

DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 7, 2000

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 26-00 and 27-00 are tentatively set for September 21 and October 5, 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 12420: Continued from August 10, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the W/2 of Section 5, Township 17 South, Range 27 East, to form a standard 320-acre gas spacing and proration unit or units for all formations and/or pools developed on 320-acre spacing within that vertical extent, including, but not limited to the Undesignated Crow Flats Morrow Gas Pool. The units are to be dedicated to applicant's proposed Dog Canyon 5 Fed. Com. Well No. 1 to be drilled at a standard location 660 feet from the South and West lines of Section 5. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company, L.L.C. as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 2 miles northeast of Artesia, New Mexico.

CASE 12382: Continued from August 10, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for Compulsory Pooling, Eddy 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 21, Township 19 South, Range 28 East, and in the following manner: (a) 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 spacing within this vertical extent which presently includes the Undesignated South Millman-Atoka Gas Pool, Undesignated Winchester-Atoka Gas Pool, Undesignated South Millman-Morrow Gas Pool, Undesignated Winchester-Morrow Gas Pool, and Undesignated North Winchester-Morrow Gas Pool; (b) the SE/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 within said vertical extent; and (c) the SW/4 SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within this vertical extent which presently includes but is not necessarily limited to the East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool and the Undesignated North Winchester-Wolfcamp Pool. These units are to be dedicated to a single well to be drilled at a location considered to be standard for all three units 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 21. 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 the operator of the well and the three above-described units, and a charge for risk involved in drilling the well. Further, the East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool underlying the SW/4 SE/4 of Section 21 is currently dedicated to C.F.M. Oil Company's Monsanto State Well No. 1 (API No. 30-015-24252), located at a standard oil well location 986 feet from the South line and 1650 feet from the East line (Unit O) of Section 21. At the time of the hearing it will be necessary for the applicant to address certain issues created by the forced pooling of producing acreage currently operated by another operator. The proposed well location is approximately eleven miles east of Lakewood, New Mexico.

CASE 12439: Continued from August 24, 2000 Examiner Hearing.

Application of Arch Petroleum Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from 7100 feet subsurface to the base of the Ellenburger formation underlying the SW/4 SE/4 of Section 27, Township 23 South, Range 37 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 within that vertical extent, including but not limited to the Teague (Simpson) Pool. The unit is to be dedicated to applicant's E.C. Hill "A" Well No. 7, to be drilled at a location 540 feet from the South line and 1850 feet from the East line of Section 27. 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 the risk involved in drilling and completing the well. The unit is located approximately 11 1/2 miles south of Eunice, New Mexico.

CASE 12403:

Application of Chesapeake Operating, Inc. for pool creation and pool contraction, Lea County, New Mexico. Applicant seeks an order contracting the lower vertical limits of the North Shoe Bar-Atoka Gas Pool to exclude the "Brunson Interval" and to redesignate the pool as the North Shoe Bar-Upper Atoka Gas Pool and the concomitant creation of a new gas pool consisting of the Brunson Interval of the Lower Atoka formation to be designated as the North Shoe Bar-Lower Atoka Gas Pool. The current pool boundaries are located within portions of Sections 2, 10 and 11 of Township 16 South, Range 35 East. This pool is located approximately 5 miles southwest of Lovington, New Mexico.

Examiner Hearing – September 7, 2000
Docket No. 25-00
Page 2 of 5

CASE 12414: Continued from August, 24, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the W/2 which includes but is not necessarily limited to the Undesignated West Anderson Ranch-Pennsylvanian Gas Pool and the Undesignated Anderson Ranch-Morrow Gas Pool, in all formations developed on 160-acre spacing in the NW/4, in all formations developed on 80-acre spacing in the W/2 NW/4 which includes but is not necessarily limited to the Undesignated North Anderson Ranch-Wolfcamp Pool, and in all formations developed on 40-acre spacing in the NW/4 NW/4 which includes but is not necessarily limited to the Undesignated West Anderson Ranch-Grayburg Pool, all in Section 32, Township 15 South, Range 32 East. The unit is to be dedicated to its Anderson Ranch "32" State Com Well No. 1 to be drilled at a standard location 1650 feet from the North and West lines of Section 32 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. Also to be considered will be the cost of drilling and completing said 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 the well. The area is located approximately 7 miles North of Maljamar, New Mexico.

