

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY )  
THE OIL CONSERVATION DIVISION FOR THE )  
PURPOSE OF CONSIDERING: )

APPLICATIONS OF YATES PETROLEUM )  
CORPORATION FOR COMPULSORY POOLING AND )  
AN UNORTHODOX GAS WELL LOCATION, EDDY )  
COUNTY, NEW MEXICO )

CASE NOS. 12,081  
12,082  
and 12,083  
(Consolidated)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

November 5th, 1998  
Santa Fe, New Mexico

98 NOV 19 PM 2:45  
OIL CONSERVATION DIV.

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, November 5th, 1998, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

\* \* \*

## I N D E X

November 5th, 1998  
 Examiner Hearing  
 CASE NOS. 12,081, 12,082 and 12,083 (Consolidated)

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\* \* \*

## A P P E A R A N C E S

## FOR THE DIVISION:

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 Legal Counsel to the Division  
 2040 South Pacheco  
 Santa Fe, New Mexico 87505

## FOR THE APPLICANT:

CAMPBELL, CARR, BERGE and SHERIDAN, P.A.  
 Suite 1 - 110 N. Guadalupe  
 P.O. Box 2208  
 Santa Fe, New Mexico 87504-2208  
 By: WILLIAM F. CARR

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2 11:11 a.m.:

3           EXAMINER CATANACH: At this time I'll call Case  
4 12,081, which is the Application of Yates Petroleum  
5 Corporation for compulsory pooling and an unorthodox gas  
6 well location, Eddy County, New Mexico.

7           Call for appearances in this case.

8           MR. CARR: May it please the Examiner, my name is  
9 William F. Carr with the Santa Fe law firm Campbell, Carr,  
10 Berge and Sheridan.

11           We represent Yates Petroleum Corporation in this  
12 matter.

13           And I would request that at this time you also  
14 call Case 12,082 and 12,083. Each of these cases involves  
15 a well that is -- They all immediately offset one another,  
16 and the testimony in these cases will be virtually  
17 identical.

18           EXAMINER CATANACH: Okay, at this time we'll call  
19 Case 12,082, the Application of Yates Petroleum Corporation  
20 for compulsory pooling and an unorthodox gas well location,  
21 Eddy County, New Mexico.

22           And call Case 12,083, which is the Application of  
23 Yates Petroleum Corporation for compulsory pooling and an  
24 unorthodox gas well location, Eddy County, New Mexico.

25           I will at this time call for additional

1 appearances in any of these cases.

2 Okay, Mr. Carr?

3 MR. CARR: Mr. Examiner, I have two witnesses who  
4 need to be sworn.

5 EXAMINER CATANACH: Will the two witnesses please  
6 stand to be sworn in?

7 (Thereupon, the witnesses were sworn.)

8 MR. CARR: Mr. Catanach, yesterday -- Each of  
9 these cases seeks compulsory pooling of an interest owned  
10 by Fina.

11 Yesterday afternoon an agreement was reached  
12 between Yates and Fina, and the compulsory pooling portion  
13 of each of these cases may now be dismissed.

14 EXAMINER CATANACH: Okay.

15 DOUGLAS W. HURLBUT,

16 the witness herein, after having been first duly sworn upon  
17 his oath, was examined and testified as follows:

18 DIRECT EXAMINATION

19 BY MR. CARR:

20 Q. Would you state your name for the record, please?

21 A. Douglas W. Hurlbut.

22 Q. Mr. Hurlbut, where do you reside?

23 A. Artesia, New Mexico.

24 Q. By whom are you employed?

25 A. Yates Petroleum Corporation.

1 Q. And what is your position with Yates?

2 A. I'm a petroleum landman.

3 Q. Have you previously testified before this  
4 Division?

5 A. Yes, I have.

6 Q. At the time of that testimony, were your  
7 credentials as an expert in petroleum land matters accepted  
8 and made a matter of record?

