

**DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 19, 1996**

8:15 AM - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 38-96 and 39-97 are tentatively set for January 9, 1997 and January 23, 1997. 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 11639:** (Continued from December 5, 1996, 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 Abo formation to the base of the Morrow formation underlying the N/2 of Section 8, Township 18 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing. Applicant proposes to dedicate this pooled unit to its Scoggin Draw "8" State Well No. 1, to be drilled at an orthodox location 660 feet from the North line and 2250 feet from the East line (Unit B) of said Section 8. 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 11 miles southwest of Artesia, New Mexico.

**CASE 11659:** (Continued from December 5, 1996, Examiner Hearing.)

**Application of Santa Fe Energy Resources, Inc. for compulsory pooling and an unorthodox oil well location, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Devonian formation underlying the SE/4 SE/4 of Section 27, Township 15 South, Range 34 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. Said unit is to be dedicated to its Grassland "27" Well No. 1, to be drilled at an unorthodox oil well location 1243 feet from the South line and 353 feet from the East line (Unit P) of said Section 27. 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 11 miles west by north of McDonald, New Mexico.

**CASE 11641:** (Readvertised)

**Application of ARCO Permian, a Division of Atlantic Richfield Company for compulsory pooling and unorthodox well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the W/2, in all formations developed on 160-acre spacing underlying the SW/4, in all formations developed on 80-acre spacing underlying the S/2 SW/4, and in all formations developed on 40-acre spacing underlying the SE/4 SW/4, from the surface to the base of the Morrow formation, of Section 34, Township 17 South, Range 28 East. Said units are to be dedicated to its Galileo 34 State Com Well No. 1 which will be drilled at an unorthodox location 1017 feet from the South line and 1379 feet from the West line (Unit N) of said Section 34 to a depth sufficient to test all formations to the base of the Morrow formation, Undesignated South Empire-Morrow Gas Pool. 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 area is located approximately 14 miles east-southeast of Artesia, New Mexico.

**CASE 11269:** (Reopened)

In the matter of Case No. 11269 being reopened pursuant to the provisions of Division Order No. R-10427, which order promulgated temporary special rules and regulations for the North Bell Lake-Ellenburger Gas Pool in Lea County, New Mexico. Operators in the subject pool may appear and show cause why said Temporary Special Rules and Regulations should not be rescinded.

**CASE 11673:** **Application of Penwell Energy, Inc. for pool contraction and for pool creation and the promulgation of special pool rules therefore, Eddy County, New Mexico.** Applicant seeks the contraction of the East Pierce-Bone Spring Pool by the deletion of the W/2 of Section 14, and the creation of a new pool for the production of hydrocarbons from the Bone Springs formation comprised of all of portions of Sections 2, 10, 11, 14 and 15 all in Township 24 South, Range 29 East, NMPM. Applicant also seeks the adoption of Special Pool Rules for this new pool including a provision for a special gas-oil ratio of 6,000 cubic feet of gas per barrel of oil. Said area is located approximately 20 miles southeast of Carlsbad, New Mexico.

**CASE 11660:** (Continued from November 21, 1996, Examiner Hearing.)

**Application of Santa Fe Energy 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 Morrow formation underlying the following described acreage in Section 29, Township 23 South, Range 26 East, and in the following manner: the E/2 of Section 29 to form 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, including the Undesignated Frontier Hills-Strawn Gas Pool and the Undesignated South Carlsbad-Morrow Gas Pool; and the NE/4 of Section 29 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 applicant's Sheep Dip Fed. Com Well No. 1, to be drilled at an orthodox location 1980 feet from the North line and 660 feet from the East line (Unit H) of said Section 29. 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 11 miles southwest of Carlsbad, New Mexico.

**CASE 11655:** (Reopened)

**Application of Maralo, Inc. for a non-standard gas proration unit and an unorthodox gas well location, Lea County, New Mexico.** Applicant seeks approval to establish a non-standard gas spacing and proration unit in the Undesignated West Reeves-Queen Gas Pool comprising the S/2 NW/4 and N/2 SW/4 of Section 16, Township 18 South, Range 35 East, being approximately 5 miles southeast by south of Buckeye, New Mexico. Said unit is to be dedicated to its existing Maralo SV "16" State Well No. 1 (API No. 30-025-29347) located at an unorthodox gas well location 1748 feet from the South line and 742 feet from the West line (Unit L) of said Section 16.

