

CASE 12331: Continued from January 20, 2000, Examiner Hearing.

Application of Falcon Creek Resources, Inc. for Statutory Unitization, Lea County, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interested in the Yates and Seven Rivers formations, West Teas (Yates-Seven Rivers) Pool, underlying 1,320 acres, more or less, of Federal, State and Fee lands in the following acreage:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM

Section 4: SE/4

Section 9: S/2, NE4, S/2 NW/4, NE/4 NW/4

Section 16: N/2, N/2 SW/4, NW/4 SE4

Section 17: E/2 NE4, NE/4 SE/4

Said unit to be designated to the West Teas (Yates-Seven Rivers) 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 provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. The unit area is located approximately 30 miles west by southwest of Hobbs, New Mexico.

CASE 12332: Continued from January 20, 2000, Examiner Hearing.

Application of Falcon Creek Resources, Inc. for Approval of a Waterflood Project for its West Teas (Yates-Seven Rivers) Unit Area and Qualification of Project for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks an order approval of its West Teas (Yates-Seven Rivers) Unit Waterflood Project for injection of water in the Yates and Seven Rivers formations, West Teas-Yates Seven Rivers Pool through six injection wells located in the following described area:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM

Section 4: SE/4

Section 9: S/2, NE4, S/2 NW/4, NE/4 NW/4

Section 16: N/2, N/2 SW/4, NW/4 SE4

Section 17: E/2 NE4, NE/4 SE/4

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for the waterflood operations. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). The unit is located approximately 30 miles west by southwest of Hobbs, New Mexico.

CASE 12086: Consolidated – Continued from January 20, 2000, Examiner Hearing.

Application of Yates Petroleum Corporation and Hanley Petroleum Inc. for allowable reduction and the escrow of production proceeds, Lea County, New Mexico. Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

CASE 12086: Consolidated - Continued from January 20, 2000, Examiner Hearing.

Application of Energen Resources Corporation for allowable reduction and the escrow of production proceeds, Lea County, New Mexico. Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and Snyder "C" Well No. 4, and the Snyder "EC" Com Well No. 1, less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 17, 2000

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 7-00 and 8-00 are tentatively set for March 2 and March 16, 2000. 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 12324: Readvertised

Application of Harvey E. Yates Company for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the S/2 NW/4 of Section 8, Township 17 South, Range 38 East to form a standard 80-acre oil spacing and proration unit for any formations and/or pools developed on 80 acre spacing within that vertical extent, including the Undesignated South Humble City- Strawn Pool. The unit is to be dedicated to its Howard DWT Fee Well No. 1, to be located 2310 feet from the North line and 660 feet from the West line (Unit E) of Section 8. 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 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 the well. The unit is located approximately 3 1/2 miles northwest of Knowles, New Mexico.

CASE 12319 Continued from February 3, 2000, Examiner Hearing.

Application of Nearburg Exploration Company, 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 in the following manner: the N/2 for all formations/pools developed on 320-acre spacing including the Logan Draw Morrow Gas Pool, the NE/4 for all formations/pools developed on 160-acre spacing, the S/2 NE/4 for all formations/pools developed on 80-acre spacing, and the SE/4 NE/4 for all formations/pools developed on 40-acre spacing, all in Section 30, Township 17 South, Range 27 East. Applicant proposes to dedicate these pooled units to a well to be drilled at a standard gas well location in the SE/4 NE/4 of Section 30. Also to be considered will be the cost of drilling and completing the well and the actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling the well. The area is located approximately 4 miles southeast of Artesia, New Mexico.

CASE 12342: **Application of Devon Energy Corporation (Nevada) 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 Lots 1, 2, E/2 NW/4, and NE/4 (N/2 equivalent) of Section 30, Township 17 South, Range 27 East to form a standard 319.57-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Logan Draw-Morrow Gas Pool. The unit is to be dedicated to its Logan "30G" Fed. Com. Well No. 1, to be drilled at an orthodox location in the NE/4 of Section 30. 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 the operator of the well and a charge for risk involved in drilling the well. The unit is located approximately 4 miles southeast of Artesia, New Mexico.

CASE 12329: Continued from January 20, 2000, Commission Hearing.

Application of EOG Resources, Inc. for a Unit agreement, Lea County, New Mexico. Applicant seeks approval of a unit agreement for its proposed Red Hills North Unit Area containing 4198.20 acres, more or less, of Federal and State lands comprising all or portions of Sections 6, 7, 8, 17 and 18, Township 25 South, Range 34 East, and all or portions of Sections 1, 12 and 13, Township 25 South, Range 33 East. Said unit area is located approximately 19 miles west by north of Jal, New Mexico.