9 A. Yes, they were.

10 Q. Are you familiar with the Application filed in  
11 each of these consolidated cases?

12 A. Yes, I am.

13 Q. And are you familiar with the status of the lands  
14 in the subject area?

15 A. Yes, sir.

16 MR. CARR: Are the witness's qualifications  
17 acceptable?

18 EXAMINER CATANACH: They are.

19 Q. (By Mr. Carr) Mr. Hurlbut, could you briefly  
20 summarize for the Examiner what it is that Yates seeks in  
21 each of these cases?

22 A. Well, we're looking at two different situations  
23 here, a pooling and also unorthodox well location for each  
24 one of these cases, but since the pooling has been taken  
25 care of with our agreement with Fina, then basically what

1 we're looking at is just unorthodox well locations.

2 Case 12,081 is our Yates Hill View AHE Fed Com  
3 Number 1 [sic] well. Our proposed re-entry of this well  
4 will be located 660 from the south and west lines of  
5 Section 13, Township 20 South, Range 24 East.

6 In Case 12,082 we're wanting to recomplete, and  
7 we have recompleted the Yates Ceniza AGZ Com Well Number 2,  
8 which is located 660 from the south line and 725 from the  
9 west line of Section 12, Township 20 South, Range 24 East.

10 And in Case Number 12,083 we want to recomplete,  
11 and we have recompleted, the Yates Ceniza AGZ Com Well  
12 Number 3, which is located 1980 from the north line and 660  
13 from the west line of Section 13, Township 20 South, Range  
14 24 East, all located in Eddy County, New Mexico.

15 Q. Mr. Hurlbut, the two wells that have already been  
16 recompleted, the Ceniza Number 2 and Ceniza Number 3, those  
17 wells are shut in and are not being produced, pending OCD  
18 approval of these locations?

19 A. That's correct.

20 Q. Let's go to what has been marked for  
21 identification as Yates Exhibit Number 1, and I'd ask you  
22 to identify it and review it for Mr. Catanach.

23 A. Okay, this plat was prepared by me and the  
24 acreage -- the yellow indicates our acreage owned and  
25 controlled by Yates Petroleum Corporation or its entities,

1 in-house entities.

2 The brown on the map indicates -- which is the  
3 north half of 24, indicates ownership of Nearburg.

4 The crosshatching in the south half of 12 and in  
5 13 indicates -- when this map was prepared for this force-  
6 pooling part, this indicated where Fina owned their mineral  
7 interest.

8 And then the south half of 12, which is in a blue  
9 outline, indicates the proration unit for our Ceniza AGZ  
10 Com Number 2.

11 And the green in the north half of 13 is the  
12 indication of our proration unit for our Ceniza AGZ Com  
13 Number 3.

14 South half of 13, the red outline, is the Hill  
15 View AHE Fed Com Number 7.

16 And over in the north half of 14 in orange is our  
17 John AGU Number 2.

18 Q. And that spacing unit and the well, the John AGU  
19 Number 2, that has been approved by an administrative  
20 order, has it not?

21 A. That's correct.

22 Q. And that's NSL 4158, which was entered on October  
23 the 27th; is that right?

24 A. Correct.

25 Q. If we look at this plat, the unorthodox well

1 locations are really only encroaching on Yates-operated  
2 property; is that correct?

3 A. That is correct.

4 Q. The only tract that is even offset by another  
5 owner is the Hill View, which is offset by the Nearburg and  
6 Prudential interest in the north half of 24?

7 A. That is correct.

8 Q. Is Exhibit Number 2 an affidavit which confirms  
9 that notice of this hearing has been provided to Nearburg  
10 and Prudential as required by OCD rules?

11 A. Correct, it is.

12 Q. Will Yates call a geological witness to review  
13 the reason behind the requested unorthodox locations or the  
14 unorthodox recompletions?

15 A. Yes.

16 Q. Were Exhibits 1 and 2 prepared by you or compiled  
17 under your direction?

18 A. Yes, sir, they were.

19 MR. CARR: At this time, Mr. Catanach, we move  
20 the admission into evidence of Yates Petroleum Corporation  
21 Exhibits 1 and 2.

