

**DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 7, 2000**

**8:15 A.M. - 2040 South Pacheco**

**Santa Fe, New Mexico**

Dockets Nos. 36-00 and 1-01 are tentatively set for December 21, 2000 and January 11, 2001. 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 12546:** Application of McKay Oil Corporation for an unorthodox infill gas well location, Chaves County, New Mexico. Applicant seeks an exception to the well location requirements provided within the "*Special Rules and Regulations for the West Pecos Slope-Abo Gas Pool*" set forth in Division Order No. R-9976-C for an unorthodox Abo infill gas well location within an existing standard 160-acre gas spacing unit for the West Pecos Slope-Abo Gas Pool comprising the SW/4 of Section 17, Township 6 South, Range 23 East, which is located approximately 13 miles south of Mesa, New Mexico. The Five Mile Tank "B" Federal Well No. 5 (API No. 30-005-63288) is to be drilled 1760 feet from the South line and 588 feet from the West line (Unit L) of Section 17. This unit is currently dedicated to McKay Oil Corporation's Five Mile Tank Well No. 5 (API No. 30-005-62429), located at a standard gas well location 1650 feet from the South line and 1980 feet from the West line (Unit K) of Section 17. FURTHER, the applicant shall show cause: (i) why an "*Application for Permit to Drill*" ("APD") for a third gas well was filed on this unit, its proposed Five Mile Tank "B" Federal Well No. 3 (API No. 30-005-63293) to be drilled at a standard infill gas well location 880 feet from the South line and 1760 feet from the East line (Unit N) of Section 17, which is in violation of Rule 2 of the special pool rules for the West Pecos Slope-Abo Gas Pool; (ii) why the Five Mile Tank Well No. 3 can not be utilized as the infill gas well on this existing unit instead of the proposed Five Mile Tank Well No. 5; and (iii) why the APD for this proposed Five Mile Tank Well No. 3 has not been formally withdrawn.

**CASE 12547:** Application of McKay Oil Corporation for an unorthodox infill gas well location, Chaves County, New Mexico. Applicant seeks an exception to the well location requirements provided within the "*Special Rules and Regulations for the West Pecos Slope-Abo Gas Pool*" set forth in Division Order No. R-9976-C for an unorthodox Abo infill gas well location within an existing standard 160-acre gas spacing unit for the West Pecos Slope-Abo Gas Pool comprising the SE/4 of Section 18, Township 6 South, Range 23 East, which is located approximately 13 miles south of Mesa, New Mexico. The Snakeweed Federal "B" Well No. 4 is to be drilled 880 feet from the South line and 588 feet from the East line (Unit P) of Section 18. This unit is currently dedicated to McKay Oil Corporation's Snakeweed Federal Well No. 4 (API No. 30-005-62432), located at a standard gas well location 1980 feet from the South line and 1780 feet from the East line (Unit J) of Section 18.

**CASE 12535:** Continued from November 16, 2000, Examiner Hearing.

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

**Examiner Hearing – December 7, 2000**  
**Docket No. 35-00**  
**Page 2 of 6**

---

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 12501:**    **Continued from November 2, 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 12548:**    **Application of Concho Resources, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations and pools developed on 320-acre spacing in the S/2 and for all formations and pools developed on 160-acre spacing in the SW/4 of Section 5, Township 22 South, Range 26 East. Said units are to be dedicated to its Rifleman "5" Com Well No. 1 to be drilled as a wildcat well at a standard location 660 feet from the South and West lines of said Section 5 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. 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 3 miles West of Carlsbad, New Mexico.

**CASE 12498:**    **Continued from November 16, 2000, Examiner Hearing.**

**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 12549:**    **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.

**CASE 12542:**    **Continued from November 16, 2000, Examiner Hearing.**

**Application of David H. Arrington Oil and Gas, 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 S/2 for all formations developed on 320 acre spacing including but not limited to the Penasco Draw-Permo Penn Gas Pool, the Undesignated Antelope Sink-Atoka Gas Pool, and the Undesignated North Antelope Sink-Morrow Gas Pool, and the SE/4 for all formations developed on 160-acre spacing, all in Section 15, Township 18 South, Range 24 East.