

**DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 13, 1994**  
**8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING**  
**SANTA FE, NEW MEXICO**

Dockets Nos. 31-94 and 32-94 are tentatively set for October 27, 1994 and November 10, 1994. 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 10991:** (Continued from September 15, 1994, Examiner Hearing.)

**Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Abo formation, underlying the SE/4 of Section 20, Township 6 South, Range 26 East, forming 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, which presently includes but is not necessarily limited to the Pecos Slope Abo 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 15 miles west-northwest of Elkins, New Mexico.

**CASE 11110:** **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 the surface to the base of the Canyon formation, underlying the NE/4 of Section 21, Township 19 South, Range 25 East, forming 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, which presently includes only the Undesignated North Dagger Draw-Upper Pennsylvanian Pool. Said unit is to be dedicated to a well to be drilled and completed at a standard location in the SW/4 NE/4 (Unit G) 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 unit is located approximately 6.25 miles west by north of Lakewood, New Mexico.

**CASE 11111:** **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 the surface to the base of the Canyon formation, underlying the SE/4 of Section 21, Township 19 South, Range 25 East, forming 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, which presently includes only the Undesignated North Dagger Draw-Upper Pennsylvanian Pool. Said unit is to be dedicated to a well to be drilled and completed at a standard location in the SW/4 SE/4 (Unit O) 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 unit is located approximately 6.25 miles west by north of Lakewood, New Mexico.

**CASE 10530:** (Reopened - Continued from September 15, 1994, Examiner Hearing.)

In the matter of Case No. 10530 being reopened pursuant to the provisions of Order Nos. R-9722 and R-9722-A, which promulgated special rules and regulations for the West Lovington-Strawn Pool including a provision for 80-acre spacing. Operators in the subject pool should be prepared to appear and show cause why the temporary special rules and regulations for the West Lovington-Strawn Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

**CASE 10669:** (Reopened - Continued from September 15, 1994, Examiner Hearing.)

In the matter of Case 10669 being reopened pursuant to the provisions of Order No. R-9875, as amended, which promulgated special rules and regulations for the Northeast Pollack-Wolfcamp Pool, including a provision for 160-acre spacing. Operators in the subject pool should be prepared to appear and show cause why the temporary special rules and regulations for the Northeast Pollack-Wolfcamp Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

**CASE 11112:** **Application of Santa Fe Energy Operating Partners, L.P. for pool contraction and expansion, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks to contract the boundaries of the Indian Basin-Upper Pennsylvanian Gas Pool by deleting therefrom Section 14, Township 21 South, Range 23 East, and the concomitant expansion of the boundaries of the South Dagger Draw-Upper Pennsylvanian Associated Pool by adding said acreage. Said change would be contingent upon an order issued in the Division's District II nomenclature Case No. 11121. The subject acreage is centered approximately one mile north of the Marathon Oil Company Indian Basin Gas Plant.

**CASE 11080:** (Continued from September 1, 1994, Examiner Hearing.)

**Application of Santa Fe Energy Operating Partners, L.P. 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 surface to the base of the Morrow formation underlying the following described areas in Section 20, Township 23 South, Range 29 East, and 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 within said vertical extent, including the Laguna Salado-Atoka Gas Pool; and the SE/4 forming 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 unit is to be dedicated to its Harroun Trust 20 Fed. Com Well No. 1, to be drilled at an unorthodox gas well location 1980 feet from the South line and 660 feet from the East line 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 said well. Said unit is located approximately 5 miles east of Loving, New Mexico.

**CASE 11113:** **Application of Great Western Drilling Company for a waterflood project and to qualify said project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act", Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval to institute a waterflood project in its proposed South Carter (San Andres) Unit comprising portions of Sections 5, 6, 7, and 8, Township 18 South, Range 39 East, by the injection of water into the South Carter-San Andres Pool, through 5 existing wells to be converted. 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 6 miles north-northeast of Hobbs, New Mexico.

**CASE 11114:** **Application of Great Western Drilling Company for statutory unitization, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the South Carter-San Andres Pool underlying its proposed South Carter (San Andres) Unit Area encompassing some 624 acres, more or less, of Federal and Fee lands comprising portions of Sections 5, 6, 7 and 8, Township 18 South, Range 39 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 north-northeast of Hobbs, New Mexico.