22 EXAMINER CATANACH: Exhibits 1 and 2 will be  
23 admitted as evidence.

24 MR. CARR: That concludes my direct examination  
25 of Mr. Hurlbut.

## EXAMINATION

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BY EXAMINER CATANACH:

Q. Okay, Mr. Hurlbut, Fina and Nearburg and Prudential Bache have been notified of the unorthodox locations --

A. Yes, they have.

Q. -- in each of these cases?

Where does the interest of Prudential come into play?

A. It's the north half of 24. That acreage is owned by Nearburg and Prudential.

Q. Okay. And is the well in the south half of Section 13, is that actually encroaching towards that north half of 24?

A. Well, I don't believe it is.

Q. Okay. They were provided notice, anyway?

A. Yes, they were.

EXAMINER CATANACH: Okay, nothing further.

MR. CARR: At this time we call Brent May.

BRENT MAY,

the witness herein, after having been first duly sworn upon his oath, was examined and testified as follows:

## DIRECT EXAMINATION

BY MR. CARR:

Q. Would you state your name for the record, please?

1 A. Brent May.

2 Q. Where do you reside?

3 A. Artesia, New Mexico.

4 Q. By whom are you employed?

5 A. Yates Petroleum.

6 Q. And what is your position with Yates?

7 A. Petroleum geologist.

8 Q. Have you previously testified before this  
9 Division and had your credentials as an expert in petroleum  
10 geology accepted and made a matter of record?

11 A. Yes, I have.

12 Q. Are you familiar with the Applications filed in  
13 each of these consolidated cases?

14 A. Yes, I am.

15 Q. Have you made a geological study of the area  
16 which is involved in these Applications?

17 A. Yes, I have.

18 Q. And are you prepared to now share the results of  
19 that work with the Examiner?

20 A. Yes.

21 MR. CARR: Are the witness's qualifications  
22 acceptable?

23 EXAMINER CATANACH: They are.

24 Q. (By Mr. Carr) Mr. May, let's go to first your  
25 cross-section, and I'd ask you to review the information on

1 that exhibit for Mr. Catanach.

2 A. This is a stratigraphic cross-section, A-A'.  
3 It's basically a north-south cross-section. The trace of  
4 the cross-section is on Exhibit Number 4. This cross-  
5 section is basically showing just the Morrow section, the  
6 lower Penn.

7 Starting on the left-hand side is the Yates  
8 Petroleum Ceniza AGZ Com Number 2, in Section 12, 660 from  
9 the south line, 725 from the west line. That is one of the  
10 wells in question here. This well and also the Ceniza 3,  
11 which I'll talk about in just a minute, were both  
12 originally completed in the upper Penn formation, and both  
13 of those were -- The upper Penn is on 320-acre spacing out  
14 here, with 660 standbacks. So they're standard locations  
15 for the upper Penn. But for the Morrow they would be  
16 unorthodox.

17 As I said before, this well was produced from the  
18 upper Penn. The zone was abandoned in the summer of 1998,  
19 and Yates went down and recompleted into the Morrow zone,  
20 IP'd it for a little over a half a million a day, and it is  
21 currently shut in, waiting on the results from this  
22 hearing.

23 The next well is the Ceniza AGZ Com Number 3, in  
24 Section 13 of 20 South, 24 East, 1980 from the north line  
25 and 660 from the west line. This well is very similar to

1 the Ceniza Number 2. It was originally producing out of  
2 the upper Penn, and Yates abandoned that zone in the summer  
3 of 1998, went down and recompleted into the Morrow sands  
4 and IP'd this well for 1.8 million cubic feet of gas a day,  
5 and again it is currently shut in.

6 The last well on the cross-section is the Yates  
7 Nix IT Com Number 1, Section 13 of 20 South, 24 East, 660  
8 from the south line, 990 from the east line. This well was  
9 originally drilled back in, I believe, the late 1970s or  
10 early 1980s. Some Morrow sands were encountered. A drill  
11 stem test was run over the Morrow, and no gas was  
12 recovered, just drilling mud. So the well was plugged.

13 Q. Let's go now to your structure map, Exhibit  
14 Number 4.

15 A. Again, the trace of the cross-section is shown on  
16 this exhibit. There's also three red arrows pointing to  
17 the wells in question for this hearing. The two Ceniza  
18 wells you can see that were on the cross-section, and the  
19 next well, the Hill View Number 7, down in the south half  
20 of Section 13, let me just set that up a little bit.

