

Dockets Nos. 13-92 and 14-92 are tentatively set for April 30, 1992 and May 14, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - THURSDAY - APRIL 16, 1992**

**8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING,  
SANTA FE, NEW MEXICO**

**The following cases will be heard before Michael E. Stogner, Examiner or David R. Catanach, Alternate Examiner:**

**CASE 10465:** Application of Marbob Energy Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Cedar Lake-Abo Pool through the perforated interval from approximately 6890 feet to 7480 feet in its Turner "B" Well No. 65 located 330 feet from the South line and 1980 feet from the West line (Unit N) of Section 20, Township 17 South, Range 31 East. Said well is located approximately 5 miles east of Loco Hills, New Mexico.

**CASE 10466:** Application of Marbob Energy Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Cedar Lake-Abo Pool through the perforated interval from approximately 6890 feet to 7230 feet in its Turner "B" Well No. 69 located 380 feet from the North line and 2310 feet from the East line (Unit B) of Section 29, Township 17 South, Range 31 East. Said well is located approximately 5 miles east of Loco Hills, New Mexico.

**CASE 10457:** (Continued from April 2, 1992, Examiner Hearing.)

Application of Union Oil Company of California D/B/A UNOCAL, for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special rules for the Red Hills-Pennsylvanian Gas Pool, including a provision for 640-acre spacing units and designated well location requirements. Said pool comprises Sections 31, 32 and 33, Township 25 South, Range 33 East and Sections 4, 5, and 6, Township 26 South, Range 33 East and is located approximately 23 miles west of Jal, New Mexico.

**CASE 10467:** (This case will be continued to April 30, 1992.)

Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from a depth of 5000 feet below the surface to the base of the Morrow formation underlying the N/2 of Section 27, Township 18 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for any and all formations spaced on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Red Lake Atoka-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the North line and, either, 1310 feet or 1330 feet from the East line (Unit A or B) 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 7.5 miles south by east of Riverside, New Mexico.

**CASE 10459:** (Continued from April 2, 1992, Examiner Hearing.)

Application of Bright & Company for a high angle/horizontal directional drilling pilot project, special operating rules therefor, and an exception to the pool's gas/oil ratio limitation factor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Undesignated Rio Puerco-Mancos Oil Pool by commencing its Cuba Mesa Unit Well No. 1 at a standard surface oil well location 730 feet from the North line and 1000 feet from the West line (Unit M) of Section 35, Township 21 North, Range 2 West, drill vertically to a depth of approximately 4000 feet, kick-off in a northerly direction, build angle up to approximately 88 degrees, drill horizontally for approximately 3000 feet, and bottom said wellbore at a location approximately 1250 feet from the North line and 660 feet from the West line of said Section 35. Said well is to be dedicated to the W/2 of said Section 35 forming a standard 320-acre oil spacing and proration unit for said pool. Applicant further seeks the adoption of special operating provisions and rules within the pilot project area including a special gas/oil ratio of 1,000 to 1. Applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 660 foot setback from the outer boundary of the assigned spacing unit. Said unit is located approximately 3.5 miles west by south of Cuba, New Mexico.

**CASE 10468:** Application of Ultramar Oil and Gas Limited for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 16, Township 21 South, Range 35 East, forming a standard 320-acre gas spacing and proration unit for any and all formations spaced on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the South Osudo-Morrow Gas Pool. Said unit is to be dedicated its existing P. Q. Osudo State Com Well No. 1, which was drilled in 1989 at a standard gas well location 1980 feet from the North and East lines (Unit G) of said Section 16. 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 6.5 miles west by south of Oil Center, New Mexico.

