

DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 19, 2000

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

Dockets Nos. 31-00 and 32-00 are tentatively set for November 2 and November 16, 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 12505: Application of Dugan Production Corp. to amend Division Order No. R-11371, for produced water disposal, San Juan County, New Mexico. Applicant seeks approval to allow injection of produced water into the Menefee member of the Mesaverde formation from approximately 2,950 feet to 3,690 feet, in addition to the previously authorized Point Lookout member of the Mesaverde formation from approximately 3,690 feet to 3,820 feet in the existing Stella Needs A Com Well No. 1, located in the NE/4 SW/4 of Section 36, Township 30 North, Range 14 West. The subject well is located approximately 8 miles northwest of Farmington, New Mexico. *In The Absence of Objection, This Application Will Be Taken Under advisement.*

CASE 12490: Continued from October 5, 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 12506: Application of Sapient Energy Corporation for modification of Division Order R-10432 to expand the area exempt from the salt protection string requirements of Division Order R-111-P to include the entire West Teas (Yates-Seven Rivers) Unit area boundary, Lea County, New Mexico. Applicant seeks authority to delete the salt protection string requirements of Order R-111-P for production and injection wells to be located in portions of Sections 4, 9, 16 and 17, Township 20 South, Range 33 East, and to be drilled in the West Teas Yates-Seven Rivers Pool. The subject area is located north of Highways 176 and 180 and is approximately 1 mile east of Laguna Gatuna, New Mexico.

CASE 12507: Application of Yates Petroleum Corporation for Compulsory Pooling, Chaves County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface down through and including the Ordovician formation underlying the S/2 of Section 3, Township 9 South, Range 26 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 this vertical extent. 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 proposed well location is approximately 17 miles northeast of Roswell, New Mexico.

CASE 12448: Reopened

Application of Chesapeake Operating, Inc. to reopen Case 12448 and amend Division Order R-11432 which provided for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks to amend this order so that its Boyce "15" Well No. 3 which was drilled at an unorthodox gas well location 2310 feet from the North line and 341 feet from the East line (Unit H) of Section 15, Township 16 South, Range 35 East, can be produced from the "Brunson Interval" of the Atoka formation within the proposed North Shoe Bar-Lower Atoka Gas Pool to be dedicated to a 320-acre gas spacing and proration unit consisting of the E/2 of this section. This location is located approximately 5 miles west of Lovington, New Mexico.

CASE 12497: Continued from October 5, 2000, Examiner Hearing.

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 12508: Application of Burlington Resources Oil & Gas Company for approval of a Pilot Project including unorthodox well locations and an exception from the Special Rules and Regulations for the Basin-Dakota Gas Pool for purposes of establishing a pilot infill drilling program within its San Juan 27-5 Unit, consisting of Township 27 North, Range 5 West, whereby up to four wells may be drilled on a standard gas proration unit to determine proper well density for Dakota wells, Rio Arriba County, New Mexico. Applicant seeks approval for a pilot program including an exception for the San Juan 27-5 Unit from the Special Rules and Regulations for the Basin-Dakota Gas Pool and authorization to drill wells at orthodox and unorthodox locations anywhere in the proration unit provided such wells are located no closer than 660 feet to the outer boundary of the San Juan 27-5 Unit or closer than 10 feet from any outer boundary of the quarter section on which the well is located and to increase the well density from the current maximum of two (2) wells (160-acre infill) provided in Order R- 8170 to a maximum of four (4) wells (80-acre infill) per gas proration and spacing unit for wells dedicated to the Basin Dakota Gas Pool within the San Juan 27-5 Unit, but not more than one well per 160 acres for those proration units contiguous to the outer boundary of the San Juan 27-5 Unit. Applicant further seeks approval for 5 of the initial wells all at unorthodox well locations:

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| <u>Well Name</u> | <u>Footage</u> | <u>Dedication</u> | <u>Location</u> |
|--------------------------|----------------------|-------------------|-----------------|
| San Juan 27-5 Unit #90F | 2275' FNL, 200' FEL | E/2 | H 16-27N-5W |
| San Juan 27-5 Unit #112F | 2485' FNL, 2445' FWL | W/2 | F 08-27N-5W |
| San Juan 27-5 Unit #114F | 380' FNL, 2310' FWL | N/2 | C 17-27N-5W |
| San Juan 27-5 Unit #123F | 800' FSL, 2265' FEL | S/2 | O 17-27N-5W |
| San Juan 27-5 Unit #137F | 560' FNL, 305' FEL | E/2 | A 18-27N-5W |

Applicant further seeks an administrative process for expanding the pilot project to include additional wells. The unit is located approximately 5 miles southeast of Gobernador Camp, New Mexico.