CASE 12396: Continued from August 10, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the E/2 of Section 12, Township 22 South, Range 25 East, to form a standard 320-acre gas spacing and proration unit for formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the undesignated Catclaw Draw-Wolfcamp Gas Pool, undesignated Hackberry Hills-Canyon Gas Pool, undesignated Hackberry Hills-Atoka Gas Pool, and Revelation-Morrow Gas Pool. Said spacing and proration unit is to be dedicated to Nearburg's proposed White Tip 12 Fed. Com. Well # 1, to be drilled at a standard location in the SE/4 (Unit P) of said Section 12. Also to be considered will be: the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision; designation of Nearburg Producing Company, L.L.C., as operator of the well; and, a charge for risk involved in drilling said well. Said area is located approximately 7 miles southwest of Carlsbad, New Mexico.

CASE 12320: Continued from August 10, 2000, Examiner Hearing.

Application of Chevron U.S.A. Production Co. for Approval to convert the EMSU Wells No. 210, 212, 222, 252 and 258 to Injection in the Eunice Monument South Unit, Lea County, New Mexico. Applicant seeks approval to convert its EMSU Wells No. 210, 212, 222, 252 and 258 to injection in the Eunice Monument South Unit (EMSU). These wells are designed to improve recovery efficiency of the waterflood patterns and enhance production of the EMSU secondary recovery project. The wells are located in the following locations: No. 210 - Section 4, Unit K, Township 21 South, Range 36 East; No. 252 - Section 5, Unit I, Township 21 South, Range 36 East; No. 222 - Section 6, Unit O, Township 21 South, Range 36 East; No. 252 - Section 6, Unit W, Township 21 South, Range 36 East; No. 258 - Section 4, Unit U, Township 21 South, Range 36 East. Water will be injected into the unitized interval of the Eunice Monument Grayburg-San Andres Pool which has an upper limit of 100 feet below mean sea level or the top of the Grayburg formation, whichever is higher, to a lower limit of the base of the San Andres formation. Injection will occur at an expected maximum pressure rate of 1500 barrels of water per day and an expected maximum pressure of 750 pounds per square inch. This area is approximately one mile west-southwest of Oil Center, New Mexico.

CASE 12483: Continued from August 10, 2000, Examiner Hearing.

Application of Mack Energy Corporation for an unorthodox well location, Lea County, New Mexico. Applicant seeks authorization to drill its proposed M. C. Federal Well No. 6 to test the Devonian formation, Maljamar-Devonian Pool and Wildcat Ellenberger formation at an unorthodox well location 2600 feet from the North line and 660 feet from the East line (Unit H) of Section 21, Township 17 South, Range 32 East. The SE/4 NE/4 of Section 21 will be dedicated to the well in the Devonian formation forming a standard 40-acre oil spacing and proration unit and the E/2 of Section 21 will be dedicated to the well in the Ellenberger formation forming a standard 320-acre gas spacing and proration unit. The units are located approximately 2.5 miles south of Maljamar, New Mexico.

CASE 12478: Continued from August 24, 2000, Examiner Hearing.

Application of Richardson Operating Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant seeks an exception to Division Rule 104.C (3), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, for its W. F. Federal "3" Well No. 2 (API No. 30-045-30168) recently drilled at an unorthodox Fruitland Sand/Pictured Cliffs gas well location 2495 feet from the South line and 1290 feet from the West line (Unit L) of Section 3, Township 29 North, Range 14 West. The SW/4 of Section 3 is to be dedicated to this well in order to form a standard 160-acre gas spacing and proration unit for the Undesignated Twin Mounds-Fruitland Sand-Pictured Cliffs Pool. This well is located approximately 3.5 miles east-northeast of Kirtland, New Mexico.