

**Examiner Hearing – February 21, 2002**  
**Docket No. 06-02**  
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API #	County	Type	Last Production/ Injection	Well Name and Number	Operator	Location	Status
30-035-20025	OTERO	O	NONE	YSLETANO CANYON FED #001	CIBOLA ENERGY CORP	P-07-14S-11E	SY

**CASE 12812:**    **Application of Agave Energy Company for Approval of a Salt Water Disposal Well, Eddy County, New Mexico.** Applicant seeks approval to utilize its Metropolis "AZL" State Com Well No. 1 (API No. 30-015-31905) located 1650 feet from the South and West lines (Unit K) of Section 36, Township 18 South, Range 25 East, to dispose of produced water into the Devonian and Ellenburger formations from a depth of 9,900 feet to 11,400 feet. This well is located approximately 4 miles northwest of Lakewood, New Mexico.

**CASE 12813:**    **Application of Richardson Production Company for compulsory pooling, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the NE/4 and all mineral interests in the Basin Fruitland Coal Gas Pool underlying the E/2 of Section 7, Township 29 North, Range 14 West, forming standard 160-acre and 320-acre spacing and proration units, respectively. These units are to be dedicated to its ROPCO "7" Well No. 1 which is to be located in Unit B of Section 7 for downhole commingled production from the Pictured Cliffs formation and the Basin-Fruitland Coal Gas Pool. Also to be considered will be the costs of participation in the well, including but not limited to the costs of drilling, completing and equipping, with the inclusion of a risk factor penalty and the allocation of those costs and income therefor as well as actual operating costs and charges for supervision, and the designation of Richardson Operating Company as the operator of the well. The well is located approximately 1 mile Northeast of Kirtland, New Mexico.

**CASE 12814:**    **Application of Richardson Production Company for compulsory pooling, San Juan County, New Mexico.** Applicant seeks to reinstate Order R-11549 in Case 12598 which pooled certain mineral interests from the surface to the base of the Pictured Cliffs formation underlying the SE/4 of Section 9, Township 29 North, Range 14 West, forming a standard 160-acre spacing and proration unit to be dedicated to its ROPCO Well No. 9-2 which is to be located in Unit P of Section 9. Also to be considered will be the costs of participation in the well, including but not limited to the costs of drilling, completing and equipping, with the inclusion of a risk factor penalty and the allocation of those costs and income therefor as well as actual operating costs and charges for supervision, and the designation of Richardson Operating Company as the operator of the well. The well is located approximately 3 miles East of Kirtland, New Mexico.

**CASE 12815:**    **Application of Read & Stevens, Inc. for pool creation and special pool rules, Lea County, New Mexico.** Applicant seeks creation of the North Osudo-Devonian Pool, to initially cover the SW/4 of Section 4, Township 20 South, Range 36 East, and the promulgation of Special Rules and Regulations for the pool, including provisions for 160-acre spacing and special well location requirements. The proposed pool is located approximately 6 miles southwest of Monument, New Mexico.

**CASE 12816:**    **Application of TMBR/Sharp Drilling Inc. 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 N/2 of Section 25, Township 16 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 gas spacing within that vertical extent, including the Townsend-Morrow Gas Pool and the Townsend-Mississippian Gas Pool. This unit is to be dedicated to its Blue Fin "25" Well No. 1 which will be located at a standard location within Unit E of this section. Also to be considered will be the costs of drilling and