CASE 12509:

Application of Burlington Resources Oil & Gas Company for approval of a Pilot Project including unorthodox well locations and an exception from the Special Rules and Regulations for the Basin-Dakota Gas Pool for purposes of establishing a pilot infill drilling program within its Culpepper Martin Project Area, consisting of Sections 1-3, 10-15, and 22-24, Township 31 North, Range 12 West whereby up to four wells may be drilled on a standard gas proration unit to determine proper well density for Dakota Wells, San Juan County, New Mexico. Applicant seeks approval for a pilot program including an exception for the Culpepper Martin Project Area from the Special Rules and Regulations for the Basin-Dakota Gas Pool and authorization to drill wells at unorthodox locations anywhere in the proration unit (GPU) provided such wells are located no closer than 660 feet to the outer boundary of the GPU on which the well is located and not closer than 10 feet to any interior quarter or quarter-quarter section line or subdivision inner boundary and to increase the well density from the current maximum of two (2) wells (160-acre infill) provided in Order R- 8170 to a maximum of four (4) wells (80-acre infill) per standard 320-acre gas proration and spacing unit for wells dedicated to the Basin - Dakota Gas Pool within the project area but not more than one well per 160-acres for those proration units contiguous to the outer boundary of the project area. Applicant further seeks approval for initial project wells at the following unorthodox locations:

| <u>Well Name</u> | <u>Footage</u> | <u>Dedication</u> | <u>Location</u> |
|------------------|----------------------|-------------------|-----------------|
| Davis #7F | 180' FNL, 2465' FWL | W/2 | C 11-31N-12W |
| Davis #8R | 2270' FSL, 2140' FEL | E/2 | J 11-31N-12W |
| East #7F | 1740' FNL, 2395' FWL | W/2 | F 14-31N-12W |
| Grenier #11F | 965' FNL, 500' FWL | W/2 | D 13-31N-12W |
| Harper #2F | 2020' FSL, 1585' FEL | E/2 | J 14-31N-12W |
| Richardson #8F | 2510' FSL, 1915' FEL | E/2 | J 10-31N-12W |

Applicant further seeks an administrative process for expanding the pilot project to include additional wells. The unit is located approximately 7 miles east-southeast of La Plata, New Mexico.

CASE 12501:

Continued from October 5, 2000, Examiner Hearing.

Application of Santa Fe Snyder Corporation for pool creation and special pool rules, Eddy County, New Mexico. Applicant seeks the creation of the North Hackberry-Bone Spring Pool, covering the SE/4 of Section 6, Township 19 South, Range 31 East, and the promulgation of Special Pool Rules for the North Hackberry-Bone Spring Pool, including provisions for 160-acre spacing, special well location requirements, and a gas:oil ratio of 30,000 cubic feet of gas for each barrel of oil produced. The proposed pool is centered approximately 10 miles southeast of Loco Hills, New Mexico.

CASE 12510:

Application of Pogo Producing Company for salt water disposal, Lea County, New Mexico. Applicant seeks approval to use its Red Tank "30" State Well No. 3, located 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 30, Township 22 South, Range 33 East, to dispose of produced water into the Undesignated West Red Tank-Delaware Pool through the perforated and open hole interval from 4946-6400 feet subsurface. The well is located approximately 2 1/2 miles southwest of Oil Center, New Mexico.

CASE 12511:

Application of Cross Timbers Oil Company for compulsory pooling and an unorthodox oil well location, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Pictured Cliffs formation to the base of the Dakota formation underlying the following described acreage in Section 28, Township 28 North, Range 10 West, and in the following manner: The E/2 of Section 28 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Undesignated Blanco-Mesaverde Gas Pool and Basin-Dakota Gas Pool; the SE/4 of Section 28 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 but not limited to the Undesignated Otero-Chacra Gas Pool; and the NW/4 SE/4 of Section 28 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 but not limited to the Undesignated Kutz-Gallup Pool. The units are to be dedicated to applicant's Federal Gas Com. Well No. 1E, to be drilled at an orthodox gas well location/unorthodox oil well location 1610 feet from the South line and 1570 feet from the East line of Section 28. 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 Cross Timbers Operating Company as operator of the well, and a charge for the risk involved in drilling and completing the well. The units are located approximately 7 miles southeast of Bloomfield, New Mexico.