

DOCKET: EXAMINER HEARING - THURSDAY – MARCH 13, 2003

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

Docket Nos. 08-03 and 09-03 are tentatively set for March 27, 2003 and April 10, 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 13014: Application of Matador E & P Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Tubb formation underlying the N/2 NE/4 of Section 8, Township 20 South, Range 37 East, forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools spaced on 80-acre spacing, including but not limited to the Monument-Tubb Pool. In addition, Applicant requests that in the absence of objection filed with the Division on or before March 7, the Division order provide for a 200% risk factor penalty based upon the presentation of technical data by affidavit. This unit is to be dedicated to its Laughlin "8" Well No. 1 to be drilled 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 Matador Operating Company as the operator of the well and a charge for risk involved in this well. This unit is located approximately 2 miles south of Monument, New Mexico. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 13006: Continued from February 20, 2003, Examiner Hearing.

Application of Chesapeake Operating, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Mississippian formation underlying the W/2 of Section 33, Township 14 South, Range 35 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 Morton-Mississippian Gas Pool. In addition, Applicant requested that in the absence of objection filed with the Division on or before February 14, the Division order provide for a 200% risk factor penalty based upon the presentation of technical data by affidavit. This unit is to be dedicated to its Markham "33" Well No. 1 which has been drilled and 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 13015: Application of Paladin Energy Corp. for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Paladin Wolfcamp-Pennsylvanian Exploratory Unit for an area comprising 80 acres of state and fee lands in Sections 35 and 36 of Township 13 South, Range 37 East, which is located approximately 9 miles east of McDonald, New Mexico.

CASE 13016: Application of Paladin Energy Corp. for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval of an unorthodox well location in the Pennsylvanian and Wolfcamp formations, King-Wolfcamp Pool, for its State "C" Well No. 1 to be re-entered and re-completed from the Devonian to the Wolfcamp formation at an unorthodox well location 1550 feet from the North line and 10 feet from the West line of said Section 36, Township 13 South, Range 37 East. Said well is located approximately 9 miles east of McDonald, New Mexico.

CASE 13017: Application of OXY USA WTP Limited Partnership for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations in the following described spacing and proration units located in Section 8, Township 22 South, Range 38 East: the N/2 for all formations and/or pools developed on 320-acre spacing; the NE/4 for all formations and/or pools developed on

160-acre spacing which includes the Undesignated Tubb Oil and Gas Pool ; and the SW/4 NE/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Undesignated Wantz-Granite Wash Pool, Undesignated South Brunson Drinkard-Abo Pool, Undesignated Tubb Oil and Gas Pool, Undesignated Blinebry Oil and Gas Pool and Undesignated Paddock Pool. Applicant proposes to dedicate the pooled units to its Brabant Well No. 1 to be drilled at a standard gas well location 1980 feet from the North and East lines of said Section 8. 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 6 miles southeast of Eunice, New Mexico.

CASE 13008: Readvertised

Amended Application of Yates Petroleum Corporation for simultaneous dedication, Chaves County, New Mexico. Applicant in the above-styled cause seeks an exception to Division Rule 104.C.(2)(b) to permit the simultaneous dedication of the following wells to an existing 320-acre spacing and proration unit for production from the Silurian Devonian, Strawn Cisco and Wolfcamp formations, comprised of the N/2 of Section 5, Township 10 South, Range 26 East:

- A. Quiniela AXQ State Well No. 1 located at a standard gas well location in the NW/4 of Section 5;
- B. Quiniela AXQ State Well No. 2 located at a standard gas well location 1980 feet from the North and East lines (Unit G) of Section 5, and
- C. Quiniela AXQ State Well No. 3 located at a standard gas well location 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 5.

Said area is located approximately 17 miles East of Roswell, New Mexico.

CASE 13018: Application of Yates Petroleum Corporation for approval of a Unit Agreement, Eddy County, New Mexico. Applicant seeks approval of the Arley Federal Exploratory Unit for an area comprising 2960.97 acres of Federal and Fee lands in portions of Sections 1 and 12 of Township 20 South, Range 21 East, and Sections 6, 7, and 18 of Township 20 South, Range 23 East, which is located approximately 15 miles south of Hope, New Mexico.

CASE 13019: Application of Yates Petroleum Corporation for approval of a Unit Agreement, Lea County, New Mexico. Applicant seeks approval of the Caviness State Exploratory Unit for an area comprising 1280 acres of State of New Mexico lands in Sections 27 and 34 of Township 16 South, Range 33 East, which is located approximately 7 miles northeast of Maljamar, New Mexico.

CASE 13020: Application of Yates Petroleum Corporation for adoption of special pool rules, Lea County, New Mexico. Applicant seeks adoption of Special Pool Rules and Regulations for the Salt Lake-Delaware Pool located in the SE/4 of Section 14, Township 20 South, Range 32 East, including provisions for 80-acre oil spacing. Said pool area is located approximately 1 mile North of Halfway, New Mexico.

CASE 12998: Continued from February 20, 2003, Examiner Hearing.

