

Examiner Hearing – August 24, 2000

Docket No. 24-00

Page 4 of 11

CASE 12086: Consolidated - Continued from August 10, 2000, 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 12474: **Application of the Oil Conservation Division for an order requiring Agua, Inc. to properly plug one well, Lea County, New Mexico.** Applicant seeks an order requiring Agua, Inc. to appear and show cause why one (1) well located in Section 31, Township 18 South, Range 37 East, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug this well; (ii) authorizing the Division to plug this well; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order. *In The Absence of Objection, This Case Will be Taken Under Advisement.*

CASE 12475: **Application of the Oil Conservation Division for an order requiring COM-TEK Resources, Inc./North Lea Joint Venture to properly plug four wells, Lea County, New Mexico.** Applicant seeks an order requiring COM-TEK Resources, Inc./North Lea Joint Venture to appear and show cause why five (5) wells located in Sections 17 and 12, Township 9 South, Ranges 34 and 35 East, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order. *In The Absence of Objection, This Case Will be Taken Under Advisement.*

CASE 12458: Continued from July 13, 2000, Examiner Hearing.

Application of the Oil Conservation Division for an order requiring D. W. Berry to properly plug one well in Chaves County and one well in Eddy County, New Mexico. Applicant seeks an order requiring D. W. Berry to appear and show cause why one (1) well located in Section 8, Townships 17 South, Range 28 East, and one (1) well located in Section 2, Township 15 South, Range 29 East, Chaves County, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order. *In The Absence of Objection, This Case Will be Taken Under Advisement.*

CASE 12480: In the matter of the hearing called by the Oil Conservation Division for an order creating and extending certain pools in Eddy County, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the North Cass Draw-Wolfcamp Pool. The discovery well is the Santa Fe Snyder Corporation Weems Well No. 1 located in Unit C of Section 27, Township 22 South, Range 27 East, NMPM. Said pool would comprise;

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 27: NW/4

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Southeast Cemetery-Morrow Gas Pool. The discovery well is the Marbob Energy Corporation Zarafa "FF" Federal Well No. 1 located in Unit I of Section 12, Township 21 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM
Section 12: E/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the North Esperanza-Delaware Pool. The discovery well is the Snow Oil and Gas Inc. Elizondo "A" Federal Well No. 1 located in Unit C of Section 28, Township 21 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 28: NW/4

CASE 12441: Continued from August 10, 2000, Examiner Hearing.

Application of LG&E Natural Pipeline LLC for special rules for the Grama Ridge Morrow Gas Storage Unit, Lea County, New Mexico. Applicant seeks an order establishing special rules applicable to wells drilled and completed or recompleted in the Morrow formation within its Grama Ridge Morrow Gas Storage Unit and within each 320-acre spacing unit immediately adjacent to the Unit in the following described area:

Grama Ridge Morrow Gas Storage Agreement

Township 21 South, Range 34 East

Section 33: All

Section 34: All

Township 22 South, Range 34 East

Section 3: All

Section 4: All

Section 10: All

Acreage Adjacent to Unit

Township 21 South, Range 34 East

Section 26: NW/4, S/2

Section 27: All

Section 28: All

Section 29: E/2, SW/4

Section 32: All

Section 35: All

Township 22 South, Range 34 East

Section 2: All

Section 5: All

Section 8: N/2, SE/4

Section 9: All

Section 11: All

Section 14: N/2, SW/4

Section 15: All

Section 16: N/2, SE/4

The application requests the Division establish rules requiring operators of all newly drilled or recompleted wells in the Morrow formation to provide the operator of the Unit with information and data obtained during drilling, completion, and production to determine whether such wells are in communication with the unitized formation or would otherwise interfere with Unit operations. The special project rules would also include provisions requiring the operators of wells determined to be in communication with the Unitized Interval to demonstrate how such well may be produced without interfering with Unit operations or to take such other action determined to be appropriate. The Grama Ridge Morrow Gas Storage Unit is approximately 18 miles west of Eunice, New Mexico.

CASE 12086: Consolidated – Continued from August 10, 2000, 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.