

**CASE 11615: Application of Thornton Operating Corporation for pool contraction, pool creation, special pool rules, non-standard spacing or proration unit, directional drilling and an unorthodox well location, Chaves County, New Mexico.** Applicant seeks the contraction of the South Lone Wolf-Devonian Pool to exclude the NW/4 of Section 26 and the NE/4 of Section 27, Township 13 South, Range 29 East; the creation of a new pool for the production from the Devonian formation underlying the SW/4 SW/4 of Section 23 and the NW/4 NW/4 of Section 26, Township 13 South, Range 29 East, for the promulgation of special rules and regulations therefor including 80-acre gas spacing units and designated well location requirements, a non-standard oil proration unit comprised of the SW/4 SW/4 of said Section 23 and the NW/4 NW/4 of said Section 26, reentry and directional drilling of the McClellan Federal Well No. 1 from a previously approved surface location 182 feet from the North line and 507 feet from the West line of said Section 26 and approval of an unorthodox bottomhole location for this well in the Devonian formation within 100 feet of a point 148 feet from the South line and 177 feet from the West line of said Section 26. The proposed pool boundary is located approximately 18 miles east of Hagerman, New Mexico.

**CASE 11618: Application of Costilla Petroleum Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from 5700 feet to the base of the Delaware formation, Undesignated Ross Draw-Delaware Pool, in and under the SE/4 SE/4 of Section 28, Township 26 South, Range 30 East. Said unit is to be dedicated to its Abby Federal Well No. 5 to be drilled at a standard location 410 feet from the South line and 467 feet from the East line of said Section 28. Also to be considered will be the cost of drilling and completing said well and the allocation of these costs there 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 18 miles southeast of Malaga, New Mexico.

**CASE 11619: Application of Penwell Energy, Inc. for special pool rules for the East Pierce Crossing-Bone Spring Pool, Eddy County, New Mexico.** Applicant seeks the adoption of special pool rules for the East Pierce Crossing-Bone Spring Pool, located in portions of Section 23, Township 24 South, Range 29 East, to include a provision for a gas-oil limitation of 10,000 cubic feet of gas per barrel of oil. Said area is located approximately 8 miles southeast of Loving, New Mexico.

**CASE 11599: Application of Gillespie-Crow, Inc. for pool expansion and contraction, pool creation, and special pool rules, Lea County, New Mexico.** Applicant requests that the West Lovington-Strawn Pool be both contracted in part and expanded in part to contain all or parts of Sections 27, 28, 29, 32, 33, and 34, Township 15 South, Range 35 East; Lots 1 through 12 of Section 1, Township 16 South, Range 35 East; Lots 1 through 12 of Section 1, Township 16 South, Range 35 East; and Lots 2 through 7, 11, and 12 of Section 6, Township 16 South, Range 36 East. Applicant requests that the special pool rules currently in effect for said pool remain in effect, except that the depth bracket allowable be reduced to 250 barrels of oil per day for wells within the designated West Lovington-Strawn Pool. Applicant further requests that a new pool, the South Big Dog-Strawn Pool, be created to include parts of Section 32, Township 15 South, Range 35 East; and Section 2, Township 16 South, Range 35 East, and that the special pool rules currently in effect for the West Lovington-Strawn Pool including 80-acre spacing and a depth bracket allowable of 445 barrels of oil per day, remain in effect for said new pool. Said pools are located approximately 4.5 to 5 miles west-northwest of Lovington, New Mexico. *Upon application of Yates Petroleum Corporation and Hanley Petroleum, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.*

**N O T I C E**  
***Supplement to Docket No. 28-96***

The Following Cases Have Been Continued from September 26, 1996, Examiner Hearing to the October 3, 1996, Examiner Hearing:

**CASE 11609:** **Application of Shell Western E & P Inc. for an unorthodox gas well location, Lea County, New Mexico.** Applicant seeks authority to deepen its State "A" Well No. 10 (API No. 30-025-32844), located at a previously approved unorthodox oil well location for the Undesignated Vacuum-Upper Pennsylvanian Pool, Vacuum-Wolfcamp Pool, and North Vacuum-Abo Pool (see Division Administrative Order NSL-3516, dated April 16, 1995) 940 feet from the North and East lines (Unit A) of Section 31, Township 17 South, Range 35 East, in order to test the Morrow formation for gas production at an unorthodox gas well location within a standard 320-acre gas spacing and proration unit to comprise the E/2 of said Section 31. Said unit is located approximately 1 mile southeast of Buckeye, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

**CASE 11613:** **Application of Burlington Resources Oil & Gas Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the NW/4 SE/4 of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre oil spacing within said vertical extent, including but not limited to the West Red Tank Delaware Pool and the Red Tank-Bone Spring Pool. Said unit is to be dedicated to Burlington Resources Oil & Gas Company's Checkmate 24 Federal Well No. 1 which is to be drilled at a standard well location. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling and completing said well and the allocation of those costs 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 13 ½ miles southeast of the intersection of State Highway 176 and U.S. Highway 180, Lea County, New Mexico.