21 The Hill View Number 7 is currently producing out  
22 of the upper Penn formation. That well was not drilled to  
23 the Morrow, originally. There's 7-inch casing set about  
24 200 to 300 feet below the base of the upper Penn, and Yates  
25 is proposing to re-enter that well and deepen to the

1 Morrow.

2 This structure map is showing a basically west-  
3 to-east dip in the Morrow. You might note that the Nix IT  
4 Com Number 1 in the southeast-southeast of Section 13,  
5 which was on the cross-section, is downdip of the other  
6 wells. Note that -- Or recall that that DST recovered no  
7 water.

8 Also, the two Ceniza wells that are currently --  
9 have been IP'd in the Morrow are downdip or basically even  
10 to the Hill View Number 7. So we don't feel like structure  
11 is a problem here.

12 Q. Let's go now to Exhibit 5, your isolith map on  
13 the lower Morrow.

14 A. This is basically a sand isolith of a clean gamma  
15 ray of 50 API units or less, and basically counted up all  
16 those sands just for the Morrow clastics section, which was  
17 shown on the cross-section earlier.

18 Note that there is basically a north-south sand  
19 thick trending through Sections 13, 12 and 24. On the west  
20 side of those sections are the three wells in question.  
21 They're also on the west side of that sand. You can see  
22 that the Ceniza Number 2 had approximately 18 feet of sand,  
23 the Ceniza Number 3 had about 31 feet, and we feel like the  
24 Hill View Number 7 will have something similar to the  
25 Ceniza 2, around 20 -- anywhere from 16 to 20 feet,

1 somewhere around there.

2 So we feel like it's a worthwhile well to re-  
3 enter and deepen to the Morrow.

4 The main reason that we're asking for these  
5 wells, because of the unorthodox nature, the two Cenizas,  
6 they were very simple recompletions. We didn't have to  
7 drill any new wells. The Hill View Number 7, we can save  
8 anywhere from \$300,000 to \$400,000 on re-entering,  
9 deepening, instead of drilling a brand-new well.

10 Q. Will approval of these Applications enable Yates  
11 to effectively produce the reserves under these spacing  
12 units?

13 A. Yes, I believe so.

14 Q. Will approval of the Application be in the best  
15 interest of conservation, the prevention of waste and the  
16 protection of correlative rights?

17 A. Yes.

18 Q. Were Exhibits 3 through 5 prepared by you?

19 A. Yes, they were.

20 MR. CARR: At this time, Mr. Catanach, I move the  
21 admission into evidence of Yates Exhibits 3 through 5.

22 EXAMINER CATANACH: Exhibits 3 through 5 will be  
23 admitted as evidence.

24 MR. CARR: And that concludes my direct  
25 examination of Mr. May.

## EXAMINATION

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BY EXAMINER CATANACH:

Q. Mr. May, the Ceniza wells, when were those drilled?

A. Those, I believe, off the top of my head, were drilled probably around the mid- to late Eighties, might have been early Nineties. Probably more late Eighties to early Nineties, I would guess.

Q. Both of those wells produced from the upper Penn and are now depleted?

A. Yes, sir, we believe so. The Number 2 made around 82,000 barrels of oil out of the upper Penn, and the Number 3 was a much poorer well. It only made about 6000 barrels of oil.

Q. And the Hill View well, the 7, it's currently a Penn producer?

A. Currently, yes, but it's in a similar situation. The Canyon is not producing very much right now, so we're looking for additional reserves to open up.

Q. Do you know what the rate on that well is, by any chance?

A. Not off the top of my head, no.

Q. But it's a marginal --

A. To make a guess, I would say it's less than 10 barrels a day.

1 Q. And that zone will be abandoned?

2 A. Yes, sir.

3 Q. And each of those wells, when recompleted to the  
4 Morrow, those will be the only Morrow wells in each of  
5 those spacing units?

