

DOCKET: EXAMINER HEARING - THURSDAY – NOVEMBER 14, 2002

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

Santa Fe, New Mexico

Docket Nos. 38-02 and 39-02 are tentatively set for December 5, 2002 and December 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 12956: Application of Great Western Drilling Company 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 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; 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 E/2 NE/4 to form a standard 80-acre oil spacing and proration unit for any and 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 any and all formations or pools spaced on 40 acres within this vertical extent. These spacing and proration units are to be dedicated to Applicant's proposed Lovington Federal No. 1 Well to be drilled at a standard location in the NE/4 of said 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 10 miles northwest of Lovington, New Mexico.

CASE 12957: Application of Nadel and Gussman Permian, L.L.C. 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 E/2 of Section 35, Township 23 South, Range 27 East, 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 Southeast Loving-Atoka Gas Pool and the Undesignated Black River-Morrow Gas Pool. The unit is to be dedicated to applicant's Palo Duro Well No. 1, to be drilled at an orthodox location in the NE/4 SE/4 (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 unit is located approximately 3½ miles southwest of Loving, New Mexico.

CASE 12958: Application of Arch Petroleum Inc. for directional drilling, an unorthodox oil well location and a non-standard oil spacing and proration unit, Lea County, New Mexico. Applicant seeks approval to directionally drill its proposed Ramsay Fed. Com. Well No. 1 from a surface location 480 feet from the South line and 235 feet from the East line, to a bottomhole location 330 feet from the South line and 10 feet from the East line of Section 28, Township 24 South, Range 38 East. Lot 4 and the SE/4 SW/4 of Section 28 will be dedicated to the well to form a non-standard 47.20-acre oil spacing and proration unit in the Dollarhide-Devonian Pool. The unit is located approximately 9 miles northeast of Jal, New Mexico.

CASE 12959: Application of Chi Energy, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying Lots 1-4 and the E/2 W/2 of Section 30, Township 18 South, Range 31 East, to form a non-standard 301.68-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Shugart-Atoka Gas Pool and North Hackberry-Morrow Gas Pool. The unit is to be dedicated to applicant's Big Red Fed. Com. Well No. 1, located 660 feet from the South line and 1830 feet from the West line of Section 30. Also to be considered will be the designation of Chi Operating, Inc. as operator of the well. The unit is located approximately 8 miles southeast of Loco Hills, New Mexico.

CASE 12960: **Application of Ocean Energy, Inc. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to 200 feet below the top of the Mississippian formation underlying the following described acreage in Section 23, Township 14 South, Range 37 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; 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; and the SE/4 SW/4, except the Wolfcamp formation, 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 the Undesignated Denton-Pennsylvanian Pool. The units are to be dedicated to applicant's Denton Canyon Well No. 1, to be drilled at an orthodox location in the SE/4 SW/4 of Section 23. 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 1 mile southeast of Prairieview, New Mexico.

CASE 12930: **Continued from October 10, 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 12941: **Readvertised – Continued from October 24, 2002, Examiner Hearing.**

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