**CASE 10399:** (Continued from January 9, 1992, Examiner Hearing.)

Application of Meridian Oil, Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, non-standard oil proration unit, special project allowable and increase in gas-oil ratio, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Rio Puerco-Mancos Oil Pool by commencing its San Isidro Wash Well No. 1 at a standard surface oil well location tentatively selected in the NW/4 NW/4 (Unit D) of Section 21, Township 20 North, Range 3 West, drill vertically to a depth of approximately 3,000 feet, kick-off in a southeasterly direction, build angle up to approximately 80 degrees and then drill horizontally for approximately 4,000 feet. Applicant, further seeks the adoption of special operating provisions and rules within the pilot project area including a special project allowable of up to 640 BOPD with a GOR of 1,000 to 1, and an unorthodox well location exception. Applicant further seeks the flexibility to dedicate the N/2 of said Section 21 to the well as a standard 320-acre spacing unit or, in the alternative, the approval of all of Section 21 as a 640-acre non-standard spacing unit. Applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 660 foot setback from the outer sides of the assigned spacing unit. Said unit is located approximately 12 miles west-southwest of Cuba, New Mexico.

State of New Mexico  
**ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT**  
Santa Fe, New Mexico 87505



**BRUCE KING**  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY  
MATTHEW BACA  
DEPUTY SECRETARY

**MEMORANDUM**

TO: ALL INTERESTED PARTIES

FROM: WILLIAM J. LEMAY, Director *WJL*  
Oil Conservation Division

SUBJECT: STATE OF THE INDUSTRY

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This year's New Mexico Oil and Gas Industry Meeting will be held in Morgan Hall, State Land Office Building, Santa Fe, New Mexico, on May 8, 1992, beginning at 9:00 a.m. Navajo Refining Company will be hosting a welcoming reception for everyone attending the State of Industry meeting. It will be held on Thursday night, May 7, 1992, from 6:30 p.m. to 8:00 p.m. at the La Fonda Hotel. Cocktails and hors d'oeuvres will be served. There will be a varied and interesting program this year which will include presentations on crude oil and natural gas production and markets from the New Mexico domestic and international perspective. The agenda will be finalized and distributed prior to May 8th. The meeting is open to everyone at no charge.

For additional information contact the Oil Conservation Division at (505) 827-5802.

VILLAGRA BUILDING - 408 Galisteo  
Forestry and Resources Conservation Division  
P O Box 1948 87504-1948  
827-5830  
Park and Recreation Division  
P O Box 1147 87504-1147  
827-7465

2040 South Pacheco  
Office of the Secretary  
827-5950  
Administrative Services  
827-5925  
Energy Conservation & Management  
827-5900  
Mining and Minerals  
827-5970

LAND OFFICE BUILDING - 310 Old Santa Fe Trail  
Oil Conservation Division  
P O Box 2088 87504-2088  
827-5800

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR



POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

**MEMORANDUM**

TO; ALL PRODUCERS OF GAS IN NEW MEXICO.

FROM: MICHAEL E. STOGNER, CHIEF HEARING OFFICER *MES*

SUBJECT: SPECIAL ADMINISTRATIVE RULES AND REGULATIONS FOR  
TIGHT FORMATION DESIGNATIONS UNDER SECTION 107 OF THE  
NATURAL GAS POLICY ACT OF 1978.

DATE: APRIL 2, 1992

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On January 9, 1992, a hearing was called to modify the rules and procedures for filing applications for tight formation designations in New Mexico. As a result of this hearing, Division Order No R-6388-A, which promulgated the existing rules and procedures, was placed in abeyance until further notice.

In its place, the Division has adopted administrative rules and procedures for the filing of future tight formation designation applications (see attached). These rules are effective as of March 31, 1992 for all filings made after this date.

This new approach will help facilitate faster determinations from the jurisdictional agencies as well as allow the Division to keep up with policy changes from the Federal Energy Regulatory Commission without the need for a rule-making hearing.

MES/AMG

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
P.O. BOX 2088  
SANTA FE, NEW MEXICO 87504

**SPECIAL RULES AND PROCEDURES FOR  
TIGHT FORMATION DESIGNATIONS UNDER  
SECTION 107 OF THE NATURAL GAS POLICY ACT OF 1978**

Amended March 31, 1992

**A.    *General***

Applications for tight formation designations under Section 107 of the NGPA and applicable FERC rules and regulations shall be accepted by the Division at its Santa Fe, New Mexico office after June 30, 1980. These special rules apply only to individual tight formation designations and do not apply to individual well filing requirements for price category determination.

