

Examiner Hearing – October 19, 2000

Docket No. 29-00

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CASE 12521: In the matter of the hearing of the Oil Conservation Division for an order creating, assigning a discovery allowable, contracting vertical limits, and extending horizontal limits of certain pools in Lea and Roosevelt Counties, New Mexico.

- (a) CREATE a new pool in Lea County, New Mexico classified as an oil pool for Queen production and designated as the Anderson Ranch-Queen Pool. The discovery well is the Texaco Exploration and Production Inc. Green Star 14 State Well No. 1 located in Unit N of Section 14, Township 16 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
Section 14: SW/4

- (b) CREATE a new pool in Lea County, New Mexico classified as an oil pool for Wolfcamp production and designated as the Southeast Dean-Wolfcamp Pool. The discovery well is the Chesapeake Operating Inc. B Medlin 10 Well No. 1 located in Unit E of Section 10, Township 16 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 10: NW/4

- (c) CREATE a new pool in Lea County, New Mexico classified as an oil pool for Wolfcamp production and designated as the Northeast Echol-Wolfcamp Pool. The discovery well is the Manzano Oil Corporation SV Sundown State Well No. 1 located in Unit M of Section 14, Township 10 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 37 EAST, NMPM
Section 14: SW/4

- (d) CREATE a new pool in Lea County, New Mexico classified as a gas pool for Atoka production and designated as the Eight Mile Draw-Atoka Gas Pool. The discovery well is the Yates Petroleum Corporation Carper McAlester ATE State Well No. 1 located in Unit C of Section 25, Township 11 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM
Section 25: N/2

- (e) CREATE a new pool in Lea County, New Mexico classified as an oil pool for Wolfcamp production and designated as the Klein Ranch-Wolfcamp Pool. The discovery well is the Louis Dreyfus Natural Gas Corporation Toro 27 Well No. 2 located in Unit E of Section 27, Township 19 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 27: W/2

- (f) CREATE a new pool in Lea County, New Mexico classified as an oil pool for Drinkard production and designated as the Northeast Monument-Drinkard Pool. The discovery well is the Chevron USA, Inc. 13 State Well No. 27 located in Unit B of Section 13, Township 19 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM
Section 13: NE/4

- (g) CREATE a new pool in Lea County, New Mexico classified as a gas pool for Atoka production and designated as the South Quail Ridge-Atoka Gas Pool. The discovery well is the Louis Dreyfus Natural Gas Corporation Greenstone Federal Com Well No. 1 located in Unit O of Section 19, Township 20 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 19: E/2

- (h) CREATE a new pool in Lea County, New Mexico classified as an oil pool for Delaware production and designated as the Southeast Teas-Delaware Pool. The discovery well is the Santa Fe Snyder Corporation Sinagua 18 Federal Well No. 2 located in Unit J of Section 18, Township 20 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 18: SE/4

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CASE 12441: Continued from October 5, 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 12500: Continued from October 5, 2000, Examiner Hearing.

Application of Southwestern Energy Production Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the San Andres formation to the base of the Morrow formation underlying the following described acreage in Section 31, Township 17 South, Range 28 East, and in the following manner: The N/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 that vertical extent, including but not limited to the Undesignated Southeast Logan Draw-Atoka Gas Pool and Undesignated North Illinois Camp-Morrow Gas Pool; the NE/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 that vertical extent, including the Undesignated Logan Draw-Wolfcamp Gas Pool; and the NE/4 NE/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 that vertical extent, including but not limited to the Undesignated Logan Draw-Wolfcamp Pool. The units are to be dedicated to applicant's Big Bluff "31" State Com. Well No. 1, to be drilled at an orthodox location 660 feet from the North and East lines of Section 31. 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 units are located approximately 11½ miles southeast of Artesia, New Mexico.

CASE 12502: Continued from October 5, 2000, Examiner Hearing.

In the matter of the hearing called by the New Mexico Oil Conservation Division on its own motion to amend Division Order No. R-5878, as amended. The Division seeks to further amend its "*Special Rules for Applications for Wellhead Price Ceiling Category Determinations*", as promulgated by Division Order No. R-5878, as amended, as necessary in order to comply with the Federal Energy Regulatory Commission's Order No. 616, which reinstates wellhead determination procedures for Section 107 gas that qualifies for a federal tax credit