

CASE 12520: Continued from November 16, 2000, Examiner Hearing.

Application of BP Amoco for establishment of a downhole commingling reference case and pre-approval of downhole commingling for formations and pools in the Gallegos Canyon Unit pursuant to Division Rule 303.C (4) and the adoption of special administrative rules therefor, San Juan County, New Mexico. Applicant, in accordance with Rule 303.C(4), seeks to establish a downhole commingling reference case to provide for (a) compatibility criteria, (b) pressure criteria, (c) cross-flow criteria, (d) prorationing criteria, (e) value criteria, and (f) a modification of notification rules on an area-wide basis authorization for downhole commingling of Fruitland Coal, Pictured Cliffs, Gallup, and Dakota gas production in the wellbores of existing or future wells drilled anywhere within the Gallegos Canyon Unit Area located in Townships 27, 28 and 29 North, Ranges 11, 12 and 13 West. The center of the area is located approximately 5 miles southeast of Farmington, New Mexico.

CASE 12561: Application of Raptor Resources, Inc. to amend Division Order No. R-9073 and for approval of a non-standard 480-acre gas proration unit and an unorthodox infill gas well location, Lea County, New Mexico. By Division Order No. R-9073, issued in Case No. 9775 and dated December 14, 1989 [Paragraph No. (13) of Exhibit "A"], a non-standard 440-acre gas spacing and proration unit ("GPU") comprising the SE/4 of Section 17, the NE/4 of Section 20, and the N/2 NW/4 and SW/4 NW/4 of Section 21, all in Township 23 South, Range 36 East, was established for the Jalmat Gas Pool. This order further provided for the following four described wells to be dedicated to this 440-acre GPU, which is located approximately 12.5 miles southwest of Eunice, New Mexico:

(i) State "A" A/C-1 Well No. 3 (API No. 30-025-09367), located at an unorthodox gas well location 1650 feet from the North line and 330 feet from the West line (Unit E) of Section 21, which is currently plugged and abandoned;

(ii) State "A" A/C-1 Well No. 4 (API No. 30-025-09366), located at an unorthodox gas well location 330 feet from the North line and 1660 feet from the West line (Unit C) of Section 21, which is currently plugged and abandoned;

(iii) State "A" A/C-1 Well No. 5, located at an unorthodox gas well location 1320 feet from the North line and 660 feet from the East line (Units A/H) of Section 20, which is also plugged and abandoned; and

(iv) State "A" A/C-1 Well No. 39 (API No. 30-025-09358), located at an unorthodox gas well location 1980 feet from the South and East lines (Unit J) of Section 17.

The applicant in this matter, Raptor Resources, Inc. seeks to expand this unit to include the 40 acres comprising the SE/4 NW/4 of Section 21 thereby forming a non-standard 480-acre GPU. Further, the applicant seeks an exception to the well location requirements provided within the *"Special Rules and Regulations for the Jalmat Gas Pool"*, as promulgated by Division Order No. R-8170, as amended, for an unorthodox Jalmat infill gas well location within this 480-acre GPU for its existing State "A" A/C-1 Well No. 6 (API No. 30-025-09369), located 2310 feet from the North line (which is 66.7 % closer to the outer boundary of the proposed GPU then allowed) and 1650 feet from the West line (Unit F) of Section 21. Both the State "A" A/C-1 Wells No. 6 and 39 are to be dedicated to this GPU.

FURTHER, the applicant, in conjunction with this matter, shall appear before the Division and present evidence as to the existence of two producing Jalmat oil well applications within this existing 440-acre

CASE 12386: Continued from November 16, 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.

CASE 12560: **Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, directional drilling and an unorthodox well location, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, underlying Lots 1, 2, 3, 4 and the E/2 W/2 (W/2 equivalent) for all formations and/or pools developed on 320-acre spacing; Lots 1, 2, and the E/2 NW/4 (NW/4 equivalent) for all formations and/or pools developed on 160-acre spacing; the E/2 NW/4 for all formations and/or pools developed on 80-acre spacing including but not limited to the Undesignated West Lovington-Strawn Pool; and the SE/4 NW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Townsend-Permo Upper Pennsylvanian Pool, all in Irregular Section 31, Township 15 South, Range 36 East. Applicant proposes to dedicate these pooled units to its Royal Stimulator Well No. 1 to be drilled at an unorthodox well location 1465 feet from the North line and 1936 feet from the West line of Section 31 and drilled to a depth sufficient to test all formations to the base of the Wolfcamp formation and then directionally drill in a southwesterly direction to an unorthodox bottomhole location in the Atoka and Morrow formations at a point 2200 feet from the South line and 933 feet from the West line of Section 31. 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 applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately one mile north of Lovington, New Mexico.

CASE 12549: Continued from December 7, 2000, Examiner Hearing.

Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the North Papalotes State Exploratory Unit for an area comprising 1600 acres more or less, of State lands in Sections 25, 26 and 36 of Township 14 South, Range 34 East, which is located approximately 10 miles northwest of Lovington, New Mexico.