**B.    *Definitions***

1.    "Crude oil" means a mixture of hydrocarbons that exists in liquid phase in natural underground reservoirs and remains liquid at atmospheric pressure after passing through surface separation facilities.
2.    "Division" means the Oil Conservation Division of the Energy, Minerals and Natural Resources Department of the State of New Mexico.
3.    "FERC" means the Federal Energy Regulatory Commission.
4.    "USBLM" means the office of the United States Bureau of Land Management in Albuquerque, New Mexico.
5.    "Formation" means any geological formation or portion thereof described by geological as well as geographical parameters which is the subject of a tight formation designation application.
6.    "Infll drilling" means any drilling in a substantially developed formation (or a portion thereof) subject to the requirements respecting well spacing or proration units which were amended by the Division or the Oil Conservation Commission after the formation (or portion thereof) was substantially developed and which were adopted for the purpose of more effective and efficient drainage of the reservoirs in such formation. Such amendment may provide for the establishment of smaller drilling or production units or may permit the drilling of additional wells on original units.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**

**SPECIAL ADMINISTRATIVE  
RULES AND PROCEDURES  
FOR  
TIGHT FORMATION DESIGNATIONS  
UNDER SECTION 107  
OF THE  
NATURAL GAS POLICY ACT OF 1978**

**Effective March 31, 1992**

**C. Procedure**

1. All applications for tight formation designation in the State of New Mexico, which contain state and/or fee lands in any proportion, shall be filed with the Division.
2. Any application for tight formation designation in the State of New Mexico which contains Federal and/or Indian lands in any proportion shall be concurrently filed with the USBLM and the Division.
3. Any application containing lands entirely administered by the federal government shall be filed only with the USBLM. **IF LANDS ARE ENTIRELY FEDERAL, NO APPLICATION NEED BE FILED WITH THE DIVISION NOR WILL ACTION BY THE DIVISION BE NECESSARY.**
4. Upon receipt of an application for the designation of a tight formation which involves both the Division and USBLM, it will be determined after preliminary review of the subject filing which agency is the most appropriate to sponsor said filing and submit same to the FERC.
5. Proof of publication must be submitted with the application. Such proof shall consist of a copy of the legal advertisement which was published once in a newspaper of general circulation in the county or counties within the proposed tight formation area. The contents of such advertisement shall include:
  - a. the name, address, phone number and contact party for the applicant;
  - b. the legal description of the proposed area, amount of acreage contained in said area and percentages of land types within said area;
  - c. name of formation or formations to be included and pool names if applicable;
  - d. a notation that any interested party must file objections or requests for hearing with the Oil Conservation Division, P.O. Box 2088, Santa Fe, New Mexico, 87504, within fifteen days from the date of publication.

**NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTIFICATION HAS BEEN SUBMITTED.**

6. If no objection is received within fifteen days following the date of public notification, the application may be approved administratively.

7. If a written objection is received within fifteen days after the date of public notice or if a hearing is deemed advisable by the Division Director, the application may be set for hearing and notice thereof given by the Division.
8. The application shall include a complete set of supporting exhibits (i.e. -- maps, plats, cross-sections, type logs, engineering data, reservoir analyses, core analyses, calculations, pressure information, publications, etc.) together with a statement of the meaning and purpose of each exhibit and shall be submitted to the Division and if applicable to the USBLM. These exhibits shall cover all aspects of the required evidentiary data described in Section D below.
9. An oath statement shall accompany the application signed by each participant and notarized as to the accuracy and interpretation of the application.
10. Three complete additional sets of exhibits, statements, and oath statements must accompany the application; these additional items will be forwarded to the FERC by either the Division or USBLM, together with the Division's recommendation either in the form of an administrative order or letter to the FERC filed by the USBLM.
11. Further, it may be necessary for the applicant to submit additional data and/or supplement the original application with additional supporting statements and data. The applicant shall be responsible for submitting the required number of copies to complete the application for final approval by the FERC.
12. At the request of the USBLM or the Division, a meeting with the applicant may be necessary so that additional inquiries or questions of the filing may be addressed.