Application of NGX Company for compulsory pooling 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 Atoka formation underlying the SE/4 of Section 21, Township 22 South, Range 27 East, to form a non-standard

160-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent. The unit is to be dedicated to the Boggs Fee Well No. 1, located in the NE/4 SE/4 of Section 21, which is to be re-entered and re-completed. Also to be considered will be the cost of re-entering and re-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 re-entering and working over the well. The unit is located approximately 4½ miles southeast of Carlsbad, New Mexico.

CASE 13021: **Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the base of the Wolfcamp formation to 100 feet below the base of the Morrow formation underlying the S/2 of Section 1, Township 22 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 East Carlsbad-Strawn Gas Pool and Undesignated East Carlsbad-Morrow Gas Pool. The unit is to be dedicated to applicant's Otis "1" Well No. 1, to be drilled at an orthodox location in the SW/4 SE/4 (Unit O) of Section 1. 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 5 miles east of Carlsbad, New Mexico.

CASE 12957: **Reopened**

Application of Nadel and Gussman Permian, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks to amend Division Order No. R-11868 to pool additional interest owners, by 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 13010: **Continued from February 20, 2003, Examiner Hearing.**

Application of Concho Oil & Gas Corp. 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 N/2 of Section 28, Township 19 South, Range 34 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Quail Ridge-Morrow Gas Pool. The unit is to be dedicated to applicant's Codorniz Fed. "28" Well No. 1, to be located at an orthodox location in the NW/4 NW/4 of Section 28. 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 17½ miles west of Monument, New Mexico.

CASE 13011: **Continued from February 20, 2003, Examiner Hearing.**

Application of Concho Oil & Gas Corp. 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 S/2 of Section 28, Township 19 South, Range 34 East, to form a standard 320-acre gas spacing and proration unit for any

formations and/or pools developed on 320-acre spacing within that vertical extent, including but not limited to the Undesignated Quail Ridge-Morrow Gas Pool. The unit is to be dedicated to applicant's Codorniz Fed. "28" Well No. 2, to be located at an orthodox location in the NW/4 SW/4 of Section 28. 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 17½ miles west of Monument, New Mexico.

CASE 13022: Application of Pogo Producing Company for approval of a pilot pressure maintenance project and to qualify the project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Eddy County, New Mexico. Applicant seeks approval to institute a pilot pressure maintenance project in the Lost Tank-Delaware Pool on State Lease LH-1523, comprising the SE/4 of Section 2, Township 22 South, Range 31 East, by the injection of water into the State "2" Well No. 5, located in Unit P of Section 2. Applicant further seeks to qualify the project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). The project area is located approximately 28 miles east of Carlsbad, New Mexico.

CASE 13023: Application of Pogo Producing Company for an exception to Division rules to allow two operators in a single well unit, or in the alternative, for two non-standard gas spacing and proration units, Eddy County, New Mexico. Applicant seeks an order allowing it to operate its proposed State "19" Com. Well No. 2, and allowing Atasca Resources, Inc. to operate its State "19" Com. Well No. 1, both in the McMillan-Morrow Gas Pool. All of Section 19, Township 20 South, Range 27 East, will be dedicated to the two wells. **IN THE ALTERNATIVE**, applicant seeks an order creating two non-standard gas spacing and proration units in the McMillan-Morrow Gas Pool, one comprising the N/2 of Section 19 to be dedicated to the State "19" Com. Well No. 1 located in Unit F of Section 19, and the other comprising the S/2 of Section 19 to be dedicated to the State "19" Com. Well No. 2 to be located in Unit L of Section 19. The unit is located approximately 6½ miles east-southeast of Seven Rivers, New Mexico.

CASE 12967: Continued from February 6, 2003, Examiner Hearing.

Application of BP America Production Company for Surface Commingling, Eddy County, New Mexico. Applicant seeks authority to surface commingle gas production from the Little Box Canyon-Morrow, Indian Loafer Draw-Upper Pennsylvanian, Strychnine Draw-Atoka and Strychnine Draw-Strawn Gas Pools within certain wells it operates located on Federal Leases No. NMNM-93457 and NMNM-25336, which comprise all or portions of Sections 22, 25, 26 and 35, Township 20 South, Range 21 East, and on the Little Box State Lease, located on all or portions of Section 36, Township 20 South, Range 21 East. These wells are located approximately 18 miles south of Hope, New Mexico.

CASE 12968: Continued from February 6, 2003, Examiner Hearing.

Application of BP America Production Company for Surface Commingling, Eddy County, New Mexico. Applicant seeks authority to surface commingle gas production from the Little Box Canyon-Morrow and Indian Loafer Draw-Upper Pennsylvanian Gas Pools within certain wells it operates located on Federal Leases No. NMNM-82831, NMNM-88085 and NMNM-27451 which comprise all or portions of Section 31, Township 20.5 South, Range 22 East, Section 6 Township 21 South, Range 22 East, and Section 1, Township 21 South, Range 21 East, and on the Little Box State and Sweet Thing "36" State Leases, located on all or portions of Section 36, Township 20 South, Range 21 East, and Section 36, Township 20.5 South, Range 21 East. These wells are located approximately 18 miles south of Hope, New Mexico.

CASE 13024: Application of Trilogy Operating, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Silurian