

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION
FOR THE PURPOSE OF CONSIDERING:**

**APPLICATION OF BASS ENTERPRISES
PRODUCTION CO. FOR APPROVAL OF
THE EXPANSION OF THE ATOKA
PARTICIPATING AREA IN THE JAMES
RANCH UNIT, EDDY COUNTY, NEW MEXICO.**

CASE NO. 11602

**APPLICATION OF BASS ENTERPRISES
PRODUCTION CO. FOR APPROVAL OF
THE EXPANSION OF THE ATOKA
PARTICIPATING AREA IN THE JAMES
RANCH UNIT, EDDY COUNTY, NEW MEXICO.**

CASE NO. 11603

Order No. R-279-A

ORDER OF THE DIVISION

BY THE DIVISION

This cause came on for hearing at 8:15 a. m. on November 17, 1997, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

Now, on this ~~19th~~ day of December, 1997, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) Bass Enterprises Production Company ("Bass") is the successor operator of the James Ranch Unit that originally comprised approximately 20,656.98 acres, more or less, of State and Federal lands underlying portions of Townships 22 and 23 South, Ranges 30 and 31 East, NMPM, Eddy County, New Mexico. Said Unit agreement was approved by Division Order No. R-279, issued in Case 472 and dated March 17, 1953.

(3) In Case No. 11602, Bass seeks approval of the Third Expansion of the Participating Area for the Atoka formation in the James Ranch Unit Area including 1,683.13 acres, more or less, located in portions of Sections 35 and 36 of Township 22 South, Range 30 East, NMPM and portions of Sections 5, 6, 8 and 17 of Township 23 South, Range 31 East, NMPM, all in Eddy County, New Mexico.

(4) In Case No. 11603, Bass seeks approval of the Fourth Expansion of the Participating Area for the Atoka formation in the James Ranch Unit Area including 238.54 acres, more or less, located in portions of Section 12, Township 22 South, Range 30 East, NMPM, and portions of Section 7, Township 22 South, Range 31 East, NMPM, all in Eddy County, New Mexico.

(5) On February 22, 1996, the New Mexico Oil Conservation Division ("Division") granted administrative approval for the Third and Fourth Revisions to the James Ranch Unit Atoka Participating Area.

(6) By letter dated March 19, 1996, Enron Oil & Gas Company ("Enron") protested the proposed revisions and on April 3, 1996, requested that the Division rescind its approval of the proposed revisions asserting, among other matters, that it had not been given notice of the applications and therefore had not had an opportunity to protest the proposed expansions.

(7) By letter dated on July 22, 1996, Enron requested that these applications be set for hearing and the applications were docketed for hearing before a Division Examiner on August 22, 1996.

(8) These cases were continued from time to time during which time Bass filed its Motion to Dismiss Proceedings and Enron filed its Motion to Rescind Approval and Motion for Setting.

(9) On February 19, 1997 a special hearing was called by the Division for the consideration of these motions at which time Bass' Motion to Dismiss was denied, the Division's Approval of the Proposed Expansions was rescinded and the parties directed to confer and advise the Division of an agreed upon hearing date.

(10) Bass filed an application for hearing *de novo* on the February 19, 1997 Examiner rulings and thereafter appealed the denial of its application for hearing *de novo* to the District Court for Eddy County, New Mexico. The Court remanded the cases to the

Division and they were set for hearing on November 17, 1997.

(11) On November 13, 1997, Enron wrote the Division and advised that since a settlement had been reached with Bass it was withdrawing its objection to the applications of Bass for Approval of the Third and Fourth Revisions of the Atoka Participating Area in the James Ranch Unit.

(12) The cases were consolidated and came on for hearing before Examiner Stogner on November 17, 1997. The parties appeared through counsel and advised the Division that settlement had been reached between Bass, Enron, Shell Western E & P, Inc. ("Shell") and that Enron and Shell withdraw their objections to the Applications of Bass for Approval of the Third and Fourth Revisions of the Atoka Participating Area in the James Ranch Unit. Bass then requested that the original administrative approvals of the Proposed Third and Fourth Revisions of the Atoka Participating Area in the James Ranch Unit be reinstated.

(13) There no longer being an objection to the proposed expansion of the Atoka Participating Area in the James Ranch Unit, the February 22, 1996 approvals of these proposed expansions should be reinstated.

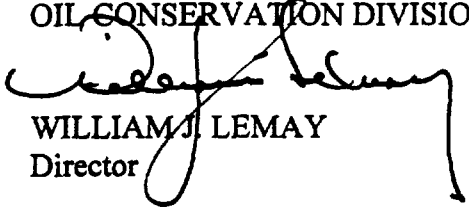
IT IS THEREFORE ORDERED THAT:

(1) The New Mexico Oil Conservation Division's administrative approvals dated February 22, 1996 of the proposed Third and Fourth Expansions of the Atoka Participating Area in the James Ranch Unit in Eddy County, New Mexico are hereby reinstated.

(2) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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