form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within that vertical extent, including the North Shoe Bar-Wolfcamp Gas Pool; the E/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 oil spacing within that vertical extent; and the NE4/ 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 oil spacing within that vertical extent including the Townsend Permo Upper Pennsylvanian Pool. This unit(s) is to be dedicated to its Boyce "15" Well No. 1 which will be located at a standard location within Unit A of this section. Also to be considered will be the costs of drilling and completing the well and the actual operating 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 drilling the well. The unit is located approximately 5 1/2 miles southwest of the center of the City of Lovington, New Mexico.

**CASE 12327:**     **Application of OXY USA, Inc. to Rescind Division Order No. R-4638 which adopted the Special Pool Rules for the West Parkway-Strawn Gas Pool and the West Parkway-Atoka Gas Pool, or in the alternative, for an Unorthodox Gas Well Location, Eddy County, New Mexico.** Applicant seeks an order rescinding the special pool order for the West Parkway-Atoka Gas Pool and the West Parkway-Strawn Gas Pool so that all existing and future wells and their respective spacing and proration units which are now subject to this order will be governed by the provisions of Division General Rules including Rule 104. In the alternative, applicant seeks an unorthodox well location in both of these pools for its Pearl Well No. 2 (API No. 30-015-30851), which is a well being drilled to the Morrow formation at a standard gas well location 860 feet from the North line and 660 feet from the East line of Section 32, Township 19 South, Range 29 East, and to be dedicated to the E/2 of this section. The current boundaries of these pools includes all or portions of Sections 21, 27, 28 29, 30 and 34, Township 19 South, Range 29 East. These pools are located approximately 7 miles north from the intersection of State Highway No. 31 and US Highway No. 180, New Mexico.

**CASE 12276:**     **Continued from December 16, 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 Corn Well No. 8 to be located in the NW/4 and to the Brookhaven Corn 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 Corn 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 Corn Well No. 8-A. The units are to be dedicated to Burlington Resources Oil & Gas Company's Brookhaven Corn 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 16, 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 Corn 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