

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 7, 1995

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 36-95 and 1-96 are tentatively set for December 21, 1995 and January 11, 1996. 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 11394: (Continued from November 16, 1995, Examiner Hearing.)

Application of Harvey E. Yates Company for a unit agreement, Otero County, New Mexico. Applicant, in the above-styled cause, seeks approval of a unit agreement for its proposed Bennett Ranch Federal Unit Area containing 8856.90 acres, more or less, of Federal and State lands comprising all or portions of Sections 1-3, 10-15, 22-27, 35 and 36, Township 26 South, Range 12 East, and all or portions of Sections 18, 19, 30, and 31, Township 26 South, Range 13 East. Said unit area is located approximately 32 miles east-northeast of the intersection of U.S. Highway 54 with the Texas-New Mexico state line.

CASE 11432: **Application of Southland Royalty Company for compulsory pooling, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Blanco Mesaverde Gas Pool, underlying the N/2 of Section 25, Township 25 North, Range 2 West, forming a standard 320-acre gas spacing and proration unit. Said unit is to be dedicated to its existing Hill Federal Well No. 2Y which is to be recompleted in the Mesaverde formation at a standard gas well location. Also to be considered will be the costs of participation in said well, including but not limited to the costs of recompleting, the allocation of those costs and income therefor as well as actual operating costs and charges for supervision, a charge for risk involved in recompleting said well and the designation of applicant as the operator of the well. Said well is located approximately 2 ½ miles southeast of Gavilan, New Mexico.

CASE 11433: **Application of Oryx Energy Company for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico.** Applicant seeks approval to drill its Bogel Flats Unit Well No. 13 at an unorthodox gas well location 800 feet from the North line and 800 feet from the East line (Unit A) of Section 17, Township 22 South, Range 23 East, to the Indian Basin-Upper Pennsylvanian Gas Pool. All of said Section 17 is to be simultaneously dedicated to said well and its current producing Bogel Flats Unit Well No. 9, located 2035 feet from the North line and 1650 feet from the East line (Unit G) to form a standard 640-acre gas spacing and proration unit. Said unit is located approximately 27 miles west of Carlsbad, New Mexico.

CASE 11434: **Application of Meridian Oil Inc. for compulsory pooling and an unorthodox gas well location, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Blanco Mesaverde Gas Pool underlying the E/2 of Section 23, Township 31 North, Range 9 West, forming a standard 320-acre spacing and proration unit. Said unit is to be dedicated to Meridian Oil Inc.'s proposed Seymour Well No. 7A which is to be drilled at an unorthodox gas well location 1615 feet from the South line and 2200 feet from the East line (Unit J) of said Section 23 to test for production from the Mesaverde formation. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling and completing, and the allocation of the costs and income therefor as well as actual operating costs and charges for supervision, a charge for risk involved in drilling and completing said well and the designation of applicant as the operator of the well. Said well is located approximately 9 miles southeast of Cedar Hills, New Mexico.

CASE 11435: **Application of Shell Western E&P Inc. To amend Division Administrative Order DHC-1149, Lea County, New Mexico.** Applicant seeks to amend Division Order DHC-1149 to allow commingled oil production from the Vacuum-Wolfcamp and Vacuum-Middle Pennsylvanian Pools not to exceed 250 barrels/day from the State "A" Well No. 10, located in Unit A of Section 31, Township 17 South, Range 35 East. Said well is located approximately 1 mile southeast of Buckeye, New Mexico.

CASE 11436: **Application of Armstrong Energy Corporation for approval of a pressure maintenance project and qualification for the Recovered Oil Tax Rate, Lea County, New Mexico.** Applicant seeks approval of its Lea Pressure Maintenance Project by injection of water into the Delaware formation, through the perforated interval from approximately 5930 feet to 5970 feet in its Mobil Federal Well No. 6 PMW located 330 feet from the South line and 990 feet from the West line of Section 2, Township 20 South, Range 34 East. The Lea Pressure Maintenance Project Area shall include the following described area:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM

Section 2: SW/4

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said pressure maintenance operations. Applicant further seeks to qualify this project for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Said area of interest is located 16 miles southeast of Maljamar, New Mexico.

