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May 27, 1997

HAND-DELIVERED

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

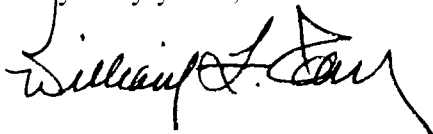
Re: Oil Conservation Division Case No. 11784:  
Application of Layton Enterprises Inc., for a Waterflood Project, Lea County,  
New Mexico

Dear Mr. LeMay:

Layton Enterprises Inc., applicant in the above-captioned case, respectfully requests that this matter which is currently set on the Division docket for the May 29, 1997 hearings be continued to the June 12, 1997 Examiner docket.

Your attention to this matter is appreciated.

Very truly yours,



WILLIAM F. CARR  
WFC:mlh

cc: Mr. Donald R. Layton

DOCKET: EXAMINER HEARING - THURSDAY - MAY 29, 1997

8:15 AM - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 17-97 and 18-97 are tentatively set for June 12, 1997 and June 26, 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 11769:** (Continued from May 1, 1997, Examiner Hearing.)

**Application of Enserch Exploration, Inc. for a unit agreement, Lea County, New Mexico.** Applicant seeks approval of the Custer Mountain North Unit Agreement for an area comprising 8,124.62 acres, more or less, of state, federal and fee lands in all or portions of Sections 1, 2, 3, 4, 9, 10, 11, 12, 14, 15, 16, 21, 22 and 23, Township 23 South, Range 35 East. Said unit is located 11 miles southwest of Eunice, New Mexico.

**Application of Layton Enterprises Inc. for a waterflood project, Lea County, New Mexico.** Applicant seeks authority to institute a waterflood project within an area encompassing all or portions of Sections 1, 2, 10 and 11, Township 9 South, Range 36 East, Lea County, New Mexico, and portions of Sections 36, Township 8 South, Range 36 East, Roosevelt County, New Mexico, by the injection of water into the Bough "C" member of the Pennsylvanian formation, Allison-Penn Pool, in its Fox "A" State Well No. 5 located 2310 feet from the North line and 2070 feet from the West line (Unit F) of Section 2. Applicant further seeks authority to complete this injection well unconventionally by leaving both the Bough "C" and Devonian formations open in the wellbore below a packer and allowing Devonian formation water to flow freely into the Bough "C" formation to expedite reservoir fill up. This project is located approximately 8 miles northeast of Crossroads, New Mexico.

**CASE 11785:** Application of Plains Petroleum Operating Company to Amend Order No. R-10474 by Expanding its Hill-Cayless McKee Pressure Maintenance Project, and Qualification of this Expanded Area for the Recovered Oil Tax Rate Pursuant to the "New Mexico Enhanced Oil Recovery Act", Lea County, New Mexico. Applicant seeks authority to expand its Hill-Cayless McKee Pressure Maintenance Project, previously approved by Division Order No. R-10474, and which currently comprises the SE/4 of Section 34 and the SW/4 of Section 35, both in Township 23 South, Range 37 East, to include the S/2 NE/4 of Section 34 and the S/2 NW/4 of Section 35, Teague (Simpson) Pool. The applicant further seeks to qualify this expanded area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act". This project is located approximately 9 miles north of Jal, New Mexico.

**CASE 11774:** (Continued from May 15, 1997, Examiner Hearing.)

**Application of Marathon Oil Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from 500 feet below the top of the San Andres formation to the base of the Morrow formation underlying the S/2 of Section 11, 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 within said vertical extent, which presently may include but is not necessarily limited to the South Empire-Morrow Gas Pool, and forming a standard 160-acre gas spacing and proration unit underlying the SE/4 of said Section 11 for any and all formations/pools developed on 160-acre gas spacing, and forming a standard 40-acre oil spacing and proration unit underlying the SE/4 SE/4 of said Section 11 for any and all formations/pools developed on 40-acre oil spacing. Said units are to be dedicated to its Jim Bowie "11" Federal Well No. 1 to be drilled and completed at an unorthodox gas well location 1000 feet from the South line and 700 feet from the East line (Unit P) 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 15 miles southeast of Artesia, New Mexico.

