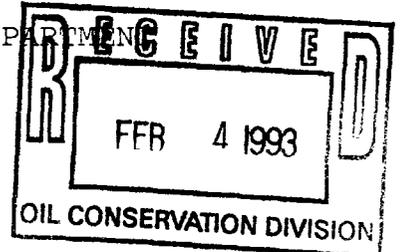


Enclosure (1)

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 PURPOSES OF CONSIDERING:

CASE NO. 10675

THE APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR APPROVAL OF AN UNORTHODOX
GAS WELL LOCATION, WEST RANGER-LAKE
DEVONIAN GAS POOL, LEA COUNTY,
NEW MEXICO

A P P L I C A T I O N

Comes now PHILLIPS PETROLEUM COMPANY, by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox gas well location for its Ranger #20 Well in the West Ranger Lake-Devonian Gas Pool, Lea County, New Mexico to be drilled at an unorthodox location 810 feet from the North Line (FNL) and 660 feet from the West Line (FWL) (Unit D) Section 26, Township 12 South, Range 34 East, NMPM, Eddy County, New Mexico and to be dedicated to a standard 320-acre gas spacing unit consisting of the N/2 of said Section 26.

In support thereof, Applicant states:

1. Applicant, Phillips Petroleum Company ("Phillips"), has 100% of the working interest for all of Section 26, T12S, R34E, N.M.P.M, Lea County, New Mexico.

2. Applicant proposes to test for production in the West Ranger Lake-Devonian Gas Pool by drilling its Ranger #20 Well to an anticipated depth of 13,400 feet, at an unorthodox gas well location 810 feet FNL and 660 feet FWL of said Section 26 to be dedicated to a standard 320-acre gas spacing unit consisting of the N/2 of said Section 26.

3. The proposed well will be located within the current boundaries of the West Ranger Lake-Devonian Gas Pool which was established by Division Order R-3182 effective February 1, 1967 and is subject to the Division general statewide rules including well spacing of 320-acres.

4. The only currently producing well in the pool is the Ranger #17 Well which is at an unorthodox well location 860 feet FSL and 660 feet FWL and was approved by Division Administrative Order NSL-3117, dated June 8,

1992 and dedicating a spacing unit consisting of the S/2 of said Section 26.

5. The West Ranger Lake-Devonian Gas Pool is a retrograde gas condensate reservoir with the hydrocarbons in a gaseous phase at reservoir conditions.

6. The proposed well would be at unorthodox location because it is 660 feet from the west end of the spacing unit rather than the required 1980 feet and would require an exception to General Rule 104.

7. The standard locations within this spacing unit are either too close to the Ranger #15 Well, a plugged and abandoned well in this spacing unit, which is located in Unit C of Section 26 or are located in separate fault blocks which would not have the ability to produce the Devonian reserves underlying the NW/4 of said Section 26.

8. A well at the proposed unorthodox location is located in a separate fault block as determined through interpretation of 3D Seismic data and should penetrate productive intervals of the Devonian formation at a more favorable geologic point than a well drilled at any standard location in the proposed spacing unit thereby recovering reserves which might not otherwise be

produced.

9. The proposed well should be outside of the drainage affects of any existing Devonian well in the pool thereby increasing the likelihood of obtaining commercial production which might otherwise be recovered and thus preventing waste.

10. The portion of the Devonian reservoir in which the Ranger #20 Well will be located is separated from the Devonian reservoir underlying offsetting spacing units by fault blocks which should preclude uncompensated drainage from offsetting spacing units and thereby protect correlative rights.

11. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the hydrocarbons in the Devonian formation, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

12. In accordance with Division Rule 1207, Applicant has notified those affected parties towards

whom the proposed location encroaches, with the names and addresses of those parties set forth on Exhibit A.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

Respectfully Submitted,

KELLAHIN and KELLAHIN,

BY:



W. Thomas Kellahin

P. O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

Elizabeth A Harris, Esq.
Phillips Petroleum Company
4001 Penbrook
Odessa, Texas 79762
ATTORNEYS FOR APPLICANT

EXHIBIT "A"
TO THE APPLICATION OF PHILLIPS PETROLEUM COMPANY FOR
APPROVAL OF AN UNORTHODOX GAS WELL LOCATION,
WEST RANGER-LAKE DEVONIAN GAS POOL,
LEA COUNTY, NEW MEXICO

OFFSETTING INTEREST OWNERS

Yates Petroleum Company
105 South Fourth Street
Artesia, New Mexico 88210
ATTN: Randy Patterson

Yates Drilling Company
105 South Fourth Street
Artesia, New Mexico 88210
ATTN: Randy Patterson

ABO Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
ATTN: Randy Patterson

Myco Industries, Inc.
105 South Fourth Street
Artesia, New Mexico 88210
ATTN: Randy Patterson

Enclosure (2)

Proposed notification/advertisement for OCD docket

Case _____: Application of Phillips Petroleum Company for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval of an unorthodox gas well location 810 feet from the North line and 660 feet from the West line (Unit D) of Section 26, Township 12 South, Range 34 East, NMPM, West Ranger Lake-Devonian Gas Pool. The N/2 of said Section 26 is to be dedicated to said well, forming a standard 320 acre gas spacing unit. Said unit is located approximately 10 miles west of Tatum, New Mexico.