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30-015-01492	EDDY	O	06-1980	RED LAKE SAND UNIT #032	SMITH & MARRS INC	E-21-17S-28E	AY
30-015-01462	EDDY	O	04-1997	RED LAKE SAND UNIT #033	SMITH & MARRS INC	H-20-17S-28E	AY
30-015-02164	EDDY	O	05-1999	YATES #001	SMITH & MARRS INC	D-33-18S-28E	A
30-015-02159	EDDY	O	05-1999	YATES #005	SMITH & MARRS INC	C-33-18S-28E	A
30-015-22142	EDDY	G	07-1997	ALSCOTT FEDERAL #002	SOUTHWEST ROYALTIES INC	O-30-18S-29E	SY
30-015-21804	EDDY	G	01-2000	ALSCOTT FEDERAL COM #001	SOUTHWEST ROYALTIES INC	G-31-18S-29E	A
30-015-21863	EDDY	S	12-1997	JULIE COM #001	SOUTHWEST ROYALTIES INC	H-17-19S-25E	A
30-015-03792	EDDY	O	12-1992	STATE B4458 #002	SOUTHWEST ROYALTIES INC	C-36-17S-29E	SY
30-015-25741	EDDY	O	10-1994	EAST SHUGART DELAWARE UNIT #001	ST. MARY LAND & EXPLORATION COMPANY	O-13-18S-31E	AY
30-015-26298	EDDY	O	02-1994	OSAGE FEDERAL #017	ST. MARY LAND & EXPLORATION COMPANY	K-34-19S-29E	AY
30-015-27935	EDDY	G	NONE	TECUMSCH FEDERAL #001	ST. MARY LAND & EXPLORATION COMPANY	H-20-16S-27E	SY
30-015-02233	EDDY	O	06-1982	EAST MILLMAN POOL UNIT #005	STEPHENS & JOHNSON OP CO	A-13-19S-28E	SY
30-015-22937	EDDY	G	05-1997	DUNCAN FEDERAL #001	STRATA PRODUCTION CO	M-11-16S-30E	AY
30-015-22748	EDDY	G	05-1997	NORMAN FEDERAL #001	STRATA PRODUCTION CO	K-14-16S-30E	SY
30-015-29549	EDDY	O	08-1998	REMUDA BASIN 20 FEDERAL #001	STRATA PRODUCTION CO	D-20-23S-30E	AY
30-015-25137	EDDY	O	08-1995	H W STOTT FEDERAL #001	TOM BROWN INC	K-01-21S-27E	AY
30-015-24822	EDDY	O	02-1999	ROY RENFRO #001	TOM BROWN INC	14-01-21S-27E	A
30-015-10390	EDDY	I	04-1988	NORTH BENSON QUEEN UNIT #010	UNITED OIL & MINERALS LIMITED PARTNERSHIP	F-29-18S-30E	S
30-015-10131	EDDY	I	01-1989	NORTH BENSON QUEEN UNIT #014	UNITED OIL & MINERALS LIMITED PARTNERSHIP	L-28-18S-30E	A
30-015-10128	EDDY	I	12-1996	NORTH BENSON QUEEN UNIT #018	UNITED OIL & MINERALS LIMITED PARTNERSHIP	L-27-18S-30E	A
30-015-10874	EDDY	I	07-1989	NORTH BENSON QUEEN UNIT #031	UNITED OIL & MINERALS LIMITED PARTNERSHIP	D-32-18S-30E	A
30-015-04564	EDDY	I	NONE	NORTH BENSON QUEEN UNIT #035	UNITED OIL & MINERALS LIMITED PARTNERSHIP	D-34-18S-30E	A
30-015-10152	EDDY	I	06-1987	NORTH BENSON QUEEN UNIT #041	UNITED OIL & MINERALS LIMITED PARTNERSHIP	H-33-18S-30E	A
30-015-02718	EDDY	O	06-1993	HIGH LONESOME PENROSE UNIT #001	VINTAGE DRILLING LLC	I-15-16S-29E	SY
30-015-02731	EDDY	O	12-1992	HIGH LONESOME PENROSE UNIT #004	VINTAGE DRILLING LLC	P-15-16S-29E	T
30-015-02721	EDDY	I	11-1998	HIGH LONESOME PENROSE UNIT #005	VINTAGE DRILLING LLC	J-15-16S-29E	A
30-015-02720	EDDY	O	12-1992	HIGH LONESOME PENROSE UNIT #006	VINTAGE DRILLING LLC	B-15-16S-29E	SY
30-015-05498	EDDY	I	01-2000	PENASCO SHUGART QUEEN SAND UNIT #001B	VINTAGE DRILLING LLC	O-08-18S-31E	A
30-015-04430	EDDY	O	09-1981	STATE CA #001	VINTAGE DRILLING LLC	D-32-17S-30E	SY
30-015-01385	EDDY	O	04-1988	SPURCK F STATE #004	YATES DRILLING CO	C-15-17S-28E	SY

**Case No. 12811:** Application of the New Mexico Oil Conservation Division for an Order **Requiring Operators to Bring Three Hundred Eighty-Eight (388) Wells into Compliance with Rule 201.B, and Assessing Appropriate Civil Penalties;** Eddy, Chaves and Otero Counties, New Mexico. The Applicant seeks an order requiring the operators of 388 inactive wells located in Eddy, Chaves and Otero Counties, New Mexico, to bring said wells into compliance with OCD Rule 201.B by either restoring said wells to production or beneficial use, plugging and abandoning said wells or securing Division approval for temporary abandonment thereof. The affected wells are the following:

completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of TMBR/Sharp Drilling Inc. as the operator of the well and a charge for risk involved in this well. This unit is located approximately 5-1/2 miles southwest of the center of the City of Lovington, New Mexico.