**CASE 11634:** (Continued from December 5, 1996, Examiner Hearing.)

**Application of InterCoast Oil and Gas Company for compulsory pooling and unorthodox well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests for all formations developed on 320-acre spacing in the N/2 of Section 20, Township 20 South, Range 28 East, from the surface to the base of the Morrow formation, Burton Flat-Morrow Gas Pool. Said unit is to be dedicated to its InterCoast State 20 Well No. 1 which will be drilled at an unorthodox location 990 feet from the North line and 990 feet from the East line (Unit A) of said Section 20. 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 10 miles east-southeast of Lakewood, New Mexico.

**CASE 11667:** (Continued from December 5, 1996, Examiner Hearing.)

**Application of Penwell Energy, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the E/2 and in all formations developed on 160-acre spacing underlying the SE/4 from the surface to the base of the Morrow formation in Section 29, Township 23 South, Range 26 East. Said units are to be dedicated to its F. H. "29" Federal Com. Well No. 1 which will be drilled at a standard location 1980 feet from the South line and 660 feet from the East line (Unit I) of said Section 29. 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 area is located approximately 8 miles south of Carlsbad, New Mexico.

**CASE 11674:** **Application of Manzano Oil Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Wolfcamp formation in the S/2 NE/4 of Section 11, Township 16 South, Range 36 East. Said unit is to be dedicated to its "SV" Double Eagle Well No. 1 which has been drilled at a previously approved unorthodox well location 1500 feet from the North line and 2148 feet from the East line (Unit G) of said Section 11. 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1 mile southeast of Lovington, New Mexico.

**CASE 11675:** **Application of Manzano Oil Corporation for pool creation and special pool rules, Lea County, New Mexico.** Applicant seeks the creation of a new pool for the production of oil from the Wolfcamp formation comprised of the S/2 NE/4 and the N/2 SW/4 of Section 11, Township 16 South, Range 36 East, NMPM. Applicant also seeks the adoption of temporary special pool rules and regulations for this pool which provide for 80-acre spacing and proration units. Said area is located approximately 1 mile southeast of Lovington, New Mexico.

**CASE 11641:** (Readvertised)

**Application of ARCO Permian, a Division of Atlantic Richfield Company for compulsory pooling and unorthodox well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the W/2, in all formations developed on 160-acre spacing underlying the SW/4, in all formations developed on 80-acre spacing underlying the S/2 SW/4, and in all formations developed on 40-acre spacing underlying the SE/4 SW/4, from the surface to the base of the Atoka formation, of Section 34, Township 17 South, Range 28 East. Said units are to be dedicated to its Galileo 34 State Com Well No. 1 which will be drilled at an unorthodox location 1017 feet from the South line and 1379 feet from the West line (Unit N) of said Section 34 to a depth sufficient to test all formations to the base of the Morrow formation, Undesignated South Empire-Morrow Gas Pool. 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 area is located approximately 14 miles east-southeast of Artesia, New Mexico.

**CASE 11634:** (Continued from November 7, 1996, Examiner Hearing.)

**Application of InterCoast Oil and Gas Company for compulsory pooling and unorthodox well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests for all formations developed on 320-acre spacing in the N/2 of Section 20, Township 20 South, Range 28 East, from the surface to the base of the Morrow formation, Burton Flat-Morrow Gas Pool. Said unit is to be dedicated to its InterCoast State 20 Well No. 1 which will be drilled at an unorthodox location 990 feet from the North line and 990 feet from the East line (Unit A) of said Section 20. 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 10 miles east-southeast of Lakewood, New Mexico.

**CASE 11657:** **Application of InterCoast Oil & Gas Company 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 the S/2 of Section 21, Township 18 South, Range 28 East in the following manner: the S/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing; the SW/4 forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing; the N/2 SW/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 NE/4 SW/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 its Illinois Camp State Well No. 21-1 to be drilled to the Morrow formation, North Illinois Camp- Morrow Gas Pool, at a standard location 1980 feet from the South line and 1650 feet from the West line (Unit K) of said Section 21. 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 area is located approximately 12 miles east-southeast of Atoka, New Mexico.

**CASE 11658:** **Application of Collins & Ware, Inc. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation, Blinbry Oil and Gas Pool, Undesignated DK-Drinkard Pool, and Undesignated DK-Abo Pool, underlying the NE/4 SW/4 of Section 24, Township 20 South, Range 38 East. Applicant proposes to dedicate this pooled unit to a well to be drilled at a standard location in said Section 24. 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 area is located approximately 5 miles south-southeast of Nadine, New Mexico.