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

TELEFAX (505) 982-2047

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

February 4, 1993

William J. LeMay
Director
Oil Conservation Division
310 Old Santa Fe Trail, Room 219
Santa Fe, New Mexico 87501

HAND DELIVERED

RE: Ranger #20 Well
Application of Phillips Petroleum Company
for an Unorthodox Gas Well Location,
West Ranger Lake-Devonian Gas Pool,
Lea County, New Mexico

Dear Mr. LeMay:

On behalf of Phillips Petroleum Company, please find enclosed our application for an unorthodox gas well location for its Ranger #20 Well which we request be set for hearing on the next available Examiner's docket now scheduled for March 4, 1993.

By copy of this letter, including the Application to all parties, we are notifying them by certified mail return-receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the Application. See Enclosure (1).

Our proposed advertisement to be used for the OCD docket and for the newspaper publication is attached as Enclosure (2).

In accordance with Division Memorandum 2-90, parties who may appear in this case are hereby requested to file a Pre-Hearing Statement with the Division, copy to

William J. LeMay
Oil Conservation Division
February 4, 1993
Page Two

Applicant not later than 4:00 PM on Friday, February 16,
1993. A copy of the Pre-Hearing Statement form is
attached as Enclosure (3).

Very truly yours,



W. Thomas Kellahin

WTK/jcl

Enclosures

xc: With Application

Elizabeth A. Harris, Esq.

Phillips Petroleum - Odessa, TX

CERTIFIED MAIL - RETURN RECEIPT REQUESTED:

All parties shown on Exhibit "A" of the Application
with Enclosure (3) Sample Pre-Hearing Statement

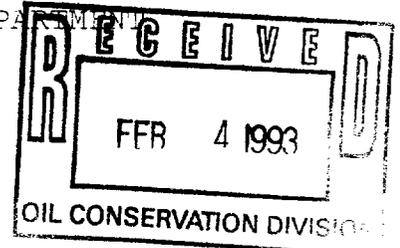
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ILLEGIBLE

Enclosure (1)

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 PURPOSES OF CONSIDERING:



CASE NO. 10675

THE APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR APPROVAL OF AN UNORTHODOX
GAS WELL LOCATION, WEST RANGER-LAKE
DEVONIAN GAS POOL, LEA COUNTY,
NEW MEXICO

A P P L I C A T I O N

Comes now PHILLIPS PETROLEUM COMPANY, by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division for approval of an unorthodox gas well location for its Ranger #20 Well in the West Ranger Lake-Devonian Gas Pool, Lea County, New Mexico to be drilled at an unorthodox location 810 feet from the North Line (FNL) and 660 feet from the West Line (FWL) (Unit D) Section 26, Township 12 South, Range 34 East, NMPM, Eddy County, New Mexico and to be dedicated to a standard 320-acre gas spacing unit consisting of the N/2 of said Section 26.

Application of Phillips Petroleum Company
Page 2

In support thereof, Applicant states:

1. Applicant, Phillips Petroleum Company ("Phillips"), has 100% of the working interest for all of Section 26, T12S, R34E, N.M.P.M, Lea County, New Mexico.

2. Applicant proposes to test for production in the West Ranger Lake-Devonian Gas Pool by drilling its Ranger #20 Well to an anticipated depth of 13,400 feet, at an unorthodox gas well location 810 feet FNL and 660 feet FWL of said Section 26 to be dedicated to a standard 320-acre gas spacing unit consisting of the N/2 of said Section 26.

3. The proposed well will be located within the current boundaries of the West Ranger Lake-Devonian Gas Pool which was established by Division Order R-3182 effective February 1, 1967 and is subject to the Division general statewide rules including well spacing of 320-acres.

4. The only currently producing well in the pool is the Ranger #17 Well which is at an unorthodox well location 860 feet FSL and 660 feet FWL and was approved by Division Administrative Order NSL-3117, dated June 8,

1992 and dedicating a spacing unit consisting of the S/2 of said Section 26.

5. The West Ranger Lake-Devonian Gas Pool is a retrograde gas condensate reservoir with the hydrocarbons in a gaseous phase at reservoir conditions.

6. The proposed well would be at unorthodox location because it is 660 feet from the west end of the spacing unit rather than the required 1980 feet and would require an exception to General Rule 104.