CASE 12343: **Application of John H. Hendrix Corporation for Compulsory Pooling, Lea County, New Mexico.** Applicant seeks an order pooling all oil and associated casinghead gas formations developed on 40-acre spacing from the base of the Grayburg formation to the base of the Drinkard formation in the NE/4 SW/4 of Section 34, Township 23 South, Range 37 East. The unit is to be dedicated to its Eva Blinebry "B" Well No. 1, to be drilled at a standard location in the NE/4 SW/4 of Section 34 to a depth of approximately 6,400 feet to test all formations from the base of the Grayburg formation to the base of the Drinkard formation, Teague-Paddock-Blinebry Pool and the Undesignated Imperial Tubb-Drinkard Pool. Also to be considered will be the cost of drilling and completing the 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 drilling the well. The well is located approximately 12 miles south of Eunice, New Mexico.

CASE 12272: Continued from January 20, 2000, Examiner Hearing.

Application of Falcon Creek Resources, Inc. for authority to inject water into six wells in the proposed Teas-Yates Seven Rivers Unit Waterflood Project Area, Lea County, New Mexico. Applicant seeks approval to inject water into the Yates and Seven Rivers formations, West Teas-Yates Seven Rivers Pool, through 6 wells in its proposed Teas-Yates Seven Rivers Unit Waterflood Seven Rivers Pool, located in the following area:

Township 20 South, Range 33 East:

Section 4: SE/4

Section 9: N/2

Section 16: NE/4

This area is located approximately 5 miles northeast of the intersection of New Mexico Highways 176 and 62/180.

CASE 12290: Continued from January 20, 2000, Examiner Hearing.

Application of Burlington Resources Oil & Gas Company to amend the Special Rules and Regulations for the Basin-Dakota Gas Pool for purposes of changing well location requirements for Dakota Wells, Rio Arriba and San Juan Counties, New Mexico. Applicant seeks to amend Rule 2(d) of the Special Rules and Regulations for the Basin-Dakota Gas Pool set forth in Division Order No. R-8170, as amended, in order to: (a) change the initial and infill well location boundary requirements to not closer than 660 feet to any outer boundary of a gas proration and spacing unit and to not closer than 10 feet to any quarter-quarter section line or subdivision inner boundary; (b) delete the 920 foot minimum distance between wells; and (c) add well location requirements for federal exploratory units.

CASE 12344: **Application of Oil Conservation Division for an order requiring Nerdlihc Company Inc. to plug thirteen (13) wells in McKinley County, New Mexico.** Applicant seeks an order requiring Nerdlihc Company, Inc. and all other interested parties to appear and show cause why: (i) Nerdlihc should not be ordered to properly plug thirteen wells located in McKinley County, New Mexico, (ii) the Division should not be authorized to plug these wells if Nerdlihc does not, and foreclose on the plugging bond and recover the plugging costs in excess of the plugging bond, if any, from Nerdlihc, and (iii) fines should not be imposed on Nerdlihc for failure to plug these wells. The location of these wells is centered approximately 8 miles south-southwest of Hospah, New Mexico.

CASE 12345: **Application of Oil Conservation Division for an order requiring A.P.A. Development Inc. to plug three (3) wells in San Juan County, New Mexico.** Applicant seeks an order requiring A.P.A. Development Inc. and all other interested parties to appear and show cause why: (i) A.P.A. should not be ordered to properly plug three wells located in San Juan County, New Mexico, (ii) the Division should not be authorized to plug these wells if A.P.A. does not, and foreclose on the plugging bond(s), and recover the plugging costs in excess of the plugging bond(s), if any, from A.P.A., and (iii) fines should not be imposed on A.P.A. for failure to plug these wells. The location of these wells is centered approximately 13 miles south-southwest of Nageesi, New Mexico.

CASE 12315: Continued from December 16, 1999, Examiner Hearing.

Application of Oil Conservation Division for an order requiring Avra Oil Company to clean up and/or close a site containing oil and gas contamination, Lea County, New Mexico. Application of the Oil Conservation Division for a show cause hearing requiring Avra Oil Company to appear and show cause why the Division should not: (1) order Avra's pit and other facilities located in Unit G of Section 11, Township 18 South, Range 38 East, cleaned up and/or closed in accordance with Division requirements; (2) clean up and/or close the site if Avra does not and assess the costs against Avra; (3) declare Avra's \$50,000 blanket bond forfeited, foreclose on that bond and collect any costs in excess of the bond from Avra; (4) revoke Avra's authorization to operate; and (5) assess penalties against Avra for failure to properly clean up and/or close the site. The site is located approximately 13 miles east of Lovington, New Mexico.

