

DOCKET: EXAMINER HEARING - THURSDAY – OCTOBER 10, 2002

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

Santa Fe, New Mexico

Docket Nos. 32-02 and 33-02 are tentatively set for October 24, 2002 and November 14, 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 12917: Continued from September 19, 2002, Examiner Hearing.

Application of Synergy Operating, LLC for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the NE/4 of Section 25, Township 28 North, Range 10 West, to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent, including the Fulcher Kutz-Pictured Cliffs Gas Pool. The unit is to be dedicated to the Omler Well No. 6, to be re-entered and worked over at a location 1190 feet from the North line and 1820 feet from the East line of Section 25. Also to be considered will be the cost of re-entering and working over 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 re-entering and working over the well. The unit is located approximately 8 miles southeast of Bloomfield, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12936: Application of Dugan Production Corporation for amendment of Division Order No. R-11185, Sandoval and San Juan Counties, New Mexico. Applicant seeks an exception to Division Rule 303.A and 309-A by amending Division Order No. R-11185, which order allows the surface commingling of natural gas from the Alamito-Gallup and Lybrook-Gallup Oil Pools in the South Lybrook Gas Gathering System operated by Questar E & P Company to include Rusty-Chacra Pool production from Dugan Production Corporation's Little b Well No. 2, located in Unit G, Section 36, Township 23 North, Range 8 West, San Juan County, New Mexico, and South Seas Well No. 1 located in Unit A of Section 6, Township 22 North, Range 7 West, Sandoval County, New Mexico. Applicant further seeks authority for off-lease measurement of natural gas from these wells. The subject wells are located approximately five miles southwest of Lybrook, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12937: Application of Pecos River Operating, Inc. for an unorthodox infill gas well location, Chaves County, New Mexico. Applicant seeks an exception to the well location requirements provided within the "Special Rules and Regulations for the Pecos Slope-Abo Gas Pool" set forth in Division Order No. R-9976-C for an unorthodox Abo infill gas well location within an existing standard 160-acre gas spacing unit for the Pecos Slope-Abo Gas Pool comprising the SE/4 of Section 4, Township 7 South, Range 26 East, which is located approximately 12 miles north-northeast of the Pecos River bridge on U. S. Highway 70. The applicant's proposed Helen Collins Federal Well No. 7 (API No. 30-005-63180) is to be drilled 2192 feet from the South line and 1651 feet from the East line (Unit J) of Section 4. This unit is currently dedicated to Pecos River Operating, Inc.'s Helen Collins Federal Well No. 6 (API No. 30-005-62139), located at a standard gas well location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 4. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12938: Application of Yates Petroleum Corporation for approval of a Unit Agreement, Chaves County, New Mexico. Applicant seeks approval of the Ten Mile State/ Federal Exploratory Unit for an area comprising 3840 acres of State of New Mexico lands located in Sections 20, 21, 28, 29, 32 and 33 of Township 14 South, Range 28 East, which is located approximately 10 miles east of Hagerman, New Mexico.

CASE 12939: Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and directional drilling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from

the surface to the base of the Strawn formation in all formations and/or pools developed on 80-acre spacing in the S/2 SE/4 of Section 15, Township 17 South, Range 37 East, to be dedicated to its Guernsey A15" Well No. 1-Y (formerly the Ruby "22" State Well No. 1) to be re-entered and directionally drilled from a standard surface location 710 feet from the North line and 570 feet from the East line in the NE/4 NE/4 of Section 22, Township 17 South, Range 37 East, to a standard bottomhole location 510 feet from the South line and 660 feet from the East line in the SE/4 SE/4 of Section 15, Township 17 South, Range 37 East. The well will be drilled to a depth of approximately 11,500 feet to test all formations from the surface to the base of the Strawn formation, which includes the Undesignated Southwest Humble City-Strawn Pool. 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 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 northwest of Hobbs, New Mexico.

CASE 12930: Continued from September 19, 2002, Examiner Hearing.

Application of Mewbourne Oil Company for compulsory pooling and an unorthodox oil well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Atoka formation underlying the following described acreage in Section 35, Township 23 South, Range 28 East, and in the following manner: The S/2 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 South Culebra Bluff-Wolfcamp Gas Pool, Undesignated South Culebra Bluff-Strawn Gas Pool, and South Culebra Bluff-Atoka Gas Pool; the SE/4 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; the N/2 SE/4 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 but not limited to the Undesignated South Culebra Bluff-Bone Spring Pool; and the NE/4 SE/4 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 but not limited to the Undesignated Malaga-Bone Spring Pool. The units are to be dedicated to applicant's Layla "35" Fee Com. Well No. 1, to be drilled at an unorthodox oil well location/orthodox gas well location 1650 feet from the South line and 1241 feet from the East line (Unit I) of Section 35. 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 2½ miles northeast of Malaga, New Mexico.

CASE 12940: Application of Mewbourne Oil Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant seeks creation of the North Shugart-Strawn Pool to initially cover the NE/4 of Section 8, Township 18 South, Range 31 East, and the promulgation of Special Rules and Regulations for the pool, including provisions for 160-acre spacing, a special depth bracket allowable, special well location requirements, and a gas:oil ratio of 4000 cubic feet of gas for each barrel of oil produced. The proposed pool is located approximately 6½ miles southeast of Loco Hills, New Mexico.

CASE 12941: Application of Mewbourne Oil Company 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 described acreage in Section 31, Township 20 South, Range 28 East, and in the following manner: Lots 1, 2, E/2 NW/4, and the NE/4 of Section 31 to form a standard 317.10-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 North Burton Flat-Wolfcamp Gas Pool, Undesignated Saladar-Upper Pennsylvanian Gas Pool, Undesignated Saladar-Strawn Gas Pool, Undesignated West Burton Flat-Strawn Gas Pool, Undesignated Northeast Avalon-Atoka Gas Pool, Undesignated West Burton Flat-Atoka Gas Pool, and Burton Flat-Morrow Gas Pool; Lots 1, 2, and the E/2 NW/4 of Section 31 to form a non-standard 157.10-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that