7. The standard locations within this spacing unit are either too close to the Ranger #15 Well, a plugged and abandoned well in this spacing unit, which is located in Unit C of Section 26 or are located in separate fault blocks which would not have the ability to produce the Devonian reserves underlying the NW/4 of said Section 26.

8. A well at the proposed unorthodox location is located in a separate fault block as determined through interpretation of 3D Seismic data and should penetrate productive intervals of the Devonian formation at a more favorable geologic point than a well drilled at any standard location in the proposed spacing unit thereby recovering reserves which might not otherwise be

produced.

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11. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the hydrocarbons in the Devonian formation, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells and will otherwise prevent waste and protect correlative rights.

12. In accordance with Division Rule 1207, Applicant has notified those affected parties towards

Application of Phillips Petroleum Company
Page 5

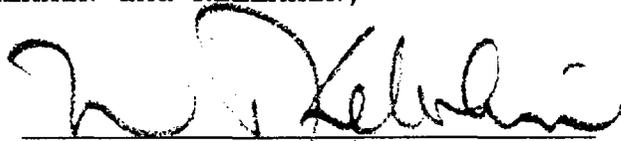
whom the proposed location encroaches, with the names and addresses of those parties set forth on Exhibit A.

WHEREFORE, Applicant requests that, after notice and hearing, this Application be approved as requested.

Respectfully Submitted,

KELLAHIN and KELLAHIN,

BY:



W. Thomas Kellahin

P. O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

Elizabeth A Harris, Esq.
Phillips Petroleum Company
4001 Penbrook
Odessa, Texas 79762
ATTORNEYS FOR APPLICANT

EXHIBIT "A"
TO THE APPLICATION OF PHILLIPS PETROLEUM COMPANY FOR
APPROVAL OF AN UNORTHODOX GAS WELL LOCATION,
WEST RANGER-LAKE DEVONIAN GAS POOL,
LEA COUNTY, NEW MEXICO

OFFSETTING INTEREST OWNERS

Yates Petroleum Company
105 South Fourth Street
Artesia, New Mexico 88210
ATTN: Randy Patterson

Yates Drilling Company
105 South Fourth Street
Artesia, New Mexico 88210
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ABO Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210
ATTN: Randy Patterson

Myco Industries, Inc.
105 South Fourth Street
Artesia, New Mexico 88210
ATTN: Randy Patterson

Enclosure (2)

Proposed notification/advertisement for OCD docket

Case _____: Application of Phillips Petroleum Company for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval of an unorthodox gas well location 810 feet from the North line and 660 feet from the West line (Unit D) of Section 26, Township 12 South, Range 34 East, NMPM, West Ranger Lake-Devonian Gas Pool. The N/2 of said Section 26 is to be dedicated to said well, forming a standard 320 acre gas spacing unit. Said unit is located approximately 10 miles west of Tatum, New Mexico.

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

TELEPHONE (505) 982-4285

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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

February 4, 1993

William J. LeMay
Director
Oil Conservation Division
310 Old Santa Fe Trail, Room 219
Santa Fe, New Mexico 87501

HAND DELIVERED

RE: Ranger #20 Well
Application of Phillips Petroleum Company
for an Unorthodox Gas Well Location,
West Ranger Lake-Devonian Gas Pool,
Lea County, New Mexico

Dear Mr. LeMay:

On behalf of Phillips Petroleum Company, please find enclosed our application for an unorthodox gas well location for its Ranger #20 Well which we request be set for hearing on the next available Examiner's docket now scheduled for March 4, 1993.

By copy of this letter, including the Application to all parties, we are notifying them by certified mail return-receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the Application. See Enclosure (1).

Our proposed advertisement to be used for the OCD docket and for the newspaper publication is attached as Enclosure (2).

In accordance with Division Memorandum 2-90, parties who may appear in this case are hereby requested to file a Pre-Hearing Statement with the Division, copy to

William J. LeMay
Oil Conservation Division
February 4, 1993
Page Two

Applicant, not later than 4:00 PM on Friday, February 26,
1993. A copy of the Pre-Hearing Statement form is
attached as Enclosure (3).

Very truly yours,



W. Thomas Kellahin

WTK/jcl

Enclosures

xc: With Application

Elizabeth A. Harris, Esq.

Phillips Petroleum - Odessa, TX

CERTIFIED MAIL - RETURN RECEIPT REQUESTED:

All parties shown on Exhibit "A" of the Application
with Enclosure (3) Sample Pre-Hearing Statement

William J. LeMay
Oil Conservation Division
February 4, 1993
Page Two

Applicant, not later than 4:00 PM on Friday, February 26,
1993. A copy of the Pre-Hearing Statement form is
attached as Enclosure (3).

Very truly yours,



W. Thomas Kellahin

WTK/jcl

Enclosures

xc: With Application

Elizabeth A. Harris, Esq.