CASE 11408: (Readvertised - Continued from November 16, 1995, Examiner Hearing.)

Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Morton Exploratory Unit Agreement for an area comprising 2,178.68 acres, more or less, of State and Fee lands comprising all or portions of Sections 32 and 33, Township 14 South, Range 35 East, and Sections 4, 5 and 6 of Township 15 South, Range 35 East, which is located approximately 14 miles south-southwest of Tatum, New Mexico.

CASE 11437: **Application of Yates Petroleum Corporation for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico.** Applicant seeks approval to drill its Vandiver "DO" Com Well No. 2 at an unorthodox gas well location 660 feet from the South line and 800 feet from the East line (Unit P) of Section 7, Township 18 South, Range 26 East, NMPM. Applicant also seeks authority to simultaneously dedicate the S/2 of said Section 7 in the West Atoka-Morrow Gas Pool to this well and its Vandiver "DO" Com Well No. 1 located 660 feet from the South line and 2310 feet from the West line of Section 7. Applicant further requests approval of the unorthodox location as to all prospective pools or formations from the surface to the base of the Morrow formation. Said well is located approximately 5 miles south of Artesia, New Mexico.

CASE 11438: **Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks approval to drill its Opunita Draw APK State Com Well No. 1 at an unorthodox gas well location 1365 feet from the South line and 660 feet from the West line (Unit L) of Section 29, Township 23 South, Range 25 East. The W/2 of said Section 29 is to be dedicated to the well. Applicant further requests approval of the unorthodox location as to all prospective pools or formations including but not limited to the Morrow formation. Said well is located approximately 10 miles southwest of Carlsbad, New Mexico.

CASE 11426: (Continued from November 16, 1995, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Pennsylvanian formation, underlying the SE/4 NW/4 of Section 1, Township 14 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Lazy J-Pennsylvanian Pool. Said unit is to be dedicated to an existing well which will be re-entered located at a standard location 1980 feet from the North and West lines of said Section 1. Also to be considered will be the cost 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 drilling said well. Said area is located approximately 20 miles southeast of the intersection of Highways 380 and FAS 1242, Lea County, New Mexico.

CASE 11339: (Continued from November 16, 1995, Examiner Hearing.)

Application of Yates Petroleum Corporation for directional drilling and an unorthodox bottomhole location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Zinnia Federal Unit Well No. 1 from a unorthodox surface location 1980 feet from the North line and 910 feet from the West line (Unit E) of Section 27, Township 20 South, Range 29 East, to an unorthodox bottomhole gas well location within 50 feet of a point 1980 from the North line and 2405 feet from the East line (Unit G of Section 27, to test the Strawn and Morrow formations, Undesignated East Burton Flat-Strawn Gas Pool and Wildcat Morrow. The N/2 of Section 27 is to be dedicated to this well forming a standard 320-acre gas spacing and proration unit for both formations. Said well is located approximately 11 miles northeast of Carlsbad, New Mexico.

CASE 11439: **Application of PED Oil Corporation for directional drilling and an unorthodox oil well location, Chaves County, New Mexico.** Applicant seeks authority to drill its Mescalero Federal Well No. 1 from a surface location 1980 feet from the North and West lines (Unit F) to an unorthodox bottomhole location within 50 feet of a point 1845 feet from the North line and 1131 feet from the West line (Unit E) of Section 11, Township 12 South, Range 30 East, to test the Devonian formation, Graham Springs-Devonian Pool. The SW/4 NW/4 of said Section 11 is to be dedicated to this well to form a standard 40-acre oil proration unit. Said well is located approximately 28 miles northeast of Dexter, New Mexico.