

CASE 12551: Continued from March 8, 2001, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the following described spacing and proration units in Section 14, Township 21 South, Range 34 East, as follows: the S/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Wilson-Morrow Gas Pool and the Undesignated South Wilson- Pennsylvanian Gas Pool; and the SE/4 for all formations and/or pools developed on 160-acre spacing. Said units are to be dedicated to its Side Pocket "14" State Com Well No. 1 to be drilled at a standard location 1980 feet from the South line and 660 feet from the East line of Section 14 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 Nearburg Producing Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 20 miles Southeast of Halfway, New Mexico.

CASE 12607: Continued from March 22, 2001, Examiner Hearing.

Application of Nearburg Producing Company for hardship gas well classification, Eddy County, New Mexico. Applicant seeks a determination that its Shelby Federal Well No. 3 (API No. 30-015-25949), located 1900 feet from the South line and 2150 feet from the West line (Unit K) of Section 12, Township 22 South, Range 24 East, McKittrick Hills-Upper Pennsylvanian Gas Pool, is a hardship gas well under Division Rule 408 that should be granted priority access to pipeline takes in order to avoid waste. This well is located approximately 13 miles west of Carlsbad, New Mexico.

CASE 12608: (REOPENED AND READVERTISED)

Application of David H. Arrington Oil & Gas, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval to deepen its existing Mayfly "14" State Well No. 4 (API No. 30-025-34865), located at an unorthodox gas well location 1650 feet from the North line and 371 feet from the West line (Unit E) of Section 14, Township 16 South, Range 35 East, from its current depth of 11,550 feet to an approximate depth of 12,100 feet in order to test both the Townsend-Morrow Gas Pool and deeper Undesignated Townsend-Mississippian Gas Pool within a standard 320-acre stand-up gas spacing and proration unit comprising the W/2 of Section 14. This well is located approximately five miles west of Lovington, New Mexico.

CASE 12633: **Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations from the base of the Pictured Cliffs formation to the base of the Dakota formation in the W/2 of Section 4, Township 25 North, Range 2 West, for all formations and or pools developed on 320-acre spacing. Said units are to be dedicated to its Cougar Com 4 Well No. 2-A to be drilled to a depth sufficient to test all formations to the base of the Dakota formation, Basin-Dakota Gas Pool, at a standard location in the SW/4 of said Section 4. 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 9.5 miles north of Lindrith, New Mexico.

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proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently may include but are not necessarily limited to the Cemetery-Morrow Gas Pool, the Dagger Draw-Strawn Gas Pool, or the North Cemetery-Wolfcamp Gas Pool. The unit is to be dedicated to OXY's Limousine Federal Com Well No. 1 to be drilled and completed at a standard gas well location in Unit E 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 the applicant as the operator of the well and a charge for risk involved in this well. This unit is located approximately 3 miles east of Seven Rivers, New Mexico.

CASE 12265: (REOPENED) Continued from March 8, 2001, Examiner Hearing.

In the matter of Case No. 12265 being reopened pursuant to the provisions of Division Order No. R-11328, which order authorized OXY USA, Inc. to convert its Government "AB" Well No. 9 (API No. 30-015-27964), located on the surface 330 feet from the North line and 230 feet from the East line (Unit A) of Section 10, Township 20 South, Range 28 East (being approximately 15 miles east of Seven Rivers, New Mexico) to a salt water disposal well by injection in the perforated interval from approximately 6,378 feet to 6,619 feet into the Old Millman Ranch-Bone Spring Associated Pool. This order also identified two certain wells within the one-half-mile-area-of review that have inadequate cement behind the production casing string across the proposed injection interval. A provision was included in this order requiring OXY USA, Inc. to equipped these two wells, described below, with pressure recording equipment and to monitor both wells for increased pressures between the intermediate and production casing strings:

- (1) OXY USA, Inc.'s Government "S" Well No. 2 (API No. 30-015-22999), located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 3, Township 20 South, Range 28 East; and
- (2) OXY USA, Inc.'s Government "AB" Well No. 2 (API No. 30-015-21480), Located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 10.

OXY USA, Inc. is to appear and show cause why both the Government "S" Well No. 2 and Government "AB" Well No. 2 should not be properly cemented across and above the injection zone.

CASE 12632: Application of Conoco, Inc. for approval of three (3) non-standard oil proration and spacing units and unorthodox oil well location, or in the alternative, approval of an unorthodox oil well location, Lea County, New Mexico. Applicant seeks (i) approval of three (3) non-standard oil proration and spacing units in the Undesignated North Hardy-Tubb-Drinkard Pool within Section 25, Township 20 South, Range 37 East, as follows: (a) a 40-acre non-standard unit consisting of the S/2 NW/4 SE/4 and the N/2 SW/4 SE/4 to be dedicated to its SEMU Well No. 135 (API No. 30-025-34666) which was originally drilled as a Strawn gas well at an unorthodox location 1330 feet from the South line and 1980 feet from the East line, (Unit J) of this section and which is to be recompleted as a Tubb/Drinkard oil well; (b) a 20-acre non-standard unit consisting of the N/2 NW/4 SE/4; and (c) a 20-acre non-standard unit consisting of the S/2 SW/4 SE/4; or (ii) in the alternative, approval of an unorthodox well location for this well to be dedicated to a standard 40-acre spacing unit consisting of Unit J of this section. This well is located approximately 12 miles southwest of Hobbs, New Mexico.