

**DOCKET: EXAMINER HEARING - THURSDAY - MARCH 16, 1995****8:15 A.M. - 2040 SOUTH PACHECO****SANTA FE, NEW MEXICO**

Dockets Nos. 10-95 and 11-95 are tentatively set for April 6, 1995 and April 20, 1995. 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 11203: (Continued from March 2, 1995, Examiner Hearing.)**

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit W. J. Conover, owner/operator, American Manufacturers Mutual Insurance Company, surety, and all other interested parties to appear and show cause why the J. M. Lewelling Well No. 1 (API No. 30-035-20010), located 660 feet from the North and West lines (Unit D) of Section 12, Township 12 South, Range 9 East, Otero County, New Mexico (which is approximately 2.75 miles southeast of the Three Rivers, New Mexico), should **not** be plugged and abandoned in accordance with a Division-approved plugging program. Should the operator fail to properly plug said well, the Division should then be authorized to take such action as is deemed necessary to have the well properly plugged and abandoned and to direct the owner/operator to pay the costs of such plugging.

**CASE 11217: Application of Southland Royalty Company to reinstate Division Order No. R-10054, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks to reinstate Division Order No. R-10054, which approved the State "DS" Leasehold Waterflood Project by injection of water into the Spencer-San Andres Pool, in a new project area consisting of 280 acres, more or less, being SW/4, W/2 SE/4, and SE/4 SE/4 of Section 24, Township 17 South, Range 36 East, and qualified this project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Said project is located approximately 6 miles west-northwest from Humble City, New Mexico. IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.

**CASE 11191: (Continued from February 16, 1995, Examiner Hearing.)**

**Application of Great Western Drilling Company for an unorthodox gas well location, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its existing Glenn Cleveland Well No. 1 located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 7, Township 15 South, Range 35 East, in order to test and recompleat this well in the Morrow formation. The E/2 of said Section 7 to be dedicated to said well to form a standard 320-acre gas spacing and proration unit. Said unit is located approximately 7 miles northwest of Lovington, New Mexico.

**CASE 11218: Application of Naumann Oil & Gas, Inc. for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 34, Township 17 South, Range 29 East, and in the following manner: the S/2 thereby forming a standard 320-acre gas spacing and proration unit for any and all pools developed on 320-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated Grayburg-Strawn Gas Pool, Undesignated-Atoka Gas Pool, Undesignated South Empire-Morrow Gas Pool and the Undesignated Grayburg-Morrow Gas Pool; and 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 said vertical extent. Said units are to be dedicated to a single well to be drilled at an unorthodox gas well location 1980 feet from the South line and 1330 feet from the West line (Unit K) of said Section 34. 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5 miles west-southwest of Loco Hills, New Mexico.

**CASE 11219: Application of Conoco, Inc. for an unorthodox gas well location, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval for its Preston "35-N" Federal Com Well No. 15 to be drilled 860 feet from the North line and 710 feet from the West line (Unit D) in Section 35, Township 20 South, Range 24 East, and completed in both the South Dagger Draw-Upper Pennsylvanian Associated Pool and Cemetery-Morrow Gas Pool. Said well location is standard for the Upper Pennsylvanian interval and unorthodox for the Morrow formation. Further, said well is to be a replacement gas well in the existing standard 320-acre gas spacing and proration unit in the Cemetery-Morrow Gas Pool currently dedicated to its Preston "35-N" Federal Well No. 6, located in Unit "A" of said Section 35. Said unit is located approximately 9 miles west-southwest of Seven Rivers, New Mexico.

**CASE 11220:** **Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying the N/2 of Section 12, Township 31 North, Range 31 West, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Basin-Fruitland Coal (Gas) Pool. Said unit is to be dedicated to a well to be drilled and completed at a standard coal gas well location in the NE/4 of said Section 12. 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 2.5 miles southeast of La Plata, New Mexico.

**CASE 11221:** **Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 1, Township 31 North, Range 13 West, thereby forming a standard 319.20-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Basin-Fruitland Coal (Gas) Pool. Said unit is to be dedicated to a well to be drilled and completed at a standard coal gas well location in the NE/4 equivalent 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 2 miles east of La Plata, New Mexico.

**CASE 11176:** (Continued from March 2, 1995, Examiner Hearing.)

Application of Amoco Production Company to amend Division Order No. R-10174 to include provisions for an unorthodox surface gas well location, simultaneous dedication, and an exception to Rule 2(b) of the Special Rules governing the Blanco-Mesaverde Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-10174, issued in Case 11054 and dated August 25, 1994, which order authorized Amoco Production Company to initiate a high angle/horizontal directional drilling pilot project within an existing non-standard 327.11-acre gas spacing and proration unit in the Blanco-Mesaverde Pool comprising Lots 8, 9, 10, and 11 and the SE/4 (E/2 equivalent) of Section 6, Township 30 North, Range 8 West, by changing the surface location of its proposed Florance "H" Well No. 37-R to an unorthodox surface gas well location 465 feet from the South line and 1660 feet from the East line (Unit O) of said Section 6. Applicant further seeks an exception to Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Pool, as promulgated by Division Order No. R-8170, as amended, allowing for a third well to be drilled on a spacing unit and for production from all three wells to be simultaneously dedicated to said 327.11-acre proration unit. Said project area is located approximately 5 miles northwest of the Navajo Reservoir Dam. In the absence of objection, this application will be taken under advisement.

**CASE 11222:** **Application of Yates Petroleum Corporation for certification of a positive production response pursuant to New Mexico's "Enhanced Oil Recovery Act", Lea County, New Mexico.** Applicant, in the above-styled cause, seeks certification, pursuant to the Rules and Procedures for Qualification of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate, as promulgated by Division Order No. R-9708, for a positive production response on its Sanmal Queen Unit Waterflood Project, which qualified for the recovered oil tax rate under New Mexico's "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5) by Division Order No. R-9961. Said project is located in portions of Sections 1 and 12, Township 17 South, Range 33 East, which is located approximately 3 miles north of Buckeye, New Mexico.

**CASE 11223:** **Application of Yates Drilling Company for certification of a positive production response pursuant to New Mexico's "Enhanced Oil Recovery Act", Chaves County, New Mexico.** Applicant, in the above-styled cause, seeks certification, pursuant to the Rules and Procedures for Qualification of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate, as promulgated by Division Order No. R-9708, for a positive production response on the "expanded area" of the Cactus Queen (Voluntary) Unit Waterflood Project comprising the SW/4 NE/4, S/2 NW/4, SW/4, and NW/4 SE/4 of Section 34, Township 12 South, Range 31 East, which qualified for the recovered oil tax rate under New Mexico's "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5) by Division Order No. R-9075-B-1. Said area is located approximately 12 miles southwest by west of Caprock, New Mexico.