**CASE 11115:** **Application of Manzano Oil Corporation for an unorthodox oil well location, Chaves County, New Mexico.** Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its S. V. Sundown State Well No. 1 to be drilled 477 feet from the South line and 191 feet from the West line (Unit M) of Section 14, Township 10 South, Range 30 East, to test the Devonian formation. The SW/4 SW/4 of said Section 14 is to be dedicated to said well to form a standard 40-acre oil spacing and proration unit. Said unit is located approximately 6.5 miles west northwest of the junction of U. S. Highway 380 and New Mexico State Highway No. 172.

**CASE 11106:** (Readvertised)

**Application of Richardson Operating Company for downhole commingling and an unorthodox gas well location, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval to downhole commingle Basin-Fruitland Coal (Gas) Pool production with Pictured Cliffs gas production from either the Undesignated West Kutz-Pictured Cliffs Pool or the Undesignated Fulcher Kutz-Pictured Cliffs Pool within the wellbore of its proposed Ropco Federal "12" Well No. 2 to be drilled at an unorthodox gas well location 1630 feet from the North line and 770 feet from the East line (Unit H) of Section 12, Township 29 North, Range 13 West. The E/2 of said Section 12 forming a standard 320-acre gas spacing and proration unit in the Basin-Fruitland Coal (Gas) Pool and the NE/4 of said Section 12 forming a standard 160-acre gas spacing and proration unit in the Pictured Cliffs interval are to be dedicated to said well. Said location is approximately four miles east of the Four Corners Regional Airport in Farmington, New Mexico.

**CASE 10530:** (Reopened)

In the matter of Case No. 10530 being reopened pursuant to the provisions of Order Nos. R-9722 and R-9722-A, which promulgated special rules and regulations for the West Lovington-Strawn Pool including a provision for 80-acre spacing. Operators in the subject pool should be prepared to appear and show cause why the temporary special rules and regulations for the West Lovington-Strawn Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

**CASE 10669:** (Reopened)

In the matter of Case No. 10669 being reopened pursuant to the provisions of Order No. R-9875, as amended, which promulgated special rules and regulations for the Northeast Pollack-Wolfcamp Pool, including a provision for 160-acre spacing. Operators in the subject pool should be prepared to appear and show cause why the temporary special rules and regulations for the Northeast Pollack-Wolfcamp Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

**CASE 11085:** Application of RMI Environmental Services, Inc. for a permit to construct and operate a commercial wastewater evaporation pond, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authorization to construct a synthetic double lined wastewater evaporation pond equipped with proper leak detection for the purpose of commercially disposing of nonhazardous wastewater produced in conjunction with coalbed methane. Said pond is to be located in the SE/4 equivalent of Section 11, Township 32 North, Range 7 West, which is approximately 1/2 mile south of the Colorado/New Mexico stateline on the east side of Tiffany Road.

**CASE 11086:** Application of C & C Landfarm, Inc. for expansion of a commercial surface waste disposal facility, Lea County, New Mexico. C & C Landfarm, Inc. under Commission Order No. R-9769-A, dated April 29, 1993, was granted the authority to construct and operate a commercial "landfarm" facility for the remediation of non-hazardous hydrocarbon contaminated soils utilizing an enhanced biodegradation process on a site located in the SW/4 NE/4 (Unit G) of Section 3, Township 20 South, Range 37 East. At this time the applicant, in the above-styled cause, seeks to expand said facility by including an adjoining 40-acre tract comprising the NW/4 NE/4 (Unit B) of said Section 3, which is approximately 2 miles southeast of Monument, New Mexico.

**CASE 11087:** Application of Nearburg Exploration Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Cisco formation, underlying the NW/4 of Section 22, Township 19 South, Range 25 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which presently includes only the Undesignated North Dagger Draw-Upper Pennsylvanian Pool. Said unit is to be dedicated to its proposed Ross Ranch "22" Well No. 2 to be drilled and completed at a standard location in the SW/4 NW/4 (Unit E) in said Section 22. 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 6 miles west by north of Lakewood, New Mexico.

**CASE 11057:** (Continued from September 1, 1994, Examiner Hearing.)

Application of Mallon Oil Company 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 Delaware formation underlying the SW/4 NW/4 of Section 27, Township 19 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 Mallon "27" Federal Well No. 3 to be drilled and completed at a standard oil 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 8 miles east of Laguna Tonto, New Mexico.

**CASE 11058:** (Continued from September 1, 1994, Examiner Hearing.)

Application of Mallon Oil Company 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 Delaware formation underlying the SE/4 SW/4 of Section 27, Township 19 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 Mallon "27" Federal Well No. 1 to be drilled and completed at a standard oil 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 8 miles east of Laguna Tonto, New Mexico.

**DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 15, 1994****8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING****SANTA FE, NEW MEXICO**

Dockets Nos. 28-94 and 29-94 are tentatively set for September 29, 1994 and October 13, 1994. 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 11068:** (This Case will be dismissed - Continued from August 18, 1994, Examiner Hearing.)

Application of Arco Permian to rescind Division Order No. R-4808-A and for the adoption of special rules and regulations for the Riverwolf Unit (the former Citgo Empire-Abo Unit) including special oil allowable provisions, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks rescission of Division Order No. R-4808-A, which order provided for development of the Riverwolf Unit, formerly the Citgo Empire-Abo Unit, under statewide rules and seeks adoption of special allowable limits which will permit production rates at levels consistent with withdrawals from the off-setting Empire-Abo Unit. This unit is located approximately 8 miles east of Artesia, New Mexico.

**CASE 11069:** (This Case will be dismissed - Continued from August 18, 1994, Examiner Hearing.)

Application of Arco Permian for amendment of the special rules and regulations for the Empire-Abo Pressure Maintenance Project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the special rules and regulations for the Empire-Abo Pressure Maintenance Project Area, as promulgated by Division Order Nos. R-4549 through R-4549-G, to permit partial gas sales of project gas and to amend the reporting requirements for project operations to accommodate these sales. This unit is located 6 to 12 miles east of Artesia, New Mexico.

**CASE 11082:** Application of Petroleum Development Corporation for a high angle/horizontal directional drilling pilot project and for special operating rules therefor, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a short-radius horizontal directional drilling pilot project in the Tom Tom-San Andres Pool on its State "32" Lease comprising the S/2 SW/4 and NW/4 SE/4 of Section 32, Township 7 South, Range 31 East. Initially the applicant proposes to utilize the existing State "32" Well Nos. 2 and 4 located in Units "J" and "N", respectively, of said Section 32 by kicking-off from vertical, build angle to approximately 90 degrees with a short-radius curve and continue drilling a horizontal drainhole within said pool. Applicant further seeks the promulgation of special rules and provisions therein including the designation of a prescribed area limiting the horizontal displacement of any drainhole to within 100 feet of the boundary circumventing said project area, an administrative process for future drainholes, the creation and formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, and the assignment of a special oil allowable to units with drainholes or to assign a special project allowable for the project area should it be deemed advisable. Said project area is located approximately 13 miles south by west of Kenna, New Mexico.**CASE 11083:** Application of Petroleum Development Corporation for a high angle/horizontal directional drilling pilot project and for special operating rules therefor, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a short-radius horizontal directional drilling pilot project in the Tomahawk-San Andres Pool on its Tom State "36" Lease comprising the NE/4 NE/4, S/2 NE/4, and SE/4 of Section 36, Township 7 South, Range 31 East. Initially the applicant proposes to utilize the existing Tom State "36" Well Nos. 1, 4, and 5 located in Units "A", "J", and "P", respectively, of said Section 36 by kicking-off from vertical, build angle to approximately 90 degrees with a short-radius curve and continue drilling a horizontal drainhole within said pool. Applicant further seeks the promulgation of special rules and provisions therein including the designation of a prescribed area limiting the horizontal displacement of any drainhole to within 100 feet of the boundary circumventing said project area, an administrative process for future drainholes, the creation and formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, and the assignment of a special oil allowable to units with drainholes or to assign a special project allowable for the project area should it be deemed advisable. Said project area is located approximately 13 miles south by east of Kenna, New Mexico.**CASE 11084:** Application of Petroleum Development Corporation for a high angle/horizontal directional drilling pilot project and for special operating rules therefor, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a short-radius horizontal directional drilling pilot project in the Tom Tom-San Andres Pool on its Miller Federal Lease comprising the S/2 NE/4, SE/4 NW/4, S/2 SW/4, and SE/4 of Section 34 and the S/2 of Section 35, both in Township 7 South, Range 31 East. Initially the applicant proposes to utilize the existing Miller Federal lease Well Nos. 3, 6, 7, 8, and 9 by kicking-off from vertical, build angle to approximately 90 degrees with a short-radius curve and continue drilling a horizontal drainhole within said pool. Applicant further seeks the promulgation of special rules and provisions therein including the designation of a prescribed area limiting the horizontal displacement of any drainhole to within 100 feet of the boundary circumventing said project area, an administrative process for future drainholes, the creation and formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, and the assignment of a special oil allowable to units with drainholes or to assign a special project allowable for the project area should it be deemed advisable. Said project area is located approximately 13 miles south by east of Kenna, New Mexico.