6 A. That is correct.

7 I might note, I forgot to point out on both the  
8 structure and that sand-thick map, I have all the Morrow  
9 penetrations outlined with a black circle. So you can see  
10 that in the south half of Section 12, the Ceniza 2 is the  
11 only Morrow penetration. The north half of 13, the Ceniza  
12 3 is the only well. And in the south half the Hill View,  
13 when we deepen it, will be the only producer, because the  
14 Nix IT is plugged.

15 Q. Okay. Is there potential, Mr. May -- obviously  
16 there's potential in the Morrow in Section 14 if you're  
17 going to drill that well; is that right? The John well?

18 A. Yes, we feel like it's -- the John is similar to  
19 the Hill View Number 2. We wanted -- 7-inch casing was set  
20 just below the base of the upper Penn, and we want to re-  
21 enter and deepen it to the Morrow, and we feel like that  
22 there is enough potential there to try that one. We're  
23 looking at that. That one's not showing much sand. But  
24 the way we're viewing this is that with the lower cost of  
25 having an already-existing borehole there, we feel like we

1 can take larger risks by doing this.

2 Q. Is there similar potential for this type of thing  
3 to occur in maybe Section 11 to the north?

4 A. If these turn out, we would love to do this in a  
5 big part of South Dagger. So yes, definitely in 11 too.

6 Q. South, maybe the south half of Section 14?

7 A. Yes, sir, pretty much anywhere that we have  
8 drilled and operate several of the old upper Penn wells  
9 that are not doing very well right now.

10 Q. So you will -- If these three wells turn out, you  
11 will be able to protect, say, the interest owners in the  
12 sections to the west there --

13 A. Yes.

14 Q. -- by doing the same thing?

15 A. Yes.

16 EXAMINER CATANACH: Okay. I have nothing  
17 further.

18 MR. CARR: That concludes our presentation in  
19 these cases.

20 EXAMINER CATANACH: Okay, there being nothing  
21 further in these cases, Cases 12,081, 12,082 and 12,083  
22 will be taken under advisement.

23 (Thereupon, these proceedings were concluded at  
24 11:32 a.m.)

25 \* \* \*  
I hereby certify that the foregoing is  
a correct record of the proceedings in  
the oral hearing of Case No. 12,081, 12,082, 12,083  
heard by me on 11/15/1998  
*David J. Catanach*  
Conservation Division, Examiner

## CERTIFICATE OF REPORTER

STATE OF NEW MEXICO    )  
   )    ss.  
 COUNTY OF SANTA FE    )

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL November 9th, 1998.



STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 14, 2002

**Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests underlying the N/2 of Section 13, Township 20 South, Range 24 East in all formations developed on 320-acre spacing including the Atoka and Morrow formations, Undesignated Cemetery-Morrow Gas Pool. Applicant proposes to dedicate these pooled units to its Ceniza AGZ Com Well No. 3 which has been reentered and recompleted in these formations at an unorthodox gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 13. Also to be considered will be the cost of drilling and completing the 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 the well. This area is located approximately 19 miles southwest of Artesia, New Mexico.

**CASE 12084:** **Application of Yates Petroleum Corporation 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 S/2, in all formations developed on 160-acre spacing underlying the SE/4, in all formations developed on 80-acre spacing underlying the W/2 SE/4, and in all formations developed on 40-acre spacing underlying the SW/4 SE/4, from the surface to the base of the Morrow formation, Logan Draw-Morrow Gas Pool, in Section 8, Township 17 South, Range 27 East. The units are to be dedicated to the proposed Riverside ASS Federal Com Well No. 1 which will be drilled at a standard location 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 8. Also to be considered will be the cost of drilling and completing the 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 the well. This area is located approximately 7 miles northeast of Artesia, New Mexico.

**CASE 12085:** **Application of John H. Hendrix Corporation for compulsory pooling and a horizontal well, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Abo formation, Southeast Monument-Abo Pool, underlying the following described acreage in Section 16, Township 20 South, Range 37 East, and in the following manner: (a) the SE/4 NW/4 to form a standard 40-acre oil spacing and proration unit within this pool for a vertical wellbore; or, in the alternative, (b) the E/2 NW/4 to form an 80-acre project area, as defined by Division Rule 111.A(4), by combining the two standard 40-acre oil spacing and proration units that comprise the SE/4 NW/4 and the NE/4 NW/4, for a horizontal wellbore. The applicant proposes to locate its Wood State Well No. 5 at a surface location 1650 feet from the North line and 2310 feet from the West line (Unit F) of Section 16 and drill to the Abo formation with either a straight vertical wellbore or to kick-off in a northerly direction with a horizontal drainhole. Also to be considered will be the cost of drilling and completing this 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 the well. The proposed well site is located approximately 3.5 miles southeast of Monument, New Mexico.