**CASE 11542:** **Application of Meridian Oil Inc. for compulsory pooling and an unorthodox gas well location, San Juan County, New Mexico.** Applicant seeks an order pooling certain mineral interests in the Blanco Mesaverde Pool underlying Lots 1, 2, 7, 8, 9, 10, 15 and 16 (the E/2 equivalent) of Section 23, Township 31 North, Range 9 West, forming a 313.63-acre gas spacing and proration unit. Said unit is to be dedicated to Meridian Oil Inc.'s proposed Seymour Well No. 7A which is an "Infill Blanco-Mesaverde Well" to be drilled at an unorthodox gas well location 1615 feet from the South line and 2200 feet from the East line 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, the allocation of those costs and income therefrom 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 11614:** **Application of InterCoast Oil and Gas Company for approval of a unit agreement and an unorthodox well location, Lea County, New Mexico.** Applicant seeks approval of the McMillan Exploratory Unit Agreement for an area comprising 160 acres of fee lands in Section 34 of Township 14 South, Range 38 East. Applicant also seeks approval of an unorthodox oil well location for its McMillan 34-2 Well to be drilled 1275 feet from the North line and 2600 feet from the East line (Unit B) of said Section 34 with the NW/4 NE/4 of Section 34 to be dedicated to the well, which is located approximately 1 ½ miles southwest of the Intersection of US Highway 82 with the Texas state line.

**CASE 11615: Application of Thornton Operating Corporation for pool contraction, pool creation, special pool rules, non-standard spacing or proration unit, directional drilling and an unorthodox well location, Chaves County, New Mexico.** Applicant seeks the contraction of the South Lone Wolf-Devonian Pool to exclude the NW/4 of Section 26 and the NE/4 of Section 27, Township 13 South, Range 29 East; the creation of a new pool for the production from the Devonian formation underlying the SW/4 SW/4 of Section 23 and the NW/4 NW/4 of Section 26, Township 13 South, Range 29 East, for the promulgation of special rules and regulations therefor including 80-acre gas spacing units and designated well location requirements, a non-standard oil proration unit comprised of the SW/4 SW/4 of said Section 23 and the NW/4 NW/4 of said Section 26, reentry and directional drilling of the McClellan Federal Well No. 1 from a previously approved surface location 182 feet from the North line and 507 feet from the West line of said Section 26 and approval of an unorthodox bottomhole location for this well in the Devonian formation within 100 feet of a point 148 feet from the South line and 177 feet from the West line of said Section 26. The proposed pool boundary is located approximately 18 miles east of Hagerman, New Mexico.

**CASE 11618: Application of Costilla Petroleum Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from 5700 feet to the base of the Delaware formation, Undesignated Ross Draw-Delaware Pool, in and under the SE/4 SE/4 of Section 28, Township 26 South, Range 30 East. Said unit is to be dedicated to its Abby Federal Well No. 5 to be drilled at a standard location 410 feet from the South line and 467 feet from the East line of said Section 28. Also to be considered will be the cost of drilling and completing said well and the allocation of these costs thereon 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 18 miles southeast of Malaga, New Mexico.

**CASE 11619: Application of Penwell Energy, Inc. for special pool rules for the East Pierce Crossing-Bone Spring Pool, Eddy County, New Mexico.** Applicant seeks the adoption of special pool rules for the East Pierce Crossing-Bone Spring Pool, located in portions of Section 23, Township 24 South, Range 29 East, to include a provision for a gas-oil limitation of 10,000 cubic feet of gas per barrel of oil. Said area is located approximately 8 miles southeast of Loving, New Mexico.

**CASE 11599: Application of Gillespie-Crow, Inc. for pool expansion and contraction, pool creation, and special pool rules, Lea County, New Mexico.** Applicant requests that the West Lovington-Strawn Pool be both contracted in part and expanded in part to contain all or parts of Sections 27, 28, 29, 32, 33, and 34, Township 15 South, Range 35 East; Lots 1 through 12 of Section 1, Township 16 South, Range 35 East; Lots 1 through 12 of Section 1, Township 16 South, Range 35 East; and Lots 2 through 7, 11, and 12 of Section 6, Township 16 South, Range 36 East. Applicant requests that the special pool rules currently in effect for said pool remain in effect, except that the depth bracket allowable be reduced to 250 barrels of oil per day for wells within the designated West Lovington-Strawn Pool. Applicant further requests that a new pool, the South Big Dog-Strawn Pool, be created to include parts of Section 32, Township 15 South, Range 35 East; and Section 2, Township 16 South, Range 35 East, and that the special pool rules currently in effect for the West Lovington-Strawn Pool including 80-acre spacing and a depth bracket allowable of 445 barrels of oil per day, remain in effect for said new pool. Said pools are located approximately 4.5 to 5 miles west-northwest of Lovington, New Mexico.