CASE 12150: **De Novo - Continued from January 21, 2000, Commission Hearing.**

Application of The Wiser Oil Company to qualify the State "AZ" Lease Waterflood Expansion Project for the recovered oil tax rate, Eddy County, New Mexico. Applicant seeks to qualify the State "AZ" Lease Waterflood Expansion Project (Grayburg-Jackson Pool), covering the SW/4 SW/4 of Section 16, Township 17 South, Range 31 East, for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act (Sections 7-29A-1 through 7-29A-5, NMSA 1978). The lease is located approximately 1 mile north-northwest of the intersection of U.S. Highway 82 and State Highway 529. Upon application of The Wiser Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220

CASE 12299: **De Novo**

Application of Redwolf Production, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the following described acreage in Section 36, Township 26 North, Range 13 West, in the following manner: (a) the N/2 for all formations and/or pools developed on 320-acre spacing within that vertical extent including the Basin-Fruitland Coal Gas Pool; (b) the NE/4 for all formations and/or pools developed on 160-acre spacing within that vertical extent including the Undesignated WAW-Fruitland Sand-Pictured Cliffs Pool; and (c) the NE/4 NE/4 for all formations and/or pools developed on 40-acre spacing within that vertical extent. The units are to be dedicated to its Bear Well No. 1 to be drilled at a standard location in the NE/4 NE/4 (Unit A) of Section 36. 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 Redwolf Production, Inc. Company as operator of the well and a charge for risk involved in drilling and completing the well. The area is located approximately 16 miles southwest of Farmington, New Mexico. Upon application of Maralex Resources, Inc. this case will be heard De Novo pursuant to the provisions of Rule 1220.

DOCKET: COMMISSION HEARING – FRIDAY – FEBRUARY 25, 2000

9:00 A.M. - OCD Hearing Room
2040 S. Pacheco
Santa Fe, New Mexico

The Land Commissioner's designee for this hearing will be Jami Bailey.

The minutes of the January 21, 2000, Commission hearing will be adopted.

The Oil Conservation Commission may vote to close the open meeting to deliberate any De Novo cases heard at this hearing.

The Commission will close the meeting to discuss the following cases:

CASE 11996: Application of Pendragon Energy Partners, Inc. and J. K. Edwards Associates, Inc. to confirm production from the appropriate common source of supply, San Juan County, New Mexico.

CASE 12033: Application of Public Service Company of New Mexico for review of Oil Conservation Division directive dated March 13, 1998 directing applicant to perform additional remediation for hydrocarbon contamination, San Juan County, New Mexico.

CASE 12333: Continued from January 21, 2000, Commission Hearing.

Application of New Mexico Oil Conservation Division to Amend Division Rules 103 and 202. Application of the New Mexico Oil Conservation Division to amend Rule 103 to require that: (i) signs also be placed on well-related facilities, (ii) signs remain in place until the well and facilities are closed, and (iii) signs be replaced within 90 days after a new operator takes over the well and related facilities and Rule 202 to (i) prohibit the building of permanent structures over P&A wells, (ii) prohibit the removal of P&A markers without Division approval, and (iii) regulate below ground P&A markers. The proposed rule changes are posted on the internet at www.emnrd.state.nm.us/ocd.

CASE 12346: **Application of the Oil Conservation Division to Amend Rule 303.C through 303.H (19 NMAC 15.E.303)** The Division's downhole commingling workgroup will report to the Commission its recommendations for amendments to the Division's rules governing downhole commingling. This matter will then be continued to a subsequent Commission hearing at which time the Commission will hear public comment and testimony. The workgroup's recommended draft rule may be accessed on the internet at the Division's website at: www.emnrd.state.nm.us/ocd.

CASE 12347: The Oil Conservation Division is calling a hearing to consider proposed April, 2000 – September, 2000 gas allowables for the prorated gas pools in New Mexico. Allowable assignment factors are being distributed with an OCD Memorandum dated February 4, 2000. If requests for changes are not received at the February 25, 2000 hearing, these factors will be used to assign allowables for the April - September period.

CASE 12148: De Novo - Continued from January 21, 2000, Commission Hearing.

Application of The Wiser Oil Company to qualify the Skelly Unit Area Waterflood Expansion Project for the Recovered Oil Tax Rate, Eddy County, New Mexico. Applicant seeks to qualify the Skelly Unit Area Waterflood Expansion Project (Grayburg-Jackson Pool) for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act (Sections 7-29A-1 through 7-29A-5, NMSA 1978). The unit area covers all or part of Sections 13, 14, 21-23, and 26-28, Township 17 South, Range 31 East. The unit area is centered approximately 1 mile east-northeast of the intersection of U.S. Highway 82 and State Highway 529. Upon application of The Wiser Oil Company, this case will be heard De Novo pursuant to the of Rule 1220.

CASE 12149: De Novo - Continued from January 21, 2000, Commission Hearing.

