

DOCKET: EXAMINER HEARING - THURSDAY – AUGUST 1, 2002

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

Santa Fe, New Mexico

Docket Nos. 24-02 and 25-02 are tentatively set for August 22, 2002 and September 5, 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 July 11, 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 12898: Application of Williams Production Company for a non-standard gas proration unit and an unorthodox subsurface gas well location, San Juan County, New Mexico. Applicant seeks to establish a non-standard 303.88-acre gas spacing and proration unit within the Basin-Dakota Pool comprising all of irregular Section 1, Township 31 North, Range 6 West, which is located approximately 5.5 miles south of the New Mexico/Colorado state line at mile corner marker No. 240. This unit is to be dedicated to Williams Production Company's proposed Rosa Unit Well No. 164-B to be directionally drilled from a surface location 1475 feet from the South line and 1235 feet from the East line (Unit J) of irregular Section 1 to an unorthodox bottomhole location within the Basin-Dakota Pool approximately 330 feet from the South line and 1650 feet from the West line (Unit N) of irregular Section 1. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12899: Application of Manzano Oil Corporation for compulsory pooling and approval of non-standard spacing and proration units, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the following described spacing and proration units in the W/2 of Irregular Section 30, Township 18 South, Range 30 East, as follows: the W/2 forming a non-standard 313.4-acre spacing and proration unit for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Undesignated North Turkey Track-Morrow Gas Pool and the Undesignated Sand Dune-Upper Pennsylvanian Pool; the NW/4 forming a non-standard 156.65-acre spacing and proration unit for all formations and/or pools developed on 160-acre spacing; the N/2 NW/4 forming a non-standard 78.31-acre spacing and proration unit for all formations and/or pools developed on 80-acre spacing, and the NW/4 NW/4 forming a non-standard 38.31-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing. Said units are to be dedicated to its Green Flash Federal Com Well No. 1 to be drilled at a standard location 660 feet from the North and West lines of said Section 30 to a depth sufficient to test all formations from the base of the Bone Spring formation 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 applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 6.5 miles south of Loco Hills, New Mexico.

CASE 12900: Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, directional drilling and an unorthodox well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations from the surface to the base of the Strawn formation in the S/2

SW/4 of Section 10, Township 17 South, Range 37 East, for all formations and/or pools developed on 80-acre spacing which includes but is not necessarily limited to the Undesignated Humble City-Strawn Pool and the Undesignated Shipp-Strawn Pool. Said unit is to be dedicated to its Voyager (Shipp) #1-4 Well, a re-entry of the Hanley Shipp #1 Well, at a surface location 990 feet from the South line and 330 feet from the West line and directionally drilled to an unorthodox bottomhole location 860 feet from the South line and 1400 feet from the West line of said Section 10 to a depth sufficient to test all formations from the surface to the base of the Strawn 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 7 miles Southeast of Lovington, New Mexico.

CASE 12901: **Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations from the surface to the base of the Morrow formation in the following described spacing and proration units located in Section 7, Township 21 South, Range 35 East: The E/2 for all formations and/or pools developed on 320-acre spacing, which includes but is not necessarily limited to the Undesignated Osudo-Morrow Gas Pool, Undesignated Wilson-Atoka Gas Pool and the Undesignated Wilson-Morrow Gas Pool; the NE/4 for all formations and/or pools developed on 160-acre spacing which includes but is not necessarily limited to the Wilson Yates–Seven Rivers Associated Pool and the Undesignated Wilson-Strawn Pool; the E/2 NE/4 for all formations and/or pools developed on 80-acre spacing; and the SE/4 NE/4 for all formations and/or pools developed on 40-acre spacing. Said units are to be dedicated to its Packer “7” State Com Well No. 1 to be drilled at a standard location 1980 feet from the North line and 660 feet from the East line of said Section 7 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 20 miles southwest of Hobbs, New Mexico.

CASE 12387: **Reopened – Continued from June 27, 2002, Examiner Hearing.**

In the matter of Case 12387 being reopened pursuant to the provisions of Division Order No. R-11374-A, which order extended for one year the temporary special pool rules for the Southeast Arena Blanca-Entrada Pool in Sandoval County, New Mexico. Operators in the Southeast Arena Blanca-Entrada Pool should appear and show cause why the temporary special pool rules should not be rescinded and the pool developed on standard 40-acre oil spacing.

CASE 12873: **Continued from July 11, 2002, Examiner Hearing.**

Application of Gruy Petroleum Management Co. and Wadi Petroleum, Inc. to amend the Special Rules and Regulations for the White City-Pennsylvanian Gas Pool, or, in the alternative, for approval of four unorthodox infill gas well locations, two unorthodox gas well locations, and one infill gas well location, Eddy County, New Mexico. Applicants seek an order amending the Special Rules and Regulations for the White City-Pennsylvanian Gas Pool to provide for the option to drill one well on each quarter section within a standard 640 gas spacing unit and for the setback requirement for wells to be relaxed such that wells can be located no closer than 660 feet to a quarter section line nor closer than 10 feet to a quarter-quarter section line or subdivision inner boundary. The pool covers all of Sections 8, 9, 15-17, 19-22, and 26-35, Township 24 South, Range 26 East, Sections 1-4 and 10-14, Township 25 South, Range 26 East, and Section 7, Township 25 South, Range 27 East. In the alternative, applicants seek approval of four unorthodox infill gas well locations, two unorthodox gas well locations, and one infill gas well location for wells to be located in Sections 9, 15, 16, and 22, Township 24 South,