**CASE 12008:** **Continued from October 8, 1998, Examiner Hearing.**

**Application of Robert E. Landreth for a determination of reasonable well costs, Lea County, New Mexico** Applicant, as a mineral interest owner in the standard 320-acre gas spacing and proration unit comprising the S/2 of Section 29, Township 22 South, Range 34 East, seeks an order ascertaining the reasonableness of actual well costs for: (i) the Santa Fe Energy Resources, Inc. Gaucho Unit Well No. 2-Y (API No. 30-025-34026), located 1650 feet from the South line and 1725 feet from the West line (Unit K) of Section 29; and (ii) the plugged and abandoned Gaucho Unit Well No. 2 (API No. 30-025-33682), located 1650 feet from the South and West lines (Unit K) of Section 29. This 320-acre unit was the subject of compulsory pooling Order No. R-10764, dated February 14, 1997. This area is located approximately 20 miles west by south of Eunice, New Mexico.

**CASE 12051:** **Continued from September 17, 1998, Examiner Hearing.**

**Application of Texaco Exploration and Production Inc. for compulsory pooling, an unorthodox gas well location and non-standard spacing and proration units, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Upper Pennsylvanian formation and Morrow formation, Catclaw Draw-Morrow Gas Pool, underlying the following described acreage in irregular Section 1, Township 21 South, Range 25 East, in the following manner: Lots 11 through 14 and 17 through 28 to form a 555.74-acre non-standard gas spacing and proration unit for any and all formations and/or pools developed on 640-acre spacing within that vertical extent and, Lots 11 through 14 and Lots 19 through 22 to form a 288.19-acre non-standard spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent. The units are to be dedicated to the proposed Rocky Arroyo Federal Com Well No. 1 which is proposed at an unorthodox location 3200 feet from the North line and 660 feet from the West line (Unit L) of Section 1. Also to be considered will be the cost of drilling and completing the 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 the well. The area is located approximately 1 3/4 mile east of the junction of State Highway 137 and U.S. Highway 285, Eddy County, New Mexico.

**CASE 12049:** (Readvertised)

**Application of Manzano Oil Corporation for compulsory pooling and a non-standard subsurface oil well location/producing area, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Undesignated North Lovington-Wolfcamp Pool and the Undesignated Northeast Lovington-Pennsylvanian Pool underlying the S/2 SE/4 of Section 2, Township 16 South, Range 36 East in order to form a standard 80-acre oil spacing and proration unit for both pools. This unit is to be dedicated to the applicant's existing "SV" Killer Bee Well No. 1 (API No. 30-025-33807) located at an unorthodox surface oil well location 487 feet from the South line and 1270 feet from the East line (Unit P) of Section 2 (approved by Division Order No. R-10775, issued in Case No. 11725 and dated February 27, 1997). Further, in accordance with Division Rules 104.F and 111.C(2), the applicant seeks approval to recompleting this well by directionally drilling to a non-standard subsurface oil well location/producing area within the proposed 80-acre unit for both the Undesignated North Lovington-Wolfcamp and Undesignated Northeast Lovington-Pennsylvanian Pools that will be no closer than 510 feet to the east, south, and west boundaries of the unit nor closer than 171 feet to the western boundary of the unit. Also to be considered will be the cost of recompleting the 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 this well. This well and 80-acre unit area are located approximately one mile east of Lovington, New Mexico.