Application of The Wiser Oil Company to qualify the State "D" Lease Waterflood Expansion Project for the recovered oil tax rate, Eddy County, New Mexico. Applicant seeks to qualify the State "D" Lease Waterflood Expansion Project (Grayburg-Jackson Pool) covering part of Section 26, Township 17 South, Range 31 East, for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act (Sections 7-29A-1 through 7-29A-5, NMSA 1978). The lease is located approximately 2 miles east-southeast of the intersection of U.S. Highway 82 and State Highway 529. Upon application of The Wiser Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

NOTICE

Notice is hereby given that pursuant to the New Mexico Oil Conservation Division Regulations, the following application has been submitted to the Director of the Oil Conservation Division, 2040 S. Pacheco, Santa Fe, New Mexico 87505, Telephone (505) 827-7131:

South Monument Surface Waste Facility L.L.C., Operator, Kena Kay Cooper, 834 W. Gold, Hobbs, New Mexico, 88240, has submitted for approval an application to construct and operate a Rule 711 commercial landfarm soils remediation facility located in the SW/4 Section 25, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico. Hydrocarbon contaminated soils associated with oil and gas production operations will be remediated by spreading them on the ground surface in 6 inch lifts or less and periodically disking them to enhance biodegradation of contaminants. The permit application addresses the construction, operations, spill/leak prevention and monitoring procedures to be incorporated at the proposed site.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The application may be viewed at the above address or at or at the Hobbs district office at 1625 N. French Drive, Hobbs, New Mexico between 8:00 a.m. and 4:00 p.m., Monday thru Friday. Prior to ruling on any proposed application, the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted and public hearing may be requested by any interested person. Request for public hearing shall set forth the reasons why a hearing shall be held. A hearing will be held if the director determines that there is significant public interest.

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 20, 2000

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 4-00 and 5-00 are tentatively set for February 3 and February 17, 2000. 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 12322: Application of Home-Stake Oil & Gas Company for an Increase in the Depth Bracket Allowable for the South McCormack-Silurian Pool, Lea County, New Mexico. Applicant seeks an order approving special pool rules for the South McCormack-Silurian Pool, including an increased depth bracket allowable of 230 barrels of oil per day. The pool covers portions of Sections 16, 21, and 22, Township 22 South, Range 37 East, and is centered approximately 3 1/2 miles south of Eunice, New Mexico.

CASE 12323: Application of Ocean Energy Resources, Inc. for a Non-Standard Subsurface Gas Well Location/Producing Area, Lea County, New Mexico. Applicant, in accordance with Division Rules 104.F and 111.C (2), seeks approval for a non-standard subsurface gas well location/producing area for both the Undesignated North Shoe Bar-Atoka Gas Pool and the Morrow formation in either the Undesignated North Shoe Bar-Morrow Gas Pool or the Undesignated Townsend-Morrow Gas Pool within a standard 320-acre gas spacing and proration unit for both intervals comprising Lots 11, 12, 13, and 14 and the SW/4 of irregular Section 3, Township 16 South, Range 35 East, (which is located approximately 25 miles west by north of Carlsbad, New Mexico). The applicant seeks to re-enter the plugged and abandoned Bridge Oil Company, L. P.'s Chevron State Well No. 1 (API No. 30-025-31102), to be renamed the Panther Martin State Com. Well No. 1, located on the surface at a standard gas well location 2310 feet from the South line and 1650 feet from the West line (Unit S) of Section 3, and directionally drill to an approximate depth of 12,657 feet at a targeted unorthodox subsurface gas well location 2040 feet from the South line and 2280 feet from the West line (Unit S) of Section 3.

CASE 12324: Application of Harvey E. Yates Company for Compulsory Pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the SW/4 NW/4 (Unit E) of Section 8, Township 17 South, Range 38 East to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40 acres spacing within that vertical extent. This unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing the well and the actual operating 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 drilling the well. The unit is located approximately 3 1/2 miles northwest of Knowles, New Mexico.

CASE 12257: Continued from January 6, 2000, Examiner Hearing.

' Application of E.G.L. Resources, Inc. for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Yates formation underlying the NW/4 of Section 23, Township 20 South, Range 28 East to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent, including the Russell-Lower Yates Gas Pool. This unit is to be dedicated to a well to be drilled at a standard gas well location thereon. 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 the operator of the well, and a charge for risk involved in drilling and completing the well. The unit is located approximately 11 miles north-northeast of Carlsbad, New Mexico.

CASE 12237: Continued from January 6, 2000, Examiner Hearing.

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 Bone Spring formation to the base of the Morrow formation underlying the W/2 of Section 8, Township 18 South, Range 31 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within this vertical extent, including the Undesignated North Shugart-Atoka Gas Pool and Undesignated North Shugart-Morrow Gas Pool. The unit is to be dedicated to its Fren "8" Fed. Com. Well No. 1, located at an orthodox gas well location in the NW/4 of Section 8. 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 the operator of the well, and a charge for risk involved in drilling and completing the well. The unit is located approximately 6 1/2 miles southeast of Loco Hills, New Mexico.

