

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:

CASE NO. 12348
ORDER NO. R-11356

**APPLICATION OF DAVID H. ARRINGTON, OIL & GAS, INC. FOR AN UNORTHODOX
INJECTION WELL LOCATION, APPROVAL OF ITS MAYFLY "14" STATE
LEASEHOLD PRESSURE MAINTENANCE PROJECT, AND TO QUALIFY THIS
PROJECT FOR THE RECOVERED OIL TAX RATE PURSUANT TO THE "ENHANCED
OIL RECOVERY ACT", LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 6, 2000, at Santa Fe, New Mexico,
before Examiner Michael E. Stogner.

NOW, on this 12th day of April, 2000, the Division Director, having considered the
record and the recommendations of the Examiner,

FINDS THAT:

The examiner dismissed this application at the time of the hearing when the applicant failed
to appear or request a continuance.

IT IS THEREFORE ORDERED THAT:

Case No. 12348 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

SEAL



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director

DOCKET: EXAMINER HEARING - THURSDAY - APRIL 6, 2000

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 10-00 and 11-00 are tentatively set for April 20 and May 4, 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 12348: Continued from March 16, 2000, Examiner Hearing.

Application of David H. Arrington, Oil & Gas, Inc. for an Unorthodox Injection Well Location, approval of its Mayfly "14" State Leasehold Pressure Maintenance Project, and to Qualify this Project for the Recovered Oil Tax Rate Pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval of its gas injection pressure maintenance project within the Strawn formation of the North Shoe Bar-Strawn Pool to be located within the NE/4 of Section 14, Township 16 South, Range 35 East, to qualify this project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act (Sections 7-29/A-1 through 7-29A-5, NMSA 1978).

Applicant also seeks approval to drill its injection well at an unorthodox well location 535 feet from the North line and 2300 feet from the East line and of this section. This project is located approximately 4 miles southeast of Lovington, New Mexico.

CASE 12355: Continued from March 16, 2000, Examiner Hearing.

Application of Matador E & P Company to establish infill well procedures and to amend well location requirements for the Red Hills-Wolfcamp Gas Pool or, in the alternative, for simultaneous dedication, Lea County, New Mexico. Applicant seeks an order amending the Special Rules and Regulations of the Red Hills-Wolfcamp Gas Pool as follows: (a) amend Rule 2 to provide that a second well be drilled within a standard 640-acre spacing unit but on a governmental quarter section not containing a first well and (b) amend Rule 4 to conform the well location rules to Division Rule 104.C(2). In the alternative, applicant seeks the simultaneous dedication of the Red Hills Unit Well No. 2 located in Unit B and the Red Hills Unit Well No. 3 in Unit K of Section 5, Township 26 South, Range 33 East, to a standard 640-acre gas spacing unit consisting of this section. This pool is located approximately 21 ½ miles west of Jal, New Mexico.

CASE 12364: **Application of Dugan Production Corporation for Salt Water Disposal, San Juan County, New Mexico.** Applicant seeks authority to utilize its Stella Needs a Com. Well No. 1 (API No. 30-045-08994), located 1650 feet from the South and West lines (Unit K) of Section 36, Township 30 North, Range 14 West, to dispose of produced salt water into the Blanco-Mesaverde Pool through the perforated interval from approximately 3,690 feet to 3,820 feet. This well is located approximately 2.5 miles northwest of the Farmington Four Corners Regional airport (FMN).

CASE 12365: **Application of Dugan Production Corporation for Salt Water Disposal, San Juan County, New Mexico.** Applicant seeks authority to utilize its West Bisti Unit Well No. 153 (API No. 30-045-05619), located 1990 feet from the South line and 1960 feet from the West line (Unit K) of Section 35, Township 26 North, Range 13 West, to dispose of produced salt water into the Blanco-Mesaverde Pool through the perforated interval from approximately 2,747 feet to 3,875 feet. This well is located approximately 18 miles south of Farmington, New Mexico.

CASE 12353: Continued from March 16, 2000, Examiner Hearing.

Application of Southwestern Energy Production Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the N/2 of Section 10, Township 17 South, Range 35 East, 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 that vertical extent, including the Undesignated South Shoe Bar-Atoka Gas Pool, the Undesignated South Shoe Bar-Morrow Gas Pool, and the Undesignated South Shoe Bar-Mississippian Gas Pool. The unit is to be dedicated to its South Shoe Bar "10" State Com. Well No. 4 to be drilled at an orthodox location in the NE/4 NW/4 of Section 10. 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 unit is located approximately 8 ½ miles southwest of Lovington, New Mexico.