**N O T I C E**  
***Supplement to Docket No. 28-96***

The Following Cases Have Been Continued from September 26, 1996, Examiner Hearing to the October 3, 1996, Examiner Hearing:

**CASE 11609:** **Application of Shell Western E & P Inc. for an unorthodox gas well location, Lea County, New Mexico.** Applicant seeks authority to deepen its State "A" Well No. 10 (API No. 30-025-32844), located at a previously approved unorthodox oil well location for the Undesignated Vacuum-Upper Pennsylvanian Pool, Vacuum-Wolfcamp Pool, and North Vacuum-Abo Pool (see Division Administrative Order NSL-3516, dated April 16, 1995) 940 feet from the North and East lines (Unit A) of Section 31, Township 17 South, Range 35 East, in order to test the Morrow formation for gas production at an unorthodox gas well location within a standard 320-acre gas spacing and proration unit to comprise the E/2 of said Section 31. Said unit is located approximately 1 mile southeast of Buckeye, New Mexico. IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.

**CASE 11613:** **Application of Burlington Resources Oil & Gas Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the NW/4 SE/4 of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre oil spacing within said vertical extent, including but not limited to the West Red Tank Delaware Pool and the Red Tank-Bone Spring Pool. Said unit is to be dedicated to Burlington Resources Oil & Gas Company's Checkmate 24 Federal Well No. 1 which is to be drilled at a standard well location. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling and completing said well and the allocation of those costs 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 13 ½ miles southeast of the intersection of State Highway 176 and U.S. Highway 180, Lea County, New Mexico.

**CASE 11542:** **Application of Meridian Oil Inc. for compulsory pooling and an unorthodox gas well location, San Juan County, New Mexico.** Applicant seeks an order pooling certain mineral interests in the Blanco Mesaverde Pool underlying Lots 1, 2, 7, 8, 9, 10, 15 and 16 (the E/2 equivalent) of Section 23, Township 31 North, Range 9 West, forming a 313.63-acre gas spacing and proration unit. Said unit is to be dedicated to Meridian Oil Inc.'s proposed Seymour Well No. 7A which is an "Infill Blanco-Mesaverde Well" to be drilled at an unorthodox gas well location 1615 feet from the South line and 2200 feet from the East line 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, the allocation of those costs and income therefrom 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 11614:** **Application of InterCoast Oil and Gas Company for approval of a unit agreement and an unorthodox well location, Lea County, New Mexico.** Applicant seeks approval of the McMillan Exploratory Unit Agreement for an area comprising 160 acres of fee lands in Section 34 of Township 14 South, Range 38 East. Applicant also seeks approval of an unorthodox oil well location for its McMillan 34-2 Well to be drilled 1275 feet from the North line and 2600 feet from the East line (Unit B) of said Section 34 with the NW/4 NE/4 of Section 34 to be dedicated to the well, which is located approximately 1 ½ miles southwest of the Intersection of US Highway 82 with the Texas state line.

**CASE 11599:** (Readvertised)

Application of Gillespie-Crow, Inc. for pool expansion and contraction, pool creation, and special pool rules, Lea County, New Mexico. Applicant requests that the West Lovington-Strawn Pool be both contracted in part and expanded in part to contain all or parts of Sections 27, 28, 29, 32, 33, and 34, Township 15 South, Range 35 East; Lots 1 through 12 of Section 1, Township 16 South, Range 35 East; Lots 1 through 12 of Section 1, Township 16 South, Range 35 East; and Lots 2 through 7, 11, and 12 of Section 6, Township 16 South, Range 36 East. Applicant requests that the special pool rules currently in effect for said pool remain in effect, except that the depth bracket allowable be reduced to 250 barrels of oil per day for wells within the designated West Lovington-Strawn Pool. Applicant further requests that a new pool, the South Big Dog-Strawn Pool, be created to include parts of Section 32, Township 15 South, Range 35 East; and Section 2, Township 16 South, Range 35 East, and that the special pool rules currently in effect for the West Lovington-Strawn Pool including 80-acre spacing and a depth bracket allowable of 445 barrels of oil per day, remain in effect for said new pool. Said pools are located approximately 4.5 to 5 miles west-northwest of Lovington, New Mexico.