**D. Evidence**

1. Evidence offered by an applicant shall include:
  - a. a land plat or lease map which clearly indicates the land types (state, fee, federal, and/or Indian) and amounts and percentages for each;
  - b. a map and geographical and geological descriptions of the area and formation for which the designation is sought;
  - c. geological and engineering data to support the application;
  - d. a map or list which clearly locates or describes wells which are currently producing oil or gas, or both, from the formation within a geographical area of the formation;



- e. a report of the extent to which an applicant believes existing state and federal regulations will assure that development of the formation will not adversely affect or impair fresh water aquifers (during both hydraulic fracturing and waste disposal operations) that are being used or are expected to be used in the foreseeable future for domestic or agricultural water supplies;
  - f. if the formation has been authorized to be developed by infill drilling prior to the date of recommendation, information and data demonstrating that the formation cannot be developed without the incentive price established in 18 CFR §271.703(a); and,
  - g. any other information which the Division and/or BLM may require.
2. Evidence shall be based on each of the following geological and engineering guidelines:
- a. The estimated average in situ permeability, throughout the pay section, is expected to be 0.1 millidarcy or less;
    - (1) Permeability may be established and demonstrated by any customary or acceptable methods, techniques, or testing acceptable in the oil and gas industry.
  - b. The stabilized production rate, either at atmospheric pressure or calculated against atmospheric pressure, of wells completed for production in the formation, without stimulation, is not expected to exceed the production rate determined in accordance with the following table:

<i>If the average depth to the top of the formation (in feet):</i>		<i>The maximum allowable production rate (in MCF/day) may not exceed:</i>
<i>Exceeds</i>	<i>but does not exceed</i>	
0	1000	44
1000	1500	51
1500	2000	59
2000	2500	68
2500	3000	79
3000	3500	91

<i>If the average depth to the top of the formation (in feet):</i>		<i>The maximum allowable production rate (in MCF/day) may not exceed:</i>
<i>Exceeds</i>	<i>but does not exceed</i>	
3500	4000	105
4000	4500	122
4500	5000	141
5000	5500	163
5500	6000	188
6000	6500	217
6500	7000	251
7000	7500	290
7500	8000	336
8000	8500	388
8500	9000	449
9000	9500	519
9500	10000	600
10000	10500	693
10500	11000	802
11000	11500	927
11500	12000	1071
12000	12500	1328
12500	13000	1432
13000	13500	1655
13500	14000	1913
14000	14500	2212
14500	15000	2557

- c. No well drilled into the recommended tight formation is expected to produce, without stimulation, more than five barrels of crude oil per day.

- d. If an application meets the guidelines contained in subparagraphs 2.b. and 2.c. above, but does not meet the guidelines contained in subparagraph 2.a., the applicant may, in the alternative, show that the formation exhibits low permeability characteristics and that the incentive price is necessary to provide reasonable incentive for production of natural gas from the formation due to extraordinary risks or costs associated with such production.**

  - (1) An application based on the guidelines outlined in subparagraph 2.d. above shall include data to support the contention that the guidelines contained in paragraph 2.b. and 2.c above are met, and in addition thereto, shall contain:**

    - (a) the types and extent of enhanced production techniques which are expected to be necessary;**
    - (b) the estimated expenditures necessary for employing those techniques; and,**
    - (c) an estimate of the degree of increase in production from use of such techniques together with engineering and geological data to support that estimate.**
- e. If the formation or any portion thereof were authorized to be developed by infill drilling prior to the date of recommendation and the Division has information which in its judgement indicates that such formation or portion subject to infill drilling can be developed absent the incentive price established in 18 CFR §271.703(a), then the Division Director shall not include such formation or portion thereof in its recommendation.**

State of New Mexico  
**ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT**  
Santa Fe, New Mexico 87505



**BRUCE KING**  
GOVERNOR

**MEMORANDUM**

**ANITA LOCKWOOD**  
CABINET SECRETARY

**MATTHEW BACA**  
DEPUTY SECRETARY

**TO: PIPELINE AND GATHERING SYSTEM OPERATORS**

**FROM: WILLIAM J. LEMAY, Director, Oil Conservation Division** *WJL*

**SUBJECT: TANK FOUNDATIONS, FIREWALLS AND CHEMICAL IDENTIFICATION**

**DATE: APRIL 1, 1992**

The Oil Conservation Division requires operators to conduct a review of the method and manner of supporting chemical tanks for both storage and distribution along gas gathering systems, on well locations, and at gas plants. Of particular concern is the load carrying capacity of any tank rack or stand as a function of underlying soil type and support padding of gravel and other materials.