CASE 12308: Continued from January 6, 2000, Examiner Hearing.

Application of Pogo Producing Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco Canyon formation underlying the following described acreage in Section 18, Township 20 South, Range 25 East, in the following manner: (a) Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) to form a standard 319.20-acre spacing and proration unit for any formations and/or pools developed on 320-acre spacing within this vertical extent, including the Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool; and (b) the SE/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within this vertical extent. Both units are to be dedicated to its plugged and abandoned W. W. Buchanan Osage Com. Well No. 1 (API No. 30-015-21451), located 1830 feet from the South line and 1980 feet from the East line (Unit J) of Section 18. Also to be considered will be the cost of re-entry, completing, and equipping the well 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 the re-entry of this wellbore. The units are located approximately 6 miles west-southwest of Seven Rivers, New Mexico

CASE 12325: Application of Chesapeake Operating Inc. for Compulsory Pooling and an Unorthodox Subsurface Location, 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 described acreage in Section 17, Township 16 South, Range 36 East, 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 gas spacing within that vertical extent, including the West Lovington Pennsylvanian Gas Pool; the SW/4 for form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within that vertical extent, including the North Shoe Bar-Wolfcamp Gas Pool; and the S/2 SW/4 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre oil spacing within that vertical extent, including the Northeast Show Bar-Strawn Pool. The unit(s) is to be dedicated to its College of Southwest "15" Well No. 1 which was drilled as a directional wellbore at total depth in the Morrow formation which is at an unorthodox subsurface location 580 feet from the South line and 1085 feet from the West line of this section. Also to be considered will be the costs of drilling and completing the well and the actual operating 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 drilling the well. The unit is located approximately 3 miles south of the center of the City of Lovington, New Mexico.

CASE 12326:

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 Morrow formation underlying the following described acreage in Section 15, Township 16 South, Range 35 East, in the following manner: the E/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within that vertical extent, including the Townsend-Morrow Gas Pool, and North Shoe Bar-Atoka Gas Pool; the NE/4 for form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within that vertical extent, including the North Shoe Bar-Wolfcamp Gas Pool; the E/2 NE/4 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre oil spacing within that vertical extent; and the NE4/ NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within that vertical extent including the Townsend Permo Upper Pennsylvanian Pool. This unit(s) is to be dedicated to its Boyce "15" Well No. 1 which will be located at a standard location within Unit A of this section. Also to be considered will be the costs of drilling and completing the well and the actual operating 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 drilling the well. The unit is located approximately 5 1/2 miles southwest of the center of the City of Lovington, New Mexico.

CASE 12327:

Application of OXY USA, Inc. to Rescind Division Order No. R-4638 which adopted the Special Pool Rules for the West Parkway-Strawn Gas Pool and the West Parkway-Atoka Gas Pool, or in the alternative, for an Unorthodox Gas Well Location, Eddy County, New Mexico. Applicant seeks an order rescinding the special pool order for the West Parkway-Atoka Gas Pool and the West Parkway-Strawn Gas Pool so that all existing and future wells and their respective spacing and proration units which are now subject to this order will be governed by the provisions of Division General Rules including Rule 104. In the alternative, applicant seeks an unorthodox well location in both of these pools for its Pearl Well No. 2 (API No. 30-015-30851), which is a well being drilled to the Morrow formation at a standard gas well location 860 feet from the North line and 660 feet from the East line of Section 32, Township 19 South, Range 29 East, and to be dedicated to the E/2 of this section. The current boundaries of these pools includes all or portions of Sections 21, 27, 28 29, 30 and 34, Township 19 South, Range 29 East. These pools are located approximately 7 miles north from the intersection of State Highway No. 31 and US Highway No. 180, New Mexico.

CASE 12276:

Continued from December 16, 1999, Examiner Hearing.

Application of Burlington Resources Oil & Gas Company for Compulsory Pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Mesaverde formation and the Chacra formation underlying the following described acreage within Section 36, Township 27 North, Range 8 West, in the following manner: (i) a 320-acre gas spacing unit consisting of the W/2 of this section for gas production from the Blanco-Mesaverde Gas Pool to be dedicated to the proposed Brookhaven Com Well No. 8 to be located in the NW/4 and to the Brookhaven Com Well No. 8-A to be located in the SW/4 of this section; (ii) for a standard 160-acre gas spacing unit consisting of the NW/4 of this section for gas production from the Otero-Chacra Gas Pool to be dedicated to the Brookhaven Com Well No. 8; and (iii) for a standard 160-acre gas spacing unit consisting of the SW/4 of this section for gas production from the Otero-Chacra Gas Pool to be dedicated to the Brookhaven Com Well No. 8-A. The units are to be dedicated to Burlington Resources Oil & Gas Company's Brookhaven Com Wells No. 8 and 8-A which are to be drilled as dual completions at standard gas well locations within these quarter sections. Also to be considered will be the costs of drilling and completing the wells 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 wells, and a charge for risk involved in drilling and completing the wells. The wells are located approximately 15 miles northeast of the El Huerfano Trading Post on New Mexico State Highway 44.