**CASE 11562:** (Continued from November 7, 1996, Examiner Hearing.)

**Application of Shahara Oil Corporation for statutory unitization, Lea County, New Mexico.** Applicant seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests from the surface of the ground to a lower limit of 5500 feet below the surface of those lands underlying its proposed Shahara State 16 Unit Area encompassing some 320 acres, more or less, of state lands comprising the W/2 of Section 16, Township 17 South, Range 33 East. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination 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 investments, 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 necessarily limited to unit voting procedures, selection, removal or substitution of the unit operator, and time of commencement and termination of unit operations. Said unit area is located approximately 6 miles east-southeast of Maljamar, New Mexico.

**DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 21, 1996**

8:15 AM - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 35-96 and 36-96 are tentatively set for December 5, 1996 and December 19, 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 11650:** (Continued from November 7, 1996, Examiner Hearing.)

**Application of Texaco Exploration & Production Inc. for amendment of Division Order No. R-5530, as amended, to authorize a tertiary recovery project by the injection of carbon dioxide in its Central Vacuum Unit Pressure Maintenance Project Area, and to qualify this project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico.** Applicant seeks approval to institute a tertiary recovery project in its Central Vacuum Unit Pressure Maintenance Project Area by the injection of carbon dioxide into the Grayburg and San Andres formations in the Vacuum-Grayburg-San Andres Pool. The Central Vacuum Unit Pressure Maintenance Project encompasses portions of Sections 25 and 36 of Township 17 South, Range 34 East; Sections 30 and 31 of Township 17 South, Range 35 East; Section 12 of Township 18 South, Range 34 East; and Sections 6 and 7 of Township 18 South, Range 35 East. Applicant also seeks to increase the approved surface injection pressure for carbon dioxide injection in this project area to 1500 pounds. 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). Said unit is located approximately 2 miles south of Buckeye, New Mexico.

**CASE 11656:** **Application of Texaco Exploration and Production, Inc. for compulsory pooling, a high angle/horizontal directional drilling pilot project, and special operating rules therefor, Lea County, New Mexico.** Applicant seeks to establish a high angle/horizontal directional drilling pilot project in the Rhodes-Yates Seven Rivers Gas Pool within a standard 160-acre gas spacing and proration unit comprising the SW/4 of Section 23, Township 26 South, Range 37 East, whereby the extent of the wellbore for its proposed Rhodes "23" Federal Com Well No. 1 is to be limited to a target window no closer than 660 feet to any boundary of the project area/proration unit. Further, the applicant seeks an order pooling all mineral interests within the Rhodes-Yates Seven Rivers Gas Pool underlying the aforementioned 160-acre project area/proration unit. Also to be considered will be the cost of drilling and completing the Rhodes "23" Federal Com Well No. 1 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 5 miles south-southwest of Jal, New Mexico.

**CASE 11652:** **Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico.** Applicant seeks approval of the Trick State Unit Agreement for an area comprising 7,040.00 acres, more or less, of State and Fee lands in Sections 13 and 24, of Township 22 South, Range 34 East, and Sections 8, 9, 16, 17, 18, 19, 20, 21, 28, 29, 30, of Township 22 South, Range 35 East, which is located approximately 9 miles southwest of Oil Center, New Mexico.

**CASE 11653:** **Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico.** Applicant seeks approval of the Treat State Unit Agreement for an area comprising 1,920.00 acres, more or less, of State and Fee lands in Sections 26, 27, and 34 of Township 21 South, Range 35 East, which is located approximately 5 miles southwest of Oil Center, New Mexico.

**CASE 11654:** **Application of Penwell Energy, Inc. for pool extension and special pool rules, Eddy County, New Mexico.** Applicant seeks to extend the horizontal limits of the Cedar Canyon-Bone Spring Pool to include an additional 1,640 acres, more or less, of all or portions of Sections 10, 11, 14, and 15, Township 24 South, Range 29 East, and the promulgation of special rules therefor including a provision for a gas-oil ratio limitation of 6,000 cubic feet of gas per barrel of oil. Said area is located approximately 7 miles east of Malaga, New Mexico.

**CASE 11655:** **Application of Maralo, Inc. for a non-standard gas proration unit and an unorthodox gas well location, Lea County, New Mexico.** Applicant seeks approval to establish a non-standard gas spacing and proration unit in the Undesignated West Reeves-Queen Gas Pool comprising the S/2 NW/4 and N/2 SW/4 of Section 16, Township 18 South, Range 35 East, being approximately 5 miles southeast by south of Buckeye, New Mexico. Said unit is to be dedicated to its existing Maralo SV "16" State Well No. 1 (API No. 30-025-29347) located at an unorthodox gas well location 1748 feet from the South line and 742 feet from the West line (Unit L) of said Section 16.