The Oil Conservation Division requires the construction of berms or fire walls around chemical tanks larger than 250 gallons. The fire walls shall form a reservoir having a capacity one third larger than the enclosed tank or tanks. An exception to the firewall requirement may be granted by the District Supervisor, upon application demonstrating that geology and hydrology in the area of the tank will prevent contamination if a tank failure should occur. A compliance schedule will be determined by the district supervisors.

Chemical storage tanks must have labeling showing the generic name or chemical formula of the contents (not brand name). Applicable hazard code identifications are to be prominently displayed on chemical storage tanks. The chemical labels and hazard codes will be maintained in a legible condition.

Operators will post an identification sign for chemical tanks larger than 250 gallons which are not located at a facility with a street address. Identification signs are to show the operator's name, facility name, unit letter or quarter quarter designation, section, township and range. Operators should include an emergency notification telephone number on identification signs. Identification signs shall be posted no more than 50 feet from the tank and must be legible at a distance of 50 feet under normal conditions.

**VILLAGRA BUILDING - 400 Gallinas**

Forestry and Resources Conservation Division  
P.O. Box 1948 87504-1948  
827-5830

Park and Recreation Division  
P.O. Box 1147 87504-1147  
827-7485

**2040 South Pacheco**

Office of the Secretary  
827-5950

Administrative Services  
827-5925

Energy Conservation & Management  
827-5900

Mining and Minerals  
827-5970

**LAND OFFICE BUILDING - 310 Old Santa Fe Trail**

Oil Conservation Division  
P.O. Box 2088 87504-2088  
827-5800

Dockets Nos. 14-92 and 15-92 are tentatively set for May 14, 1992 and May 28, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - THURSDAY - APRIL 30, 1992**

**8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING,  
SANTA FE, NEW MEXICO**

The following cases will be heard before David R. Catanach, Examiner or Michael E. Stogner, Alternate Examiner:

**CASE 10459: (Reopened and Readvertised)**

Application of Bright & Company for a high angle/horizontal directional drilling pilot project, special operating rules therefor, and an exception to the pool's gas/oil ratio limitation factor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Undesignated Rio Puerco-Mancos Oil Pool by commencing its Cuba Mesa Unit Well No. 1 at a standard surface oil well location 730 feet from the South line and 1000 feet from the West line (Unit M) of Section 35, Township 21 North, Range 2 West, drill vertically to a depth of approximately 4000 feet, kick-off in a northerly direction, build angle up to approximately 88 degrees, drill horizontally for approximately 3000 feet, and bottom said wellbore at a location approximately 1250 feet from the North line and 660 feet from the West line of said Section 35. Said well is to be dedicated to the W/2 of said Section 35 forming a standard 320-acre oil spacing and proration unit for said pool. Applicant further seeks the adoption of special operating provisions and rules within the pilot project area including a special gas/oil ratio of 1,000 to 1. Applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 660 foot setback from the outer boundary of the assigned spacing unit. Said unit is located approximately 3.5 miles west by south of Cuba, New Mexico.

**CASE 10323: (Readvertised and this case will be continued to May 14, 1992.)**

Application of Collins & Ware, Inc. for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation or to a depth of 15,100 feet, whichever is deeper, underlying Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 31, Township 21 South, Range 32 East, forming a non-standard 334.72-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated Red Tank-Atoka Gas Pool and Undesignated Bilbrey-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location thereon. 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 32.75 miles west of Eunice, New Mexico.

**CASE 3344: (Reopened and continued from April 2, 1992, Examiner Hearing.)**

Application of Texaco Inc. for amendment of Division Order No. R-3007, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-3007, dated December 3, 1965, which authorized its West Vacuum Unit Agreement covering 2000 acres, more or less, of state lands in portions of Townships 17 and 18 South, Range 34 East. The applicant at this time seeks to revise the definition of the "Unitized Formation" as originally incorporated in said agreement. Said unit is centered approximately 3 miles west southwest of Buckeye, New Mexico.

