

DOCKET: EXAMINER HEARING - THURSDAY – SEPTEMBER 6, 2001

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

Santa Fe, New Mexico

Docket Nos. 31-01 and 32-01 are tentatively set for September 20, 2001 and October 4, 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 12719: Application of The New Mexico Oil Conservation Division, through the Supervisor of District III, for an Order Requiring Robert and Marjorie Wilkinson to Properly Plug One Well in McKinley County, New Mexico, Authorizing the Division to Plug Said Well and Ordering a Forfeiture of Applicable Plugging Bond, if Any. Applicant seeks an order directing the operator, Robert and Marjorie Wilkinson, to plug and abandon their Jaco No. 60 Well (API No. 30-031-20880), located 500 feet from the North line and 610 feet from the West line (Unit D) of Section 32, Township 20 North, Range 9 West, in accordance with a Division approved plugging program, authorizing the Division to plug said well if the applicant and its surety, if any, fail to do so, and directing the forfeiture of operator's plugging bond, if any.

CASE 12720: Application of The New Mexico Oil Conservation Division, through the Supervisor of District III, for an Order Requiring Pitco Production Company to Properly Plug One Well in Sandoval County, New Mexico, Authorizing the Division to Plug Said Well and Ordering a Forfeiture of Applicable Plugging Bond, if Any. Applicant seeks an order directing the operator, Pitco Production Company, to plug and abandon its State 36-22-06 No. 1 Well (API No. 30-043-20386) located 810 feet from the South line and 800 feet from the West line (Unit M) of Section 36, Township 22 North, Range 6 West, in accordance with a Division approved plugging program, authorizing the Division to plug said well if the applicant and its surety, if any, fail to do so, and directing the forfeiture of operator's plugging bond, if any.

CASE 12709: Continued from August 23, 2001, Examiner Hearing.

Application of Melrose Operating Company to expand its Artesia Unit Waterflood project and amend Division Administrative Order WFX-768, Eddy County, New Mexico. Applicant seeks approval to inject water into the Queen, Grayburg and San Andres formations of the Artesia Queen-Grayburg-San Andres Pool in the following injection wells:

Unit Well No. 2. 330 feet FSL & 330 feet FWL, Section 26, T17S, R28E
Unit Well No. 3. 330 feet FSL & 1750 feet FWL, Section 26, T17S, R28E
Unit Well No. 10. 330 feet FNL & 1950 feet FWL, Section 35, T17S, R28E
Unit Well No. 11. 360 feet FNL & 360 feet FWL, Section 35, T17S, R28E
Unit Well No. 12. 1980 feet FNL & 660 feet FWL, Section 35, T17S, R28E
Unit Well No. 13. 1980 feet FNL & 1980 feet FWL, Section 35, T17S, R28E
Unit Well No. 16. 1980 feet FNL & 660 feet FWL, Section 36, T17S, R28E
Unit Well No. 18. 1980 feet FSL & 1980 feet FWL, Section 36, T17S, R28E
Unit Well No. 19. 1980 feet FSL & 660 feet FWL, Section 36, T17S, R28E
Unit Well No. 22. 1980 feet FSL & 1980 feet FWL, Section 35, T17S, R28E
Unit Well No. 23. 1980 feet FSL & 660 feet FWL, Section 35, T17S, R28E
Unit Well No. 28. 990 feet FEL & 330 feet FSL, Section 35, T17S, R28E
Unit Well No. 44. 1980 feet FNL & 1070 feet FWL, Section 3, T17S, R28E
Unit Well No. 46. 2310 feet FNL & 2267 feet FWL, Section 3, T18S, R28E
Unit Well No. 54. 1654 feet FSL & 2272 feet FWL, Section 3, T18S, R28E
Unit Well No. 57. 1570 feet FSL & 1070 feet FWL, Section 3, T18S, R28E

CASE 12721: **Application of Marathon Oil Company to amend Division Order R-11186, Eddy County, New Mexico.** Applicant seeks an amendment of Division Order R-11186 to expand its Indian Hills Unit Centralized Facility to include its Indian Hills Unit Well No. 32 in Unit M of Section 16 and any future wells producing from the Indian Basin-Upper Pennsylvanian Gas Pool and/or the Indian Basin-Upper Pennsylvanian Associated Pool within Sections 16, 17 and 19, Township 21 South, Range 24 East. This order currently permits surface commingling, off-lease measurement and storage of Indian Basin-Upper Pennsylvanian Gas Pool and Indian Basin-Upper Pennsylvanian Associated Pool production from its Indian Basin "32" State Lease in Section 32 with its Indian Hills Unit covering parts of Sections 20, 21, 28, 29 and 33, all in Township 21 South, Range 24 East which shall be stored and measured at its centralized facility located in Unit P, Section 19, Township 21 South, Range 24 East. This facility is located approximately 18 miles east of Carlsbad, New Mexico.

CASE 12722: **Application of Occidental Permian Limited Partnership ("OXY") to amend Division Order R-6199 concerning the expansion of its North Hobbs Grayburg-San Andres Unit Pressure Maintenance Project, and to qualify the project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.** Applicant seeks approval: (i) to convert a portion of this project (Phase I) from water injection to a tertiary recovery project by the injection of carbon dioxide (CO₂) and produced water and the reinjection of CO₂, produced water, and produced gases including methane, natural gas liquids and hydrogen sulfide (H₂S) utilizing existing and new wellbores; (ii) an increase in the authorized surface injection pressure; (iii) an increase in the gas oil ratios; (iv) an exception from Rule 704.A(2); (v) an exception from the one year commencement of injection and to qualify Phase I of the Unit for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5. This project includes all or portions of Sections 13, 14, 23-25, 26, and 36 of Township 18 South, Range 37 East and all or portions of Sections 17-20, 28, and 29-33 of Township 18 South, Range 38 East. This project is located on the west side of the City of Hobbs, New Mexico.

CASE 12711: **Continued from August 23, 2001, Examiner Hearing.**

Application of David H. Arrington Oil & Gas Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the E/2 of Section 19, Township 15 South, Range 35 East, 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 East Morton-Morrow Gas Pool. The unit is to be dedicated to applicant's Lou's Hopper Well No. 1, to be drilled at an orthodox location in the NW/4 NE/4 of Section 19. 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 unit is located approximately 7 miles northwest of Lovington, New Mexico.

CASE 12712: **Continued from August 23, 2001, Examiner Hearing.**

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Grayburg formation to the base of the Morrow formation underlying the E/2 of Section 18, Township 18 South, Range 29 East, 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