

DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 5, 2000

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 29-00 and 30-00 are tentatively set for October 19 and November 2, 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 September 7, 2000, Examiner Hearing - This Case Will be Dismissed.

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 12420:~~ Continued from September 21, 2000, Examiner Hearing.

Application of Permian Resources Incorporated for produced water disposal, Lea County, New Mexico. Applicant seeks approval to re-enter the existing Harrison Well No. 2-22, located in the NE/4 SE/4 of Section 22, Township 25 South, Range 37 East, and utilize the well to dispose of produced water into the Queen formation through the open hole interval from approximately 3,218 feet to 3,366 feet. This area is located approximately 2 miles east of Jal, New Mexico.

CASE 12497: **Application of OXY USA Inc., for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp to the base of the Morrow formation underlying the W/2 of Section 21, Township 22 South, Range 26 East, to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within the vertical extent, including the South Happy Valley-Atoka Gas Pool and the Happy Valley-Morrow Gas Pool, to be dedicated to its Wonder Federal Well No. 1 to be drilled and completed at a standard gas well location in Unit N of this section. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs in accordance with COPAS Bulletin No. 2 as well as actual operating costs and charges for supervision, designation of the applicant as the operator of the well, a charge for risk involved in this well and provisions for the drilling of an optional second well in accordance with Division Rule 104. This unit is located approximately 4-1/2 miles southwest of Carlsbad, New Mexico.

CASE 12488: Continued from September 7, 2000, Examiner Hearing.

Application of EOG Resources, Inc. for surface commingling and off lease storage and measurement, Lea County, New Mexico. Applicant seeks authority to commingle in its Diamondtail "34" Battery located in Unit J of Section 34, Township 23 South, Range 32 East, production from the Triste Draw-Delaware Pool and the Triste Draw-Bone Spring Pool from the following leases and wells:

Federal Oil and Gas Lease No. NM 62225: (W/2, N/2 NE/4, Section 34, Township 23 South, Range 32 East):

Diamond "34" Federal Well No. 1 Unit F

Diamond "34" Federal Well No. 2 Unit B

Diamond "34" Federal Well No. 3 Unit N

Federal Oil and Gas Lease No. NM 94616: (S/2 NE/4, SE/4, Section 34, Township 23 South, Range 32 East):

Diamondtail "34" Federal Well No. 1 Unit J

Diamondtail "34" Federal Well No. 2 Unit O

Diamondtail "34" Federal Well No. 3 Unit G

Federal Oil and Gas Lease No. NM 94850: (All except NE/4 SW/4, Section 3, Township 24 South, Range 32 East):

Diamondtail "3" Federal Well No. 1 Unit B

The leases and wells are located approximately 30 miles northwest of Jal, New Mexico.

Examiner Hearing – October 5, 2000

Docket No. 28-00

Page 2 of 6

CASE 12441: Continued from September 21, 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 12498: **Application of Yates Petroleum Corporation for an unorthodox well location, Eddy County, New Mexico.** Applicant seeks authorization to drill its Chosa "ATR" Federal Well No. 1 (API No. 30-015-31215) to the Morrow formation, Undesignated Chosa Draw-Morrow Gas Pool, at an unorthodox well location 2250 feet from the South line and 1060 feet from the West line (Unit L) of Section 8, Township 25 South, Range 26 East. The W/2 of Section 8 is to be dedicated to the well. The unit is located approximately 18 miles southwest of Carlsbad, New Mexico.

CASE 12386: Continued from August 10, 2000, Examiner Hearing.

Application of Threshold Development Company for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation, underlying the following described acreage in Section 16, Township 24 South, Range 33 East, and in the following manner: (a) the W/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 Johnson Ranch-Wolfcamp Gas Pool; (b) the NW/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 NE/4 NW/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. These three units are to be dedicated to a single well, the proposed Johnson Ranch State "16" Well No. 1, to be drilled within the NE/4 NW/4 of Section 16 at a location considered to be standard for all three units. 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 units, and a charge for risk involved in drilling the well. The proposed well location is approximately four miles west-northwest of the junction of New Mexico State Road 128 and the Delaware Basin Road.