

Examiner Hearing – March 21, 2002

Docket No. 08-02

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developed on 320-acre spacing within that vertical extent, including the Undesignated North Illinois Camp-Morrow Gas Pool. The unit is to be dedicated to applicant's Leatherstocking "18" State Com. Well No. 1, to be drilled at an orthodox gas well location in Lot 1 (Unit D) of Section 18. 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 10½ miles east-southeast of Atoka, New Mexico.

CASE 12841: Application of Ocean Energy, 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 W/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 spacing within that vertical extent, including but not limited to the Undesignated Townsend-Morrow Gas Pool. The unit is to be dedicated to applicant's Triple Hackle Dragon 25 Well No. 1, to be drilled at an orthodox location in the SW/4 NW/4 (Unit E) of Section 25. 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, a charge for the risk involved in drilling and completing the well, and the establishment of escrow accounts for the purpose of holding and disbursing funds pending resolution of a title dispute affecting the NW/4 of Section 25. The unit is located approximately 5 miles southwest of Lovington, New Mexico.

CASE 12842: Application of Huntington Energy, L.L.C. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations from the base of the Dakota formation to the base of the Pennsylvanian formation in Section 15, Township 31 North, Range 11 West, as follows: all of Section 15 for all formations and/or pools developed on 640-acre spacing; the W/2 for all formations and/or pools developed on 320-acre spacing; and the SW/4 for all formations and/or pools developed on 160-acre spacing. These pooled units are to be dedicated to the Bandy Well No. 1 which will be drilled as a wildcat well at a standard location 1750 feet from the South line and 1685 feet from the West line of said Section 15. Said area is located approximately 4 miles North of Aztec, New Mexico.

CASE 12843: Application of EOG Resources, Inc. for amendment of Division Order No. R-11389 to authorize a pressure maintenance project in the Red Hills North Unit Area, establish procedures for approval of additional injection wells, and for Qualification of the Project Area for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks amendment of Division Order No. R-11389 which approved a one-well pilot pressure maintenance project in the Red Hills North Unit Area to authorize a pressure maintenance project by injection of water into Third Bone Spring Sand of the Red Hills-Bone Spring Pool through new horizontal wells drilled for the purpose of injection and existing vertical and horizontal wells to be converted to injection. Applicant also seeks the establishment of an administrative procedure whereby additional wells within the Red Hills North Unit Area can be drilled and/or converted to injection without the necessity of additional hearings and to qualify this project for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act. The Red Hills North Unit is located in the following described lands in Lea County, New Mexico:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM

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| Section 1: | Lots 2 and 3, SW/4 NE/4, SE/4 NW/4, and S/2 |
| Section 12: | All |
| Section 13: | N/2 and E/2 SE/4 |

CASE 12828: Continued from March 7, 2002, 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 following described acreage in Section 1, Township 15 South, Range 34 East, and in the following manner: The NE/4 NE/4 of Section 1 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated North Morton-Permo Pennsylvanian Pool and Undesignated Morton-Wolfcamp Pool; the N/2 NE/4 of Section 1 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within that vertical extent, including the Undesignated Morton-Lower Wolfcamp Pool; the NE/4 of Section 1 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; and the E/2 of Section 1 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 the Undesignated North Morton-Atoka Gas Pool, Undesignated East Morton-Morrow Gas Pool, and Undesignated Morton-Mississippian Gas Pool. The units are to be dedicated to applicant's Big Black Ant Well No. 1, to be drilled at an orthodox location in the NE/4 of Section 1. 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 9½ miles northwest of Lovington, New Mexico.

CASE 12840: **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 following described acreage in Section 36, Township 14 South, Range 34 East, and in the following manner: The SE/4 SE/4 of Section 36 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated North Morton-Permo Pennsylvanian Pool and Undesignated Morton-Wolfcamp Pool; the E/2 SE/4 of Section 36 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within that vertical extent, including the Undesignated Morton-Lower Wolfcamp Pool; the SE/4 of Section 36 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent; and the S/2 of Section 36 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 the Undesignated North Morton-Atoka Gas Pool and Undesignated Morton-Mississippian Gas Pool. The units are to be dedicated to applicant's Red Eyed Squealy Worm Well No. 1, to be drilled at an orthodox location in the SE/4 SE/4 of Section 36. 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 its designee as operator of the well, and a charge for the risk involved in drilling and completing the well. The units are located approximately 10 miles northwest of Lovington, New Mexico.

CASE 12830: Continued from March 7, 2002, Examiner Hearing.

Application of Southwestern Energy Production Company for compulsory pooling and a non-standard gas spacing and proration unit, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying Lots 1-4 and the E/2 W/2 (the W/2 equivalent) of Section 18, Township 18 South, Range 28 East, to form a non-standard 334.68-acre gas spacing and proration unit for any and all formations and/or pools