Phillips Petroleum - Odessa, TX

CERTIFIED MAIL - RETURN RECEIPT REQUESTED:

All parties shown on Exhibit "A" of the Application
with Enclosure (3) Sample Pre-Hearing Statement

appt204.038

ILLEGIBLE

DOCKET: EXAMINER HEARING - THURSDAY - MARCH 4, 1993

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

Dockets Nos. 9-93 and 10-93 are tentatively set for March 18, 1993 and April 8, 1993. Applications for hearing must be filed at least 23 days in advance of hearing date.

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

CASE 10673: Application of Murphy H. Baxter for a unit agreement, Roosevelt County, New Mexico. Applicant seeks approval of the Parks State Unit Agreement for an area comprising 1840 acres, more or less, of state and fee lands in all or portions of Sections 16, 20, 21, 22, and 28 of Township 6 South, Range 36 East. Said unit is located 27 miles south of Portales, New Mexico.

CASE 10574: (Continued from February 18, 1993, Examiner Hearing.)

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, at approximately 8,200 feet, underlying the following described acreage in Section 14, Township 20 South, Range 24 East, and in the following described manner: the N/2 to form a single standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent (which presently includes but is not necessarily limited to the South Dagger Draw-Upper Pennsylvanian Associated Pool); the NE/4 and NW/4 to form two standard 160-acre gas spacing and proration units for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and the NW/4 NE/4 and SW/4 NW/4 to form two standard 40-acre oil spacing and proration units for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. The proposed 320-acre unit is to be dedicated to either a single well to be drilled at a standard location in Unit B or Unit E or to both wells to be simultaneously dedicated to the 320-acre unit. Further the 160-acre gas unit comprising the NE/4 and the 40-acre oil unit comprising the NW/4 NE/4 are to be dedicated to the proposed well to be drilled in Unit B. The 160-acre gas unit comprising the NW/4 and the 40-acre oil unit comprising the SW/4 NW/4 are to be dedicated to the proposed well to be drilled in Unit E. Also to be considered will be the cost of drilling and completing said well or wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of each well and a charge for risk involved in drilling said well or wells. The subject area in this matter is located approximately 7.5 miles west by south of Seven Rivers, New Mexico.

CASE 10671: (Readvertised)

Application of Chuza Operating for pool creation and special pool rules, Lea County, New Mexico. Applicant seeks the creation of a new pool for the production of oil from the Blinebry and Paddock formations comprising the SE/4 NE/4 and NE/4 SE/4 of Section 11, and the SW/4 NW/4 of Section 12, both in Township 23 South, Range 37 East, and the promulgation of special rules therefor including a provision for a gas-oil limitation of 6000 cubic feet of gas per barrel of oil. Applicant further requests that the proposed special pool rules be made effective retroactive to December 14, 1992. Said area is located approximately 8 miles south by east of Eunice, New Mexico.

CASE 10669: (Continued from February 18, 1993, Examiner Hearing.)

Application of Columbia Gas Development Corporation for pool creation, special pool rules and a discovery allowable, Lea County, New Mexico. Applicant seeks the creation of a new pool for the production of oil from the Wolfcamp formation comprising the NW/4 of Section 34, Township 14 South, Range 38 East, and the promulgation of special rules therefor including a provision for 160-acre spacing and proration units and designated well location requirements. Applicant further seeks the assignment of an oil discovery allowable, pursuant to Division General Rule 509, to the McMillan "34" Well No. 1 located 400 feet from the North line and 1980 feet from the West line (Unit C) of said Section 34. Said area is located approximately 2.5 miles southwest of Bronco, Texas.

CASE 10674: Application of Exxon Corporation for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant seeks approval of an unorthodox gas well location for its existing John D. Knox Well No. 11 located 2310 feet from the South line and 330 feet from the East line (Unit I) of Section 10, Township 21 South, Range 36 East, Eumont Gas Pool. Said well is to be simultaneously dedicated with the John D. Knox Well Nos. 1 and 13 located in Units J and H, respectively, of said Section 10 to the existing 320-acre Eumont Gas spacing and proration unit comprising the E/2 of said Section 10. Said unit is located approximately one mile southeast of Oil Center, New Mexico.

CASE 10675: Application of Phillips Petroleum Company for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval of an unorthodox gas well location 810 feet from the North line and 660 feet from the West line (Unit D) of Section 26, Township 12 South, Range 34 East, West Ranger Lake-Devonian Gas Pool. The N/2 of said Section 26 is to be dedicated to said well, forming a standard 320-acre gas spacing unit. Said unit is located approximately 10 miles west of Tatum, New Mexico.

CASE 10676: Application of Mitchell Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pennsylvanian formation underlying the following described areas in Section 35, Township 24