**CASE 12817:**    **Application of TMBR/Sharp Drilling, Inc. for an unorthodox oil well location and a non-standard oil spacing and proration unit, Lea County, New Mexico.** Applicant seeks exceptions to Rules 2 and 3 of the "*Special Rules and Regulations for the East Saunders Perm-Pennsylvanian Pool*", as promulgated by Division Order No. R-2359, as amended, in order to: (i) establish a non-standard 160-acre oil spacing and proration unit comprising the S/2 NW/4 and N/2 SW/4 of Section 10, Township 14 South, Range 34 East (which is located approximately 11 miles west of McDonald, New Mexico) within the Undesignated East Saunders Permo-Pennsylvanian Pool; and (ii) to dedicate thereon its existing TMBR "10" Well No. 1 (API No. 30-025-35104) which was drilled at an unorthodox oil well location 2630 feet from the South line and 713 feet from the West line (Unit L) of Section 14.

**CASE 12773:**    **Reopened and Readvertised**

**Amended Application of KUKUI Operating Company for compulsory pooling and a non-standard gas spacing and proration unit, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations from the surface through the base of the Morrow formation in the following described non-standard spacing and proration unit located in irregular Section 6, Township 16 South, Range 35 East, comprised of Lots 1, 2, 7, 8, 9, 10, 15 and 16 (E/2 N1/3 and E/2 C1/3) containing 329.83 acres for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated North Eidson-Morrow Gas Pool. This pooled unit is to be dedicated to KUKUI's DeGas "6" State Com Well No. 1 to be drilled at a standard location 1980 feet from the North line and 800 feet from the East line of said Section 6 to a depth sufficient to test any and all formations from the surface through the Morrow formation. Also to be considered will be the cost of drilling and completing said well, the allocation of the cost thereof as well as actual operating costs and charges for supervision, provisions governing subsequent operations on the pooled units, designation of applicant as operator of the well, and a charge for risk involved in drilling said well. Said area is located approximately 8 miles West of Lovington, New Mexico.

**CASE 12818:**    **Application of Chevron U.S.A. Inc. for surface commingling and off lease storage, Lea County, New Mexico.** Applicant seeks authority to commingle in its North Lusk 29 Federal No. 1 Battery located in the SW/4 of Section 29, Township 18 South, Range 32 East, production from the North Lusk-Strawn Pool from the following leases and wells:

New Mexico Oil and Gas Lease No. LG-7655 (N/2, Section 32, Township 18 South, Range 32 East):

North Lusk 32 State Well No. 1, located 330 feet from the North line and 2258 feet from the West line (Unit C) of Section 32.

Federal Oil and Gas Lease No. NM 96855 (NW/4 NE/4, NW/4 NW/4, S/2 N/2, and S/2, Section 29, Township 18 South, Range 32 East):

North Lusk 29 Federal Well No. 1, located 330 feet from the South line and 2005 feet from the West line (Unit N) of Section 29.

**CASE 12806:** Continued from February 7, 2002, Examiner Hearing.

**Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in the following described spacing and proration units in Section 32, Township 18 South, Range 31 East, as follows: the N/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated Shugart-Morrow Gas Pool; the NE/4 for all formations and/or pools developed on 160-acre spacing; and the SE/4 NE/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Shugart (Yates-Seven Rivers-Queen-Grayburg) Pool. Said units are to be dedicated to its Red Cloud "32" State Com Well No. 2 to be drilled at a standard location 1980 feet from the North line and 660 feet from the East line of said Section 32 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, provisions governing subsequent operations on the pooled units, 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 10 miles southeast of Loco Hills, New Mexico.

**CASE 12807:** Continued from February 7, 2002, Examiner Hearing.

**Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in the following described spacing and proration units in Section 32, Township 18 South, Range 31 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 Undesignated Shugart-Morrow Gas Pool; the SE/4 for all formations and/or pools developed on 160-acre spacing; and the SE/4 SE/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Shugart (Yates-Seven Rivers-Queen-Grayburg) Pool. Said units are to be dedicated to its Red Cloud "32" State Com Well No. 1 to be drilled at a standard location 660 feet from the South and East lines of said Section 32 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, provisions governing subsequent operations on the pooled units, 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 10.5 miles southeast of Loco Hills, New Mexico.

**CASE 12789:** Continued from February 7, 2002, Examiner Hearing.

**Amended Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in the following described spacing and proration units in Section 4, Township 19 South, Range 31 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 Undesignated Shugart-Morrow Gas Pool, and the Undesignated Gatuna Canyon-Atoka Gas Pool; the SW/4 for all formations and/or pools developed on 160-acre spacing; the W/2 SW/4 for all formations and/or pools developed on 80-acre spacing, and the SW/4 SW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Shugart (Yates-Seven Rivers-Queen-Grayburg) Pool. Said unit is to be dedicated to its Red Cloud "4" Federal Com Well No. 1 to be drilled at a standard location 810 feet from the South line and 660 feet from the West line of said Section 4 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