

DOCKET: EXAMINER HEARING - THURSDAY – OCTOBER 24, 2002

**8:15 A.M. - 1220 South St. Francis
Santa Fe, New Mexico**

Docket Nos. 36-02 and 37-02 are tentatively set for November 14, 2002 and December 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 12479: (Readvertised) (Continued from August 24, 2000, Examiner Hearing) (This Case will be dismissed.)

Application of Pendragon Energy Partners, Inc. for approval to restore the Chaco 2-R well to producing status, San Juan County, New Mexico. Applicant seeks approval pursuant to Order No. R-11133-A to restore the shut-in Chaco 2-R Pictured Cliffs well to producing status. Applicant's Chaco Well No. 2-R (API No. 30-045-23691) is completed in the WAW-Fruitland Sand-Pictured Cliff Pool and is located 1850 feet from the South and West lines (Unit K) of Section 7, Township 26 North, Range 12 West, which is approximately six miles west of the Carson Trading Post.

CASE 12952: **Application of Chesapeake Operating, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant, in accordance with Division Rule 1207.A(1)(b), seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 of Section 7, Township 23 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools spaced on 320-acre spacing, including but not limited to the North Loving-Morrow Gas Pool. This unit is to be dedicated to its Will Fee "7-A" Well No. 1 which has been drilled but not completed at a standard well location in Unit A of this section. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in this well. This unit is located approximately 3 miles northwest of Loving, New Mexico. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 12928: **Readvertised**

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 11, Township 21 South, Range 27 East, and in the following manner: The W/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 East Carlsbad-Wolfcamp Gas Pool, Undesignated Cedar Hills-Upper Pennsylvanian Gas Pool, Undesignated Burton Flat-Strawn Gas Pool, and Burton Flat-Morrow Gas Pool; the SW/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, including but not limited to the East Avalon-Bone Spring Gas Pool; and the SW/4 SW/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 La Huerta-Delaware Pool and Undesignated East Avalon-Bone Spring Pool. The units are to be dedicated to applicant's Esperanza "11" St. Com. Well No. 1, to be drilled at an unorthodox oil well location/orthodox gas well location in the SW/4 SW/4 of Section 11. 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 6½ miles northeast of Carlsbad, New Mexico.

CASE 12941: Readvertised

Application of Mewbourne Oil Company for compulsory pooling and approval of a non-standard oil spacing and proration unit 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 Morrow formation underlying the following described acreage in Section 31, Township 20 South, Range 29 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; 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 vertical extent; and Lot 2 of Section 31 to form a non-standard oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to applicant's Liberty "31" Fed. St. Com. Well No. 1, to be drilled at an unorthodox well location in Lot 2 of Section 31. 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 8 miles north of Carlsbad, New Mexico.

CASE 12916: Continued from September 19, 2002, Examiner Hearing.

Application of Ocean Energy, Inc. for pool creation and special pool rules, Eddy County, New Mexico. Applicant seeks creation of the Magruder-Lower Bone Spring Pool to initially cover the NW/4 of Section 10, Township 21 South, Range 27 East, and the promulgation of Special Rules and Regulations for the pool, including provisions for 160-acre spacing and a gas:oil ratio of 4000 cubic feet of gas for each barrel of oil produced. The proposed pool is located approximately 6 miles north-northeast of Monument, New Mexico.

CASE 12953: **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 Oil Pool, underlying the S/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 No. 2 well. 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 Permian Resources, Inc. as operator of the well and a charge for risk involved in drilling said well. Applicant further seeks approval to designate the referenced unit as a Special Project Area for the directional drilling of its well from an unorthodox surface location 1000 feet from the South line and 1100 feet from the East line to an unorthodox bottomhole location 950 feet from the South line and 1025 feet from the East line in the SW/4 SE/4 (Unit O) of said Section 7 to a depth sufficient to test the Strawn and Wolfcamp formations. Applicant further proposes the simultaneous dedication of Wolfcamp production from the Chambers No. 2 well and the Chambers No. 1 well located in the SW/4 SE/4 of Section 7. The subject lands are approximately 3 miles West of the center of Lovington, New Mexico.

CASE 12954: **Application of Permian Resources, Inc. to Amend the Cost Recovery Provisions of Compulsory Pooling Order No. R-11682, Lea County, New Mexico.** Applicant seeks an amendment to the cost recovery provisions of Order No. R-11682 pooling mineral interests in the Wolfcamp formation (North Shoe Bar Wolfcamp Oil Pool) underlying the SE/4 of Section 7, Township 16 South, Range 36 East, to reflect the costs of the re-entry and re-completion of the Chambers No. 1 well, along with revised drilling and producing supervision charges. The well is located approximately three miles west of the center of Lovington, New Mexico.