CASE 12277:

Continued from December 16, 1999, Examiner Hearing.

Application of Burlington Resources Oil & Gas Company for Compulsory Pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Mesaverde formation within the E/2 of Section 16, Township 31 North, Range 11 West for a 320-acre gas spacing unit consisting of the E/2 of this section for gas production from the Blanco-Mesaverde Gas Pool to be dedicated to the proposed Brookhaven Com B Well No. 3B to be located in the NE/4 SE/4 of Section 16. 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 the operator of the well, and a charge for risk involved in drilling and completing the well. The unit is located approximately 5 miles north of Aztec, New Mexico

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CASE 12296: **Continued from December 2, 1999 Examiner Hearing**

Application of Burlington Resources Oil & Gas Company to amend Rule 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool for purposes of changing well location requirements for coal gas wells, San Juan, Rio Arriba, McKinley and Sandoval Counties, New Mexico. Applicant seeks to amend Rule 7 of the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool to (a) change the well location boundary requirements from not closer than 790 feet to not closer than 660 feet to any outer boundary of a spacing unit and from not closer than 130 feet to not closer than 10 feet to any quarter-quarter section line or subdivision inner boundary; and (b) to add well location requirements for federal exploratory units.

CASE 12328: **Application of John L. Cox for an Unorthodox Oil Well Location, Lea County, New Mexico.** Applicant seeks an exception to Division Rule 104.B (1), revised by Division Order No. R-11231, issued by the New Mexico Oil Conservation Commission in Case No. 12119 on August 12, 1999, to drill its State "14-A" Well No. 1 at an unorthodox Pennsylvanian oil well location 1330 feet from the North line and 2530 feet from the East line (Unit G) of Section 14, Township 12 South, Range 33 East. The SE/4 NE/4 of Section 14 is to be dedicated to this well in order to form a standard 40-acre oil spacing and proration unit for the Undesignated Bagley-Pennsylvanian Pool. This unit is located approximately 16 miles west of Tatum, New Mexico.

CASE 12003: **Reopened - Continued from December 16, 1999 Examiner Hearing**

In the matter of Case 12003 being reopened pursuant to the provisions of Division Order No. R-11053-A, which order established temporary special rules and regulations for the Featherstone-Bone Spring Pool in Lea County, New Mexico, including a provision for 80-acre spacing units. Operators in the Featherstone-Bone Spring Pool may appear and show cause why the temporary special rules for the pool should not be rescinded.

CASE 12319 **Continued from January 6, 2000 Examiner Hearing**

Application of Nearburg Exploration Company, 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 in the following manner: the N/2 for all formations/pools developed on 320-acre spacing including the Logan Draw Morrow Gas Pool, the NE/4 for all formations/pools developed on 160-acre spacing, the S/2 NE/4 for all formations/pools developed on 80-acre spacing, and the SE/4 NE/4 for all formations/pools developed on 40-acre spacing, all in Section 30, Township 17 South, Range 27 East. Applicant proposes to dedicate these pooled units to a well to be drilled at a standard gas well location in the SE/4 NE/4 of Section 30. Also to be considered will be the cost of drilling and completing the well and the actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling the well. The area is located approximately 4 miles southeast of Artesia, New Mexico.

CASE 12285: **Continued from January 6, 2000, Examiner Hearing.**

Application of Nearburg Exploration, Company, LLC. 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 for all formations developed on 320-acre spacing including but not limited to the Undesignated San Simon Wolfcamp Gas Pool, the NW/4 for all formations developed on 160-acre spacing, the N/2 NW/4 for all formations developed on 80-acre spacing, and the NW/4 NW/4 for all formations developed on 40-acre spacing, all in Section 17, Township 22 South, Range 35 East. Applicant proposes to dedicate these pooled units to a well to be drilled at a standard gas well in the NW/4 NW/4 of Section 17. 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 Nearburg Producing Company as operator of the well, and a charge for risk involved in drilling and completing the well. The area is located approximately 10.5 miles southwest of Oil Center, New Mexico.

CASE 12329: **Application of EOG Resources, Inc. for a Unit agreement, Lea County, New Mexico.** Applicant seeks approval of a unit agreement for its proposed Red Hills North Unit Area containing 4198.20 acres, more or less, of Federal and State lands comprising all or portions of Sections 6, 7, 8, 17 and 18, Township 25 South, Range 34 East, and all or portions of Sections 1, 12 and 13, Township 25 South, Range 33 East. Said unit area is located approximately 19 miles west by north of Jal, New Mexico.

