

DOCKET: EXAMINER HEARING - THURSDAY – JULY 12, 2001

8:15 A.M. - 1220 South St. Francis

Santa Fe, New Mexico

Docket Nos. 24-01 and 25-01 are tentatively set for July 26, 2001 and August 9, 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 12683: **Application of Yates Petroleum Corporation for Compulsory Pooling, Chaves County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Ordovician formation underlying the following described acreage in Section 3, Township 8 South, Range 26 East, as follows: the E/2 to form a standard 320-acre spacing and proration unit for any formation or pool spaced on 320 acres within this vertical extent; the NE/4 and SE/4 forming two standard 160-acre spacing and proration units for any formations or pools spaced on 160 acres within this vertical extent, which presently includes, but is not necessarily limited to the Pecos Slope-Abo Gas Pool. These units are to be dedicated to its Coronet "TI" Well No. 3 to be drilled at a standard location 1980 feet from the North and East lines (Unit G) of Section 3. **In addition**, the applicant seeks to pool these interests for its Coronet "TI" Well No. 1 located 660 feet from the North and East lines (Unit A), its Coronet "TI" Well No. 2 located 1980 feet from the North line and 1000 feet from the East line (Unit H), and its Percentage "APR" Well No. 1 located 660 feet from the South line and 1110 feet from the East line (Unit P), all in Section 3, all three which have been drilled and are currently producing from various formations on the proration unit(s). Also to be considered will be the cost of drilling and completing said wells and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for the risk involved in drilling said wells. This unit is located approximately 4 miles Northeast of the Bitter Lake National Wildlife Refuge.

CASE 12674: **Continued from June 28, 2001, Examiner Hearing.**

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 S/2 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 SW/4 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 at an orthodox location in the NE/4 SW/4 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 12684: **Application of Beach Exploration, Inc. for statutory unitization, Eddy County, New Mexico.** Applicant seeks an order unitizing all mineral interests in the designated and undesignated High Lonesome-Queen Pool underlying parts of Sections 17, 18, 19, and 20, Township 16 South, Range 29 East, comprising 1156.60 acres, more or less, of state and federal lands for its proposed West High Lonesome Queen Unit. Among the matters to be considered at the hearing, pursuant to the New Mexico Statutory Unitization Act, NMSA 1978 §§70-7-1 *et. seq.*, will be: The necessity of unit operations; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investments, to each of the tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary

and appropriate. Said unit is centered approximately 10 miles northwest of Loco Hills, New Mexico.

CASE 12685: **Application of Beach Exploration, Inc. for approval of a waterflood project and to qualify the project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Eddy County, New Mexico.** Applicant seeks approval to institute a waterflood project in the Designated and Undesignated High Lonesome-Queen Pool underlying its proposed West High Lonesome Queen Unit covering parts of Sections 17, 18, 19, and 20, Township 16 South, Range 29 East, by the injection of water into 18 wells located thereon. Applicant further seeks to qualify the project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said project is centered approximately 10 miles northwest of Loco Hills, New Mexico.

CASE 12609: **Continued from June 14, 2001, Examiner Hearing.**

Application of Chevron U.S.A., Inc. for an unorthodox infill gas well location and simultaneous dedication, Lea County, New Mexico. Applicant seeks an exception to the well location requirements provided within the "*Special Rules and Regulations for the Eumont Gas Pool*", as promulgated by Division Order No. R-8170, as amended, for an unorthodox Eumont infill gas well location within an existing non-standard 480-acre gas spacing and proration unit (authorized by Division Administrative Order NSP-944, dated April 12, 1974, and upheld by Division Order No. R-5549, issued in Case No. 6041 on October 25, 1977) comprising the NE/4 and the S/2 of Section 22, Township 21 South, Range 36 East, which is located approximately one mile northwest of the Eunice-Lea County Airport. The applicant's proposed Harry Leonard NCT-A Well No. 15 (**API No. 30-025-35396**) is to be drilled at an unorthodox infill gas well location 1980 feet from the South line and 760 feet from the West line (Unit L) of Section 22. This unit is currently dedicated to Chevron U.S.A., Inc.'s:

- (i) Harry Leonard NCT-A Well No. 3 (**API No. 30-025-04757**), located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 22;
- (ii) Harry Leonard NCT-A Well No. 7 (**API No. 30-025-04760**), located 660 feet from the South and West lines (Unit M) of Section 22;
- (iii) Harry Leonard NCT-A Well No. 12 (**API No. 30-025-25496**), located at an unorthodox infill gas well location (approved by Division Order No. R-5549) 990 feet from the South line and 660 feet from the East line (Unit P) of Section 22;
- (iv) Harry Leonard NCT-A Well No. 13 (**API No. 30-025-31320**), located at a standard infill gas well location 1650 feet from the South line and 2310 feet from the East line (Unit J) of Section 22;
- (v) Harry Leonard NCT-A Well No. 6 (**API No. 30-025-04759**), located at an unorthodox infill gas well location [approved by Division Administrative Order NSL-3253 (SD), dated May 28, 1993] 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 22;
- (vi) Harry Leonard NCT-A Well No. 14 (**API No. 30-025-32154**), located at a standard infill gas well location 1760 feet from the North line and 990 feet from the East line (Unit H) of Section 22, which is a new gas well that was included in this unit in February, 1998.

Further, the applicant, pursuant to the rules governing the Eumont Gas Pool and the stipulated declaratory judgement issued by the First Judicial District Court in Santa Fe County, New Mexico on December 15, 2000, seeks to simultaneously dedicate Eumont gas production to this 480-acre unit from