CASE 12366: **Application of The Wiser Oil Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Grayburg-San Andres formation underlying the SW/4 SW/4 of Section 33, Township 16 South, Range 32 East, to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Grayburg-Jackson Pool. The unit is to be dedicated to its Caswell Well No. 1 to be located 660 feet from the South line and 560 feet from the West line (Unit M) of Section 33. 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 the risk involved in drilling and completing the well. The unit is located approximately 18 miles northwest of Maljamar, New Mexico.

CASE 12367: **Application of Santa Fe Snyder Corporation for Pool Creation, Special Pool Rules, and an Unorthodox Oil Well Location, Eddy County, New Mexico.** Applicant seeks an order creating a new pool for the production of oil designated as the North Cass Draw-Wolfcamp Pool with horizontal limits comprising the NW/4 of Section 27, Township 22 South, Range 27 East, and approving special pool rules for the pool including 160-acre well spacing and special well location requirements. Applicant requests that the pool rules be made effective February 1, 2000. Applicant further requests approval of an unorthodox location for its Weems Well No. 1 located 990 feet from the North line and 1330 feet from the West line (Unit C) of Section 27. The pool is located approximately 1 ½ miles northwest of Otis, New Mexico

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- CASE 12368:** **Application of Harvey E. Yates Company for Compulsory Pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from 9000 feet subsurface to the base of the Morrow formation underlying Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of Section 5, Township 18 South, Range 31 East, to form a standard 319.96-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Shugart-Morrow Gas Pool. The unit is to be dedicated to a well to be drilled at a standard gas well location in the SW/4 of Section 5. 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 unit is located approximately six miles southeast of Loco Hills, New Mexico.
- CASE 12329:** **Continued from March 16, 2000, Examiner Hearing.**
- Application of EOG Resources, Inc. for a Unit Agreement, Lea County, New Mexico.** Applicant seeks approval of a unit agreement for its proposed Red Hills North Unit Area containing 3478.30 acres, more or less, of Federal and State lands comprising all or portions of Sections 6, 7, 8, 17 and 18, Township 25 South, Range 34 East, and all or portions of Sections 1, 12 and 13, Township 25 South, Range 33 East. The unit area is located approximately 19 miles west by north of Jal, New Mexico.
- CASE 12357:** **Continued from March 16, 2000, Examiner Hearing.**
- Application of Clayton Williams Energy, Inc. for salt water disposal, Eddy County, New Mexico.** Applicant seeks approval to inject salt water produced as a result of hydrocarbon production into the plugged and abandoned New Mexico "EO" State Com Well No. 1 located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 20, Township 17 South, Range 29 East, which is located approximately 6.2 miles west of Loco Hills, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.**
- CASE 12369:** **Application Concho 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 Mississippian formation underlying the N/2 of Section 10, township 17 South, Range 35 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 Shoe Bar-Atoka Gas Pool, Undesignated South shoe Bar-Morrow Gas Pool, Undesignated Shoe Bar-Mississippian Gas Pool, and Undesignated South Shoe Bar-Mississippian Gas Pool. This unit is to be dedicated to its proposed South Shoebar 10 State Com Well No. 2 (API No. 30-025-34783) to be drilled at a standard gas well location in the SW/4 NW/4 (Unit E) of Section 10. 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 8 miles southwest of Lovington, New Mexico.
- CASE 12370:** **Application of Marbob Energy Corporation 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 Primero Federal Well No. 2 (API No. 30-015-30990) to the Morrow formation at an unorthodox gas well location 2116 feet from the South line and 542 feet from the West line (Unit L) of Section 23, Township 26 South, Range 24 East. The S/2 of Section 23 is to be dedicated to this well in order to form a standard 320-acre gas spacing and proration unit for the Undesignated South Washington Ranch-Morrow Gas Pool. This unit is located approximately 12 miles southwest by south of White City, New Mexico.
- CASE 12371:** **Application of Texaco Exploration and Production Inc. for Compulsory Pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the base of the Queen formation to the base of the Morrow formation underlying the following described acreage in Section 17, Township 16 South, Range 32 East, in the following manner: (a) the N/2 to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing; (b) the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing; and (c) the SW/4 NE/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing. These units are to be dedicated to a single well, the proposed Texmack "17" State Com Well No. 1 to be drilled at a location that is standard for each of these units. Also to be considered will be the cost of drilling and completing this 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 units, and a charge for risk involved in drilling the well. The proposed well location is approximately 4 miles northwest of Maljamar, New Mexico.
- CASE 12372:** **Application of Yates Petroleum Corporation for Approval of a Unit Agreement, Lea County, New Mexico.** Applicant seeks approval of the Indigo State Unit Agreement for an area comprising 2533.67 acres, more or less, of state lands in Sections 5, 6, 7 and 8, Township 12 South, Range 35 East, which is located approximately 8 miles west/northwest of Tatum, New Mexico.