**CASE 11604:** (Continued from September 5, 1996, Examiner Hearing.)

Application of Sunco Trucking Water Disposal Company for a show cause hearing as to why it should not be fined for violations of Oil Conservation Division Rule 711, San Juan County, New Mexico. Applicant seeks a hearing to show cause to the Oil Conservation Division why applicant should not be fined \$5,000.00 for violations of the conditions of its Rule 711 permit.

**CASE 11516:** (Reopened - Continued from August 22, 1996, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit H & W Enterprises, operator, American Employers' Insurance Company, surety, and all interested parties to appear and show cause why the Mobil State Well No. 1, located 2310 feet from the North line and 990 feet from the East line (Unit H) of Section 16, Township 17 South, Range 31 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division approved plugging program. Further, an order is being sought authorizing the Division to plug said well and order the forfeiture of the plugging bond in affect for said well.

**CASE 11602:** (Continued from August 22, 1996, Examiner Hearing.)

Application of Bass Enterprises Production Company for approval of the expansion of the Atoka Participating Area in the James Ranch Unit, Eddy County, New Mexico. Applicant 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, and portions of Sections 5, 6, 8, and 17 of Township 23 South, Range 31 East. Said unit is located approximately 15 miles east of Carlsbad, New Mexico.

**CASE 11603:** (Continued from August 22, 1996, Examiner Hearing.)

Application of Bass Enterprises Production Company for approval of the expansion of the Atoka Participating Area in the James Ranch Unit, Eddy County, New Mexico. Applicant 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, and portions of Section 7, Township 22 South, Range 31 East. Said unit is located approximately 15 miles east of Carlsbad, New Mexico.

**CASE 11607:** (Continued from September 5, 1996, Examiner Hearing.)

**Application of Naumann Oil & Gas Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation, Undesignated South Culebra Bluff-Bone Spring Pool, underlying the W/2 SE/4 of Section 33, Township 22 South, Range 28 East, in the following described manner: the W/2 SE/4 forming a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing, and the SW/4 SE/4 forming a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing. Applicant proposes to dedicate this pooled unit to the Shalk Federal "33" Com. Well No. 1 to be reentered at a standard location 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 33. Also to be considered will be the cost of drilling and recompleting 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 4 miles north of Loving, New Mexico.

**CASE 11618:** **Application of Costilla Petroleum Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from 5700 feet to the base of the Delaware formation, Undesignated Ross Draw-Delaware Pool, in and under the SE/4 SE/4 of Section 28, Township 26 South, Range 30 East. Said unit is to be dedicated to its Abby Federal Well No. 5 to be drilled at a standard location 410 feet from the South line and 467 feet from the East line of said Section 28. Also to be considered will be the cost of drilling and completing said well and the allocation of these 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 area is located approximately 18 miles southeast of Malaga, New Mexico.

**CASE 11619:** **Application of Penwell Energy, Inc. for special pool rules for the East Pierce Crossing-Bone Spring Pool, Eddy County, New Mexico.** Applicant seeks the adoption of special pool rules for the East Pierce Crossing-Bone Spring Pool, located in portions of Section 23, Township 24 South, Range 29 East, to include a provision for a gas-oil limitation of 10,000 cubic feet of gas per barrel of oil. Said area is located approximately 8 miles southeast of Loving, New Mexico.

**CASE 11575:** (Continued from September 5, 1996, 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 a depth of 4,000 feet to the base of the Morrow formation in all formations developed on 320-acre spacing under the W/2 of Section 34; in all formations developed on 160-acre spacing under the SW/4 of Section 34; in all formations developed on 80-acre spacing under the W/2 SW/4 of Section 34 and in all formations developed on 40-acre spacing under the NW/4 SW/4 of Section 34, Township 17 South, Range 28 East. Said unit is to be dedicated to its Artesia "34" State Com Well No. 1 to be drilled at a standard location 1650 feet from the South line and 990 feet from the West line of said Section 34. 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 operator of the well and a charge for risk involved in said well. Said area is located approximately 13 miles east by north of Atoka, New Mexico.

**CASE 11547:** (Continued from September 5, 1996, 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 all formations developed on 320-acre spacing, underlying the E/2 of Section 11, Township 17 South, Range 25 East. Said unit is to be dedicated to the Eagle Creek 11 Com Well No. 1 to be drilled at a location 1980 feet from the South and East lines of said Section 11. 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 unit is located approximately 2 miles west of Artesia, New Mexico.