CASE 12330: **Application of Ameristate Oil and Gas, Inc. for Compulsory Pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the top of the Mississippian formation or 12,900 feet, whichever is lesser, in the E/2 for all formations developed on 320-acre spacing including but not limited to the Undesignated South Shoe-Bar-Mississippian Gas Pool, the NE/4 for all formations developed on 160-acre spacing, the N/2 NE/4 for all formations developed on 80-acre spacing, and the NE/4 NE/4 for all formations developed on 40-acre spacing including but not limited to the Undesignated West Lovington-Upper San Andres Pool, the Undesignated Vacuum Grayburg-San Andres Pool, and the Undesignated Vacuum Abo Reef Pool, all in Section 13, Township 17 South, Range 35 East. Applicant proposed to dedicate these pooled units to its State 13 Well No. 1 to be drilled at a standard gas well in the NE/4 NE/4 of Section 13. Also to be considered will be the cost of drilling and completing the well and the actual operating cost 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 drilling the well. The area is located approximately 9 miles southwest of Lovington, New Mexico.

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CASE 12313: **Continued from December 16, 1999 Examiner Hearing**

Application of David H. Arrington Oil & Gas, Inc. for compulsory pooling and directional drilling of a horizontal well, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation, Northeast Lovington-Pennsylvanian Pool, underlying the following described acreage in Section 10, Township 16 South, Range 37 East in the following manner: (a) the NW/4 SW/4 for any formations and/or pools developed on 40-acre spacing and (b) the SW/4 in order to form a 160-acre Project Area, as defined by Division Rule 111.A(9), by combining two standard 80-acre oil spacing and proration units in order to accommodate a horizontally drilled wellbore. The applicant proposes to vertically drill its H & L Variance "10" Well No. 1 at a surface location 2130 feet from the South line and 330 feet from the West line (Unit L) of Section 10 to an approximate depth of 11,600 feet, kick-off, and then drill horizontally in an easterly direction a lateral distance of 1400 feet through the Strawn formation. The applicable drilling window or producing area [see Division Rule 111.A(7)] for the proposed wellbore is to be standard for any 40-acre unit and 80-acre units per the outer setback requirements for 80-acre units in the subject pool. Also to be considered will be the cost of drilling and completing this wellbore and the allocation of the cost 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 drilling and completing the well. The location of the proposed well is approximately six miles east of Lovington, New Mexico.

CASE 12272: **Continued from December 16, 1999, Examiner Hearing.**

Application of Falcon Creek Resources, Inc. for authority to inject water into six wells in the proposed Teas-Yates Seven Rivers Unit Waterflood Project Area, Lea County, New Mexico. Applicant seeks approval to inject water into the Yates and Seven Rivers formations, West Teas-Yates Seven Rivers Pool, through 6 wells in its proposed Teas-Yates Seven Rivers Unit Waterflood Seven Rivers Pool, located in the following area:

Township 20 South, Range 33 East:

Section 4: SE/4

Section 9: N/2

Section 16: NE/4

This area is located approximately 5 miles northeast of the intersection of New Mexico Highways 176 and 62/180.

CASE 12331: **Application of Falcon Creek Resources, Inc. for Statutory Unitization, Lea County, New Mexico.** Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interested in the Yates and Seven Rivers formations, West Teas (Yates-Seven Rivers) Pool, underlying 1,320 acres, more or less, of Federal, State and Fee lands in the following acreage:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM

Section 4: SE/4

Section 9: S/2, NE4, S/2 NW/4, NE/4 NW/4

Section 16: N/2, N/2 SW/4, NW/4 SE4

Section 17: E/2 NE4, NE/4 SE/4

Said unit to be designated to the West Teas (Yates-Seven Rivers) 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 provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. The unit area is located approximately 30 miles west by southwest of Hobbs, New Mexico.

CASE 12332: **Application of Falcon Creek Resources, Inc. for Approval of a Waterflood Project for its West Teas (Yates-Seven Rivers) Unit Area and Qualification of Project for the Recovered Oil Tax Rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.** Applicant seeks an order approval of its West Teas (Yates-Seven Rivers) Unit Waterflood Project for injection of water in the Yates and Seven Rivers formations, West Teas-Yates Seven Rivers Pool through six injection wells located in the following described area:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM

Section 4: SE/4

Section 9: S/2, NE4, S/2 NW/4, NE/4 NW/4

Section 16: N/2, N/2 SW/4, NW/4 SE4

Section 17: E/2 NE4, NE/4 SE/4

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The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for the waterflood operations. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). The unit is located approximately 30 miles west by southwest of Hobbs, New Mexico.