**CASE 12078:** **Application of David H. Arrington Oil & Gas, Inc. for an unorthodox well location, Lea County, New Mexico.** Applicant seeks authorization to drill a well to the Strawn formation, at an unorthodox well location 2446 feet from the South line and 1006 feet from the East line (Unit I) of Section 29, Township 15 South, Range 36 East. The E/2 SE/4 of Section 29 is to be dedicated to the well forming a standard 80-acre spacing and proration unit. The unit is located approximately 2 miles northeast of Lovington, New Mexico.

**CASE 12079:** **Application of David H. Arrington Oil and Gas, Inc. for compulsory pooling, directional drilling and an unorthodox well location, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Lower Mississippian formation, underlying Lots 9, 10, 15 and 16 and the SE/4 for all formations developed on 320-acre spacing including the Undesignated North Show Bar-Atoka Gas Pool, Undesignated North Hume-Morrow Gas Pool and the Undesignated Townsend-Morrow Gas Pool, the SE/4 for all formations developed on 160-acre spacing, the N/2 SE/4 for all formations developed on 80-acre spacing including the Undesignated Big Dog-Strawn Pool, and the NE/4 SE/4 for all formations developed on 40-acre spacing including the Undesignated Northwest Townsend-Abo Pool, Townsend-Permo Upper Pennsylvanian Pool and the Undesignated Townsend-Strawn Pool, all in Section 3, Township 16 South, Range 35 East. Applicant proposes to dedicate this pooled unit to its Parachute Adams Well No. 1 to be directionally drilled from a surface location 1859 feet from the South line and 777 feet from the East line (Unit I) to an unorthodox gas well bottomhole location 1450 feet from the South line and 990 feet from the East line (Unit I) of Section 3. Also to be considered will be the cost of drilling and completing the 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 the well. This area is located approximately 5 miles west of Lovington, New Mexico.

**CASE 12080:** **Application of David H. Arrington Oil and Gas, Inc. for amendment of Division Order No. R-11028, Lea County, New Mexico.** Applicant seeks an order amending Order No. R-11028 to pool all mineral interests from the surface to the base of the Lower Mississippian formation, underlying Lots 11 through 14 and the SW/4 for all formations developed on 320-acre spacing including the Undesignated North Shoe Bar-Atoka Gas Pool, Undesignated North Hume-Morrow Gas Pool and the Undesignated Townsend-Morrow Gas Pool, the SW/4 for all formations developed on 160-acre spacing, the N/2 SW/4 for all formations developed on 80-acre spacing including but not limited to the Undesignated Big Dog-Strawn Pool, and the NE/4 SW/4 for all formations developed on 40-acre spacing including the Undesignated Northwest Townsend-Abo Pool, Townsend-Permo Upper Pennsylvanian Pool and the Undesignated Townsend-Strawn Pool, all in Section 3, Township 16 South, Range 35 East. Applicant proposes to dedicate these pooled units to its Parachute Hopper Well No. 1 to be drilled at a standard gas well location in the NE/4 SW/4 of Section 3. Also to be considered will be the cost of drilling and completing the 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 the well. The area is located approximately 5 miles west of Lovington, New Mexico.

**CASE 12081:** **Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests underlying the S/2 of Section 13, Township 20 South, Range 24 East in all formations developed on 320-acre spacing including but not limited to the Atoka and Morrow formations, Undesignated Cemetery-Morrow Gas Pool. Applicant proposes to dedicate these pooled units to its Hillview AHE Federal Com Well No. 7 which Yates proposes to reenter and recomplete in these formations at an unorthodox gas well location 660 feet from the South and West lines (Unit M) of Section 13. Also to be considered will be the cost of drilling and completing the 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 the well. This area is located approximately 19 miles southwest of Artesia, New Mexico.

**CASE 12082:** **Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests underlying the S/2 of Section 12, Township 20 South, Range 24 East in all formations developed on 320-acre spacing including the Atoka and Morrow formations, Undesignated Cemetery-Morrow Gas Pool. Applicant proposes to dedicate these pooled units to its Ceniza AGZ Com Well No. 2 which has been reentered and recompleting in these formations at an unorthodox gas well location 660 feet from the South line and 725 feet from the West line (Unit M) of said Section 12. Also to be considered will be the cost of drilling and completing the 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 the well. This area is located approximately 19 miles southwest of Artesia, New Mexico.