

**Examiner Hearing – November 14, 2002**  
**Docket No. 36-02**  
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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 8 miles north of Carlsbad, New Mexico.

**CASE 12961:** Application of Devon Energy Production Company, L.P. for an exception to Division Order No. R-111-P, Eddy County, New Mexico. Applicant seeks an order holding that it need not cement the production string to the surface on wells drilled on certain federal oil and gas leases covering all or portions of Sections 10, 11, 13-15, 22, and 23, Township 23 South, Range 31 East. The affected area is centered approximately 20 miles east of Loving, New Mexico.

**CASE 12962:** Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the W/2 of Section 12, Township 18 South, Range 24 East to form a standard 320-acre stand-up gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, which presently include but are not necessarily limited to the Penasco Draw Permo-Penn Gas Pool. Said unit is to be dedicated to Applicant's proposed Gold Stonefly Fed. Com. "12" No. 1 well to be drilled at a standard 320-acre spacing and proration unit gas well location 665 feet from the South line and 1032 feet from the West line in the SW/4 of said Section 24. 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 or its designee as operator of the well and a charge for risk involved in drilling said well. The proposed well location is approximately 5 miles northwest of Arkansas Junction, New Mexico.

**CASE 12942:** Continued from October 10, 2002, Examiner Hearing.

**Application of David H. Arrington Oil and 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 Morrow formation underlying the following acreage in irregular Section 1, Township 16 South, Range 34 East: Lots 1, 2, 7, 8, 9, 10, 15 and 16 to form a standard 328.34-acre E/2 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 Townsend-Morrow Gas Pool. This spacing and proration unit is to be dedicated to Arrington's proposed Triple Teaser Federal Com Well No. 1 to be drilled at a standard location 1200 feet from the North line and 1665 feet from the East line (Unit B) of irregular Section 1. 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 8 miles West of Lovington, New Mexico.

**CASE 12963:** Application of Seely Oil Company for statutory unitization, Lea County, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interests in the Penrose formation, EK Yates-Seven Rivers-Queen Pool, underlying 1469.25 acres, more or less, of Federal and Fee lands in the following acreage:

**TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM**

Section 24: SE/4  
Section 25: NE/4

**TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM**

Section 19: S/2  
Section 20: S/2 SW/4, NW/4 SW/4  
Section 29: NW/4, N/2 SW/4  
Section 30: N/2, N/2 SE/4, E/2 SW/4

Said unit is to be designated the EK Penrose Sand Unit.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a non-consent penalty for risk to be charged against carried working interests within the unit area upon such terms and conditions to be determined by the Division as just and reasonable.

Said unit area is located approximately 14 miles southwest of Lovington, New Mexico.

**CASE 12964:** Application of Seely Oil Company for approval of a waterflood project and qualification of the Project Area for the Recovered Oil Tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval of its EK Penrose Sand Unit Waterflood Project by injection of water into the San Andres formations through 9 injection wells located in the following described area:

**TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM**

Section 24: SE/4  
Section 25: NE/4

**TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM**

Section 19: S/2  
Section 20: S/2 SW/4, NW/4 SW/4  
Section 29: NW/4, N/2 SW/4  
Section 30: N/2, N/2 SE/4, E/2 SW/4

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said waterflood operations.

**CASE 12965:** Application of the New Mexico Oil Conservation Division for an Order Requiring SWR Operating Company to Properly Plug Fifteen (15) Well(s), Imposing Civil Penalties in Event of Failure to Comply, Authorizing the Division to Plug Said Well(s) in Default of Compliance by Operator, and Ordering a Forfeiture of Applicable Security, if Any, Eddy County, New Mexico. The Applicant seeks an order requiring SWR Operating Company, the operator of Fourteen (14) inactive well(s) in Eddy County, New Mexico, to properly plug and abandon the same, imposing civil penalties in event of failure to comply, authorizing the Division to plug said well or wells if the operator fails to do so, forfeiting Operator's plugging security, if any, and providing for such other relief as the Director deems appropriate. The affected wells are the following:

Well	API No.	Sec	Twsp	Range	Unit
Donnelly Pan American #1Y	30-015-05739	05	19S	31E	G
Featherstone #1	30-015-05737	05	19S	31E	H
Featherstone #1	30-015-05744	05	19S	31E	K
Featherstone #2	30-015-05740	05	19S	31E	A