CASE 12086: **Consolidated – Continued from January 6, 2000, Examiner Hearing.**

Application of Yates Petroleum Corporation and Hanley Petroleum Inc. for allowable reduction and the escrow of production proceeds, Lea County, New Mexico. Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

CASE 12086: **Consolidated - Continued from January 6, 2000 Examiner Hearing.**

Application of Energen Resources Corporation for allowable reduction and the escrow of production proceeds, Lea County, New Mexico. Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington-Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities; (2) providing for termination of the reduced depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission; and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, and Snyder "C" Well No. 4, and the Snyder "EC" Com Well No. 1, less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

DOCKET: COMMISSION HEARING – FRIDAY – JANUARY 21, 2000

9:00 A.M. - OCD Hearing Room
2040 S. Pacheco
Santa Fe, New Mexico

The Land Commissioner's designee for this hearing will be Jami Bailey.

The minutes of the November 17 and December 16, 1999, Commission hearings will be adopted.

The Oil Conservation Commission may vote to close the open meeting to deliberate any De Novo cases heard at this hearing.

CASE 12333: Application of New Mexico Oil Conservation Division to Amend Division Rules 103 and 202. Application of the New Mexico Oil Conservation Division to amend Rule 103 to require that: (i) signs also be placed on well-related facilities, (ii) signs remain in place until the well and facilities are closed, and (iii) signs be replaced within 90 days after a new operator takes over the well and related facilities and Rule 202 to (i) prohibit the building of permanent structures over P&A wells, (ii) prohibit the removal of P&A markers without Division approval, and (iii) regulate below ground P&A markers. The proposed rule changes are posted on the internet at www.emnrd.state.nm.us/ocd.

CASE 12148: De Novo - Continued from November 17, 1999, Commission Hearing.

Application of The Wiser Oil Company to qualify the Skelly Unit Area Waterflood Expansion Project for the Recovered Oil Tax Rate, Eddy County, New Mexico. Applicant seeks to qualify the Skelly Unit Area Waterflood Expansion Project (Grayburg-Jackson Pool) for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act (Sections 7-29A-1 through 7-29A-5, NMSA 1978). The unit area covers all or part of Sections 13, 14, 21-23, and 26-28, Township 17 South, Range 31 East. The unit area is centered approximately 1 mile east-northeast of the intersection of U.S. Highway 82 and State Highway 529. Upon application of The Wiser Oil Company, this case will be heard De Novo pursuant to the of Rule 1220.

CASE 12149: De Novo - Continued from November 17, 1999, Commission Hearing.

Application of The Wiser Oil Company to qualify the State "D" Lease Waterflood Expansion Project for the recovered oil tax rate, Eddy County, New Mexico. Applicant seeks to qualify the State "D" Lease Waterflood Expansion Project (Grayburg-Jackson Pool) covering part of Section 26, Township 17 South, Range 31 East, for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act (Sections 7-29A-1 through 7-29A-5, NMSA 1978). The lease is located approximately 2 miles east-southeast of the intersection of U.S. Highway 82 and State Highway 529. Upon application of The Wiser Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12150: De Novo - Continued from November 17, 1999, Commission Hearing.

Application of The Wiser Oil Company to qualify the State "AZ" Lease Waterflood Expansion Project for the recovered oil tax rate, Eddy County, New Mexico. Applicant seeks to qualify the State "AZ" Lease Waterflood Expansion Project (Grayburg-Jackson Pool), covering the SW/4 SW/4 of Section 16, Township 17 South, Range 31 East, for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act (Sections 7-29A-1 through 7-29A-5, NMSA 1978). The lease is located approximately 1 mile north-northwest of the intersection of U.S. Highway 82 and State Highway 529. Upon application of The Wiser Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 12008: De Novo Continued from November 17, 1999 Commission Hearing

Application of Robert E. Landreth for a determination of reasonable well costs, Lea County, New Mexico. Applicant, as a mineral interest owner in the standard 320-acre gas spacing and proration unit comprising the S/2 of Section 29, Township 22 South, Range 34 East, seeks an order ascertaining the reasonableness of actual well costs for: (i) the Santa Fe Energy Resources, Inc. Gaucho Unit Well No. 2-Y (API No. 30-025-34026), located 1650 feet from the South line and 1725 feet from the West line (Unit K) of Section 29; and (ii) the plugged and abandoned Gaucho Unit Well No. 2 (API No. 30-025-33682), located 1650 feet from the South and West lines (Unit K) of Section 29. This 320-acre unit was the subject of compulsory pooling Order No. R-10764, dated February 14, 1997. This area is located approximately 20 miles west by south of Eunice, New Mexico. Upon application of Robert E. Landreth, this case will be heard De Novo pursuant to the provisions of Rule 1220.