

DOCKET: COMMISSION HEARING – FRIDAY – MARCH 30, 2001

9:00 A.M. - OCD Hearing Room
1120 So. St. Francis
Santa Fe, New Mexico

The Land Commissioner's designee for this hearing will be Jami Bailey.

The minutes of the February 16, 2001, Commission hearing will be adopted.

The Oil Conservation Commission may vote to close the open meeting to deliberate any De Novo cases heard at this hearing.

Final action will be taken in:

CASE 12626: In the matter of the hearing called by the Oil Conservation Division to enact a new rule 712 permitting disposal of certain non-domestic waste arising from the exploration, development, production or storage of crude oil or natural gas, certain non-domestic waste arising from the oil field service industry, and certain non-domestic waste arising from the transportation, treatment or refinement of crude oil or natural gas, at a solid waste facility regulated by the New Mexico Environment Department, with the concurrence of the New Mexico Environment Department.

CASE 12459: De Novo

Application of the Oil Conservation Division for an order requiring I. T. Properties to properly plug one well, Eddy County, New Mexico. Applicant seeks an order requiring I. T. Properties to appear and show cause why one (1) well located in Section 23, Township 19 South, Range 28 East, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug these wells, the Division seeks an order (i) requiring operator to properly plug these wells; (ii) authorizing the Division to plug these wells; (iii) ordering a forfeiture of the plugging bond, and (iv) assessing fines for failure to comply with the order. *In The Absence of Objection, This Case Will be Taken Under Advisement.* Upon application of I. T. Properties, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12568: De Novo

Application of Pogo Producing Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 23, Township 22 South, Range 32 East, 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 Undesignated East Red Tank-Cisco Canyon Gas Pool, Undesignated East Red Tank-Atoka Gas Pool, Undesignated East Red Tank-Morrow Gas Pool, and Undesignated Bootleg Ridge-Morrow Gas Pool. The unit is to be dedicated to the Red Tank "23" Fed. Com. Well No. 4, to be drilled at an orthodox location in the SE/4 NE/4 of Section 23. **IN THE ALTERNATIVE**, applicant requests that the E/2 of Section 23 be dedicated to a well located 1660 feet from the North line and 1980 feet from the East line (Unit G) of the section, for all pools or formations developed on 320-acre spacing within that vertical extent, including those described

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above. 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 or EOG Resources, Inc. as operator of the well, and a charge for the risk involved in drilling and completing the well. The unit is located approximately 13 miles southeast of the intersection of State Highway 176 and U.S. Highway 62/180. Upon application of Pogo Producing Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12008: De Novo - Continued from February 16, 2001 Commission Hearing.

Application of Robert E. Landreth for a determination of reasonable well costs, Lea County, New Mexico. Applicant, as a mineral interest owner in the standard 320-acre gas spacing and proration unit comprising the S/2 of Section 29, Township 22 South, Range 34 East, seeks an order ascertaining the reasonableness of actual well costs for: (i) the Santa Fe Energy Resources, Inc. Gaucho Unit Well No. 2-Y (API No. 30-025-34026), located 1650 feet from the South line and 1725 feet from the West line (Unit K) of Section 29; and (ii) the plugged and abandoned Gaucho Unit Well No. 2 (API No. 30-025-33682), located 1650 feet from the South and West lines (Unit K) of Section 29. This 320-acre unit was the subject of compulsory pooling Order No. R-10764, dated February 14, 1997. This area is located approximately 20 miles west by south of Eunice, New Mexico. Upon application of Robert E. Landreth, this case will be heard De Novo pursuant to the provisions of Rule 1220.