

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 16, 2000

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 35-00 and 36-00 are tentatively set for December 7 and December 21, 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 12182: (Reopened)

In the matter of Case 12182 being reopened pursuant to the provisions of Division Order R-11221, which order promulgated the Temporary Special Rules and Regulations for the North Hardy-Strawn Pool in Lea County, New Mexico. Operators in this pool may appear and show cause why the Temporary Special Rules and Regulations for this pool should not be rescinded.

CASE 12532: **Application of Conoco Inc. to increase the special depth bracket oil allowable for the North Hardy-Strawn Pool, Lea County, New Mexico.** Applicant seeks an order amending Rule 6 of the Special Rules for the North Hardy Strawn Pool to increase the depth bracket oil allowable from 600 barrels of oil per day to 900 barrels of oil per day. This pool is located within portions of Sections 25 and 36, Township 20 South, Range 37 East, and Sections 30 and 31, Township 20 South, Range 38 East, and is approximately 12 miles south southwest of Hobbs, New Mexico.

CASE 12533: **Application of David H. Arrington Oil & Gas Inc. for compulsory pooling and an unorthodox gas well location, 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 N/2 of Section 26, Township 18 South, Range 24 East, for any and all formations and/or pools developed on 320-acre gas spacing within the vertical extent, including the Penasco-Morrow Gas Pool, and the Penasco Draw Permo-Penn (Cisco) Gas Pool. This unit is to be dedicated to its Yellow Stonefly "26" Federal Com Well No. 1 which will be located at an unorthodox gas well location 1980 feet from the North line and 2600 feet from the West line of this section (Unit F). Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of the applicant as the operator of the well and a charge for risk involved in this well. This unit is located approximately 9 miles south of Artesia, New Mexico.

CASE 12534: **Application of Chesapeake Operating Inc. for compulsory pooling 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 Strawn formation underlying the W/2 SW/4 of Section 1, Township 16 South, Range 36 East, forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre oil spacing within the vertical extent, including the Northeast Lovington-Pennsylvanian Pool. This unit is to be dedicated to its Burnett "1" Well No. 1 which will be located at an unorthodox location 1549 feet from the South line and 712 feet from the West line of this section. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well. This unit is located approximately 1 mile east of the center of the City of Lovington, New Mexico.

CASE 12448: Readvertised

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 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. In addition, applicant seeks an exception from Division Rule 104 so that the Boyce "15" Well No. 1 located in Unit A can continue to be produced from the upper portion of the Atoka formation within this same pool and be simultaneously dedicated to this same spacing unit. This location is located approximately 5 miles west of Lovington, New Mexico.

CASE 12509: Continued from October 19, 2000, Examiner Hearing.

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:

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<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 12535:

Application of Ocean Energy Resources, Inc. for compulsory pooling and four non-standard oil and gas spacing and proration units, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 1-8 of irregular Section 3, Township 16 South, Range 35 East, and in the following manner: Lots 1-8 to form a non-standard 355.80-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Shoe Bar-Atoka Gas Pool and Undesignated North Shoe Bar-Morrow Gas Pool; Lots 3-6 to form a non-standard 177.21-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; Lots 3 and 4 to form a non-standard 97.21-acre oil spacing and proration unit for any formations and/or pools developed on 80-acre spacing within that vertical extent, including the Undesignated South Big Dog-Strawn Pool; and Lot 4 to form a non-standard 48.43-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Townsend-Permo Upper Pennsylvanian Pool. The units are to be dedicated to applicant's Townsend State Com. Well No. 10, to be located at an orthodox location 800 feet from the North line and 660 feet from the West line of Section 3. 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 6 miles west-northwest of Lovington, New Mexico.

CASE 12536:

Application of Concho Resources, Inc. 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 32, Township 18 South, Range 24 East, and in the following manner: The S½ 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 the Antelope Sink-Morrow Gas Pool; and the SW¼ 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. The units are to be dedicated to applicant's Southern Cross 32 State Com. Well No. 1, to be located 1650 feet from the South line and 1980 feet from the West line (Unit K) of Section 32. 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 10½ miles southeast of Hope, New Mexico.

CASE 12510:

Continued from November 2, 2000, Examiner Hearing.

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 21½ miles southwest of Oil Center, New Mexico.

CASE 12537:

Application of Kerr-McGee Oil & Gas Onshore LLC to extend the time during which it may make up underproduction in a gas proration unit in the Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico. Applicant seeks an order allowing it until March 31, 2002 during which to make up underproduction in a gas proration unit in the Indian Basin-Upper Pennsylvanian Gas Pool comprised of Lots 1-4, S/2 N/2, and S/2 (all) of Section 2, Township 22 South, Range 23 East. The gas proration unit is currently dedicated to applicant's Conoco State Gas Com. Well Nos. 6 and 7. The gas proration unit is located approximately 15 miles southwest of Seven Rivers, New Mexico.

CASE 12500:

Continued from November 2, 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 NE¼ 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 NE¼ NE¼ 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.