

DOCKET: EXAMINER HEARING - THURSDAY – DECEMBER 19, 2002

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

Santa Fe, New Mexico

Docket Nos. 01-03 and 02-03 are tentatively set for January 9, 2003 and January 23, 2003. 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 12977: Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all uncommitted mineral interests in all formations from the surface to the base of the Pictured Cliffs formation underlying the NE/4 of Section 1, Township 29 North, Range 13 West, to form a standard 159.85-acre gas spacing and proration unit for all formations and/or pools developed on 160 acres within that vertical extent, which includes but is not necessarily limited to the Fulcher Kutz-Pictured Cliffs Gas Pool. Said unit is to be dedicated to applicant's proposed Hutchinson Well No. 1R to be drilled at a previously approved unorthodox well location at a point 2050 feet from the North line and 1190 feet from the East line 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 one-quarter (1/4) mile south and east of the intersection of U. S. Highway 516 and Gila Street in the town of Farmington located in San Juan County, New Mexico.

CASE 12978: Application of XTO Energy, Inc. for a non-standard gas well location and simultaneous dedication, San Juan County, New Mexico. Applicant seeks an exception to the well location requirements in the Special Pool Rules and Regulations for the Basin-Dakota Pool, as promulgated by Division Order No. R-10987-B, issued in Case No. 12290 and dated June 30, 2000, as amended. Applicant further seeks an exception to the well location requirements in the Special Pool Rules and Regulations for the Blanco-Mesaverde Pool, as promulgated by Division Order No. R-10987-A, issued in Case No. 12069 and dated February 1, 1999, as amended. Applicant proposes a well location within an existing standard stand-up (W/2 equivalent) 321.33-acre gas spacing and proration unit for its proposed Dawson "A" Well No. 1G, to be drilled 1500 feet from the South line and 475 feet from the West line (Unit L) of Section 4, Township 27 North, Range 8 West. Said location is to be located approximately 18 miles Southeast of Bloomfield, New Mexico.

CASE 12979: 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 following described acreage in Section 6, Township 23 South, Range 28 East, in the following manner: Lots 1-5, the S/2 NE/4, and the SE/4 NW/4 (the N/2 equivalent) to form a standard 317.26-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 Loving-Upper Pennsylvanian Gas Pool, Undesignated North Loving-Atoka Gas Pool, and Undesignated North Loving-Morrow Gas Pool; and Lots 1, 2, and the S/2 NE/4 (the NE/4 equivalent) to form a standard 159.40-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within that vertical extent. The units are to be dedicated to applicant's Julius Well No. 1, to be drilled at an orthodox location in the SW/4 NE/4 (Unit G) of Section 6. 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 southeast of Otis, New Mexico.

CASE 12980: Application of Chi Energy, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation underlying the S/2 of Section 32, Township 18 South, Range 31 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 the Undesignated North Shugart-Atoka Gas Pool and Undesignated Shugart-Morrow

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Gas Pool. The unit is to be dedicated to applicant's KC Strip State Com. Well No. 1, to be located at an orthodox gas well location in the S/2 of Section 32. Also to be considered will be the designation of Chi Operating, Inc. as operator of the well. The unit is located approximately 9½ miles southeast of Loco Hills, New Mexico.

CASE 12958: Continued from November 14, 2002, Examiner Hearing.

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 Jai, New Mexico.

CASE 12962: Continued from December 5, 2002, Examiner Hearing.

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 12981: Application of the New Mexico Oil Conservation Division for an Order Requiring Jimmy Roberson Energy Corporation to Properly Plug Sixteen (16) 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, Lea and Roosevelt County, New Mexico. The Applicant seeks an order requiring Jimmy Roberson Energy Corporation, the operator of sixteen (16) inactive wells, fourteen (14) of which are located in Lea County, and two (2) of which are in Roosevelt 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:

| <u>API NO.</u> | <u>WELL NAME</u> | <u>ULSTR</u> | <u>N/S FTG</u> | <u>E/W FTG</u> |
|----------------|------------------|--------------|----------------|----------------|
| 30-025-05442 | Rice #1 | H-13-18S-37E | 2310 N | 330 E |
| 30-025-05443 | Rice #2 | G-13-18S-37E | 2310 N | 1650 E |
| 30-025-05444 | Rice #3 | A-13-18S-37E | 990 N | 480 E |
| 30-025-07351 | Hardin B #1 | 2-18-18S-38E | 1980 N | 621 W |
| 30-025-07352 | Hardin B #2 | F-18-18S-38E | 2310 N | 2230 W |
| 30-025-07353 | Hardin B #3 | 1-18-18S-38E | 990 N | 660 W |
| 30-025-07354 | Hardin B #4 | C-18-18S-38E | 990 N | 1650 W |
| 30-025-09875 | Rice #4 | B-13-28S-37E | 990 N | 1650 E |
| 30-025-11930 | G D Riggs B #7 | H-1-26S-37E | 1650 N | 330 E |