**CASE 10469: Application of Nearburg Producing Company for an unorthodox oil well location, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks to drill its Emerald "32" Federal Well No. 1 at an unorthodox oil well location 2007 feet from the North line and 1470 feet from the West line (Unit F) of Section 32, Township 24 South, Range 29 East, to test the Delaware formation. The SE/4 NW/4 of said Section 32 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said unit is located approximately 5 miles southeast of Malaga, New Mexico.

**CASE 10470: Application of Maralo, Inc. for compulsory pooling, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the S/2 SE/4 of Section 13, Township 18 South, Range 32 East, forming a standard 80-acre oil spacing and proration unit for any and all formations spaced on 80-acre spacing within said vertical extent, which presently includes only the South Corbin-Wolfcamp Pool. Said unit is to be dedicated to a well located at a standard oil well location is the SE/4 SE/4 (Unit P) 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 unit is located approximately 8.25 miles south-southeast of Maljamar, New Mexico.

**CASE 10471:** Application of Southwest Royalties, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the NE/4 of Section 17, Township 19 South, Range 25 East, forming a standard 160-acre spacing and proration unit for any and all formations spaced on 160-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the North Dagger Draw-Pennsylvanian Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon. 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 6.5 miles northwest of Sevenrivers, New Mexico.

**CASE 10467:** (Continued from April 16, 1992, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from a depth of 5000 feet below the surface to the base of the Morrow formation underlying the N/2 of Section 27, Township 18 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for any and all formations spaced on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Red Lake Atoka-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the North line and, either, 1310 feet or 1330 feet from the East line (Unit A or B) 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 7.5 miles south by east of Riverside, New Mexico.

**CASE 10472:** Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from a depth of 5000 feet below the surface to the base of the Morrow formation underlying the N/2 of Section 27, Township 18 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for any and all formations spaced on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Red Lake Atoka-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location thereon. 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 7.5 miles south by east of Riverside, New Mexico.

**CASE 10473:** (Continued from April 16, 1992, Examiner Hearing.)

Application of Ultramar Oil and Gas Limited for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 16, Township 21 South, Range 35 East, forming a standard 320-acre gas spacing and proration unit for any and all formations spaced on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the South Osudo-Morrow Gas Pool. Said unit is to be dedicated its existing P. Q. Osudo State Com Well No. 1, which was drilled in 1989 at a standard gas well location 1980 feet from the North and East lines (Unit G) of said Section 16. 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 6.5 miles west by south of Oil Center, New Mexico.

**CASE 10473:** Application of Nearburg Exploration Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation underlying the N/2 of Section 27, Township 18 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for any and all formations spaced on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Red Lake Atoka-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the North line and 1330 feet from the East line (Unit B) 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 7.5 miles south by east of Riverside, New Mexico.

**CASE 10464:** (Continued from April 2, 1992, Examiner Hearing.)

In the matter of the application of the Oil Conservation Division on its own motion for an order contracting and extending certain pools in Rio Arriba, San Juan and Sandoval Counties, New Mexico.

- (a) CONTRACT the Basin-Dakota Pool in San Juan County, New Mexico, by the deletion of the following described area:

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM  
Section 6: N/2

- (b) EXTEND the Dufers Point Gallup-Dakota Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM  
Section 6: N/2

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM  
Section 1: All

- (c) EXTEND the Angel Peak-Gallup Associated Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM  
Section 4: S/2  
Section 9: All  
Section 10: All

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM  
Section 30: SE/4  
Section 31: E/2

- (d) EXTEND the South Bisiti-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 9 WEST, NMPM  
Section 3: SE/4  
Section 9: S/2  
Section 10: E/2 NW/4, SW/4, and NE/4

- (e) EXTEND the Gallegos-Gallup Associated Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM  
Section 16: W/2  
Section 17: NE/4  
Section 18: N/2  
Sections 19 and 20: All  
Sections 29 and 30: All

TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM  
Section 13: N/2  
Section 25: N/2

- (f) EXTEND the West Kutz-Pictured Cliffs Pool in San Juan County, New Mexico to include therein:

