

DOCKET: EXAMINER HEARING - THURSDAY – AUGUST 22, 2002

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

Santa Fe, New Mexico

Docket Nos. 26-02 and 27-02 are tentatively set for September 5, 2002 and September 19, 2002. 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 12890: Continued from August 1, 2002, Examiner Hearing.

Application of Permian Resources, Inc. for compulsory pooling and unorthodox well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Strawn formation, Northeast Shoe Bar-Strawn Pool, underlying the W/2 SE/4 of Section 7, Township 16 South, Range 36 East, to form a standard 80-acre spacing and proration unit to be dedicated to Applicant's Chambers Well No. 2. 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Applicant further seeks approval to drill its well at an unorthodox surface location 990 feet from the South line and 1100 feet from the East line to an unorthodox bottomhole location 1350 feet from the South line and 1500 feet from the East line in the NW/4 SE/4 (Unit J) of said Section 7. The proposed well location is approximately 4 miles East of Lovington, New Mexico.

CASE 12905: Continued from August 1, 2002, Examiner Hearing.

Application of Pronghorn Management Corporation for Approval of a Salt Water Disposal Well, Lea County, New Mexico. Applicant seeks approval to utilize its State "T" Well No. 2 (API No. 30-025-03735) located 4290 feet from the South line and 500 feet from the West line, (Unit L) Section 6, Township 16 South, Range 36 East, to dispose of produced water into the San Andres and Glorieta formations from a depth of 6000 feet to 6400 feet. This well is located approximately 2 miles west of Lovington, New Mexico.

CASE 12910: **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 Irregular Section 14, Township 29 North, Range 14 West, forming standard spacing and proration units, respectively. These units are to be dedicated to its NAVAJO "14" Well No. 2 which has been drilled in Unit L of Section 14 for downhole commingled production from the Pictured Cliffs formation (West Kutz- Pictured Cliffs Gas Pool) 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 5 miles East of Kirtland, New Mexico.

CASE 12911: **Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico.** Applicant seeks approval of the West Echols State Exploratory Unit for an area comprising 11,284.24 acres of State of New Mexico lands located in all or portions of Section 36 of Township 10 South, Range 37 East, Sections 1, 2, 10, 11, 12, 13, 14, 15, 16, 23, and 24 of Township 11 South, Range 37 East, and Sections 4, 5, 6, 7, 8, 9, 17, 18, 19 and 20 of Township 11 South, Range 38 East, which is located approximately 10 miles northeast of Tatum, New Mexico.

CASE 12912: **Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations in the following described spacing and proration units located in Section 25, Township 21 South, Range 26 East: the S/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated

Burton Flat-Morrow Gas Pool, the Undesignated Crozier Bluff-Atoka Gas Pool and the Undesignated Northeast Happy Valley-Strawn Pool; and the SE/4 for all formations and/or pools developed on 160-acre spacing. Said units are to be dedicated to the Louise "AYI" Well No. 1 to be drilled at a standard gas well location 1630 feet from the South line and 682 feet from the East line of said Section 25 to a depth of approximately 12,000 feet 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 12 miles southeast of Lakewood, New Mexico.

CASE 12913: Application of Myco Industries, 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 acreage in Section 13, Township 21 South, Range 27 East: the N/2 to form a standard 320-acre gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent, which presently include but are not necessarily limited to the Undesignated East Carlsbad Morrow Pool; the NE/4 to form a standard 160-acre spacing and proration unit for all formations or pools spaced on 160 acres within this vertical extent; the N/2 NE/4 to form a standard 80-acre spacing and proration unit for all formations or pools spaced on 80 acres within this vertical extent; and the NE/4 NE/4 to form a standard 40-acre spacing and proration unit for all formations or pools spaced on 40 acres within this vertical extent. These spacing and proration units are to be dedicated to Myco's proposed Baton Rouge North State Com Well No. 1 to be drilled at a standard location in Section 13. 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 1 mile north of Carlsbad, New Mexico.

CASE 12914: Application of Myco Industries, 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 acreage in Section 13, Township 21 South, Range 27 East: the S/2 to form a standard 320-acre gas spacing and proration unit for all formations or pools spaced on 320 acres within this vertical extent, which presently include but are not necessarily limited to the Undesignated East Carlsbad Morrow Pool; the SE/4 to form a standard 160-acre spacing and proration unit for all formations or pools spaced on 160 acres within this vertical extent; the N/2 SE/4 to form a standard 80-acre spacing and proration unit for all formations or pools spaced on 80 acres within this vertical extent; and the NE/4 SE/4 to form a standard 40-acre spacing and proration unit for all formations or pools spaced on 40 acres within this vertical extent. These spacing and proration units are to be dedicated to Myco's proposed Baton Rouge South State Com Well No. 1 to be drilled at a standard location in Section 13. 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 1 mile north of Carlsbad, New Mexico.

CASE 12915: Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, unorthodox well locations and directional drilling, 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 acreage in Section 35, Township 15 South, Range 35 East: the W/2 to form a standard 320-acre gas spacing and proration unit for formations or pools spaced on 320 acres within this vertical extent, which presently include but are not necessarily limited to the Undesignated Big Dog-Mississippian Gas Pool; the NW/4 to form a standard 160-acre spacing and proration unit for all formations or pools spaced on 160 acres within this vertical extent; the N/2 NW/4 to form a standard 80-acre spacing and proration unit for all formations or pools spaced on 80 acres within this vertical extent, which presently include but are not necessarily limited to the Undesignated West Lovington Strawn Pool; and the NW/4 NW/4 to form a standard 40-acre spacing and proration unit for all formations or pools spaced on 40 acres within this vertical extent,