**CASE 11779:** (Readvertised)

**Application of Conoco, Inc. for a pressure maintenance project and to qualify for the Recovered Oil Tax Rate pursuant to the New Mexico Enhanced Oil Recovery Act, Lea County, New Mexico.** Applicant seeks authority to institute a pressure maintenance project on a portion of its Hardy "36" State Lease located in Section 36, Township 20 South, Range 37 East, by the injection of water into the Tubb formation, North Hardy Tubb-Drinkard Pool, through the perforated interval from approximately 6,423 feet to 6,593 feet in its existing Hardy "36" State Well No. 3 located 2080 feet from the North line and 1730 feet from the East line (Unit G) of said Section 36. Applicant further seeks to qualify 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 7 miles southeast of Monument, New Mexico.

**CASE 11638:** (Continued from May 1, 1997, Examiner Hearing.)

**Application of Citation Oil & Gas Corp. for two unorthodox gas well locations and for simultaneous dedication, Lea County, New Mexico.** Applicant seeks approval of two unorthodox gas well locations in the Eumont Gas Pool for its existing: (i) Devonian State Well No. 2 (API No. 30-025-04729), located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 20, Township 21 South, Range 36 East; and, (ii) Devonian State Well No. 3 (API No. 30-025-04730), located 660 feet from the North and East lines (Unit A) of said Section 20. Applicant also seeks approval for Eumont gas production from both wells to be simultaneously dedicated to the existing 320-acre non-standard gas spacing and proration unit comprising the E/2 of said Section 20 (established by Division Administrative Order NSP-488, dated May 11, 1959), which is currently dedicated to its Devonian State Com Well No. 1 (API No. 30-025-04728), located at a standard gas well location 1980 feet from the North and East lines (Unit G) of said Section 20. Further, the applicant at the time of the hearing shall review the status of all other Eumont production, both oil and gas, within the E/2 of said Section 20 and the status and/or effect of Division Administrative Order NSL-3646(SD), dated April 3, 1996, with respect to this application. Said unit is located approximately 2.5 miles south-southeast of Oil Center, New Mexico.

**CASE 11776:** (Continued from May 1, 1997, Examiner Hearing.)

**Application of Chi Energy, Inc. for a unit agreement, Eddy County, New Mexico.** Applicant seeks approval of its proposed Big Freddy Unit Agreement for an area comprising 7,953.59 acres, more or less, of state, federal and fee lands consisting of all or parts of Sections 1-3, 10-15, 23-26 and 36, Township 23 South, Range 22 East. Said unit is located approximately 20 miles west of Carlsbad, New Mexico.

**CASE 11751:** (Continued from May 1, 1997, Examiner Hearing.)

**Application of NM&O Operating Company for compulsory pooling, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Mesaverde formation (Undesignated Blanco-Mesaverde Gas Pool) underlying the S/2 of Section 26, Township 25 North, Range 2 West. Said unit is to be dedicated to applicant's Gavilan Well No. 2, recompleted at an orthodox location in said Section 26. Also to be considered will be the cost of 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 recompleting said well. Said area is located approximately 4.5 miles north-northeast of Lindrith, New Mexico.

**CASE 11786:** **Application of the Home-Stake Royalty Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Fusselman and Montoya formations underlying the NE/4 NE/4 of Section 29, Township 21 South, Range 37 East, to form a standard 40-acre oil spacing and proration unit for Undesignated Wantz-Fusselman Pool and the Undesignated Cary-Montoya Pool. Said unit is to be dedicated to the applicant's Eunice Dome Well No. 1, to be drilled at an orthodox oil well location. 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 northwest of Eunice, New Mexico.

**CASE 11787:** **Application of Santa Fe Energy Resources, Inc. for compulsory pooling and unorthodox gas well location, Lea 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 21, Township 21 South, Range 33 East, and in the following manner: the W/2 of Section 21 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Legg Atoka-Morrow Gas Pool; and the SW/4 of Section 21 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 the applicant's Abe Unit Well No. 2 to be drilled at an unorthodox gas well location 660 feet from the South line and 660 feet from the West line (Unit M) 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 operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 19 miles west-southwest of Oil Center, New Mexico.

**CASE 11788:** **Application of Nearburg Producing Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing in the N/2, in all formations developed on 160-acre spacing in the NE/4, in all formations developed on 80-acre spacing in the N/2 NE/4, and in all formations developed on 40-acre spacing in the NW/4 NE/4 of Section 13, Township 19 South, Range 33 East. Said unit is to be dedicated to its Stetson "13" Federal Well No. 1 to be drilled at a standard location 660 feet from the North line and 1650 feet from the East line (Unit B) of said Section 13. 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 area is located approximately 8 miles northeast of Halfway, New Mexico.