TOWNSHIP 29 NORTH, RANGE 12 WEST, NMPM  
Section 36: SW/4

- (g) EXTEND the West Lindrith Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 2 WEST, NMPM  
Section 6: W/2

- (h) EXTEND the Navajo City-Chacra Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 8 WEST, NMPM

Section 34: E/2

CASE 10474: In the matter of the application of the Oil Conservation Division on its own motion for an order creating and extending certain pools in Chaves and Eddy Counties, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Carlsbad Springs-Strawn Gas Pool. The discovery well is the Marathon Oil Co. Pioneer Fed Com. Well No. 1 located in Unit G of Section 19, Township 21 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 19: N/2

- (b) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the North Four Ranch-Wolfcamp Gas Pool. The discovery well is the Yates Pet. Corp. Rolla TC Well No. 2 located in Unit G of Section 29, Township 9 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM

Section 29: N/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Hoag Tank-Atoka Gas Pool. The discovery well is the Yates Pet. Corp., Oakson NV Fed Well No. 2 located in Unit F of Section 27, Township 19 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM

Section 27: N/2

- (d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Jennings Spring-Wolfcamp Gas Pool. The discovery well is the Yates Pet. Corp. Estelle TA Fed Com Well No. 1 located in Unit N of Section 21, Township 17 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 21: S/2

- (e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the East Poker Lake-Delaware Pool. The discovery well is the Yates Pet. Corp. Cotton Draw AJT Fed. Well No. 1 located in Unit E of Section 23, Township 24 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 23: NW/4

- (f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Sage Draw-Wolfcamp Gas Pool. The discovery well is the Hawthorne Oil & Gas Corp. Delta Fed. Well No. 1 located in Unit G of Section 7, Township 25 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM

Section 7: E/2

- (g) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Cisco production and designated as the Sand Dune-Upper Pennsylvanian Pool. The discovery well is the Myco Inc. E. Turkey Track Fed Com. Well No. 1 located in Unit K of Section 23, Township 18 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 23: SW/4



- (h) **CREATE** a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Willow Lake-Delaware Pool. The discovery well is the Nearburg Prod. Co. Diamond 31 St. Well No. 1 located in Unit I of Section 31, Township 24 South, Range 29 East, NMPM. Said pool would comprise:

**TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM**

Section 31: SE/4

- (i) **EXTEND** the Avalon-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

**TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM**

Section 28: W/2

- (j) **EXTEND** the Avalon-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

**TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM**

Section 16: All

Section 21: E/2

- (k) **EXTEND** the Border Hills-Abo Gas Pool in Chaves County, New Mexico, to include therein:

**TOWNSHIP 8 SOUTH, RANGE 21 EAST, NMPM**

Section 1: NW/4

Section 2: E/2

Section 11: NE/4

- (l) **EXTEND** the East Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

**TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM**

Section 1: All

**TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM**

Section 6: W/2

- (m) **EXTEND** the Cabin Lake-Delaware Pool in Eddy County, New Mexico, to include therein:

**TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM**

Section 3: E/2

- (n) **EXTEND** the Cass Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

**TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM**

Section 14: NE/4

- (o) **EXTEND** the West Corral Canyon-Delaware Pool in Eddy County, New Mexico, to include therein:

**TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM**

Section 10: SW/4

Section 15: W/2

- (p) **EXTEND** the Coyote-Queen Pool in Chaves County, New Mexico, to include therein:

**TOWNSHIP 11 SOUTH, RANGE 27 EAST, NMPM**

Section 20: SE/4

- (q) **EXTEND** the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, to include therein:

**TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM**

Section 28: NE/4

- (r) EXTEND the North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM

Section 6: NW/4

- (s) EXTEND the South Dagger Draw-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 24: N/2

- (t) EXTEND the East Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 32: SE/4

- (u) EXTEND the Livingston Ridge-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM

Section 11: NE/4

Section 12: NW/4

- (v) EXTEND the Lost Tank-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM

Section 1: W/2 and SE/4

Section 2: SE/4

- (w) EXTEND the South Poker Lake-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 34: NW/4

- (x) EXTEND the Twin Lakes-San Andres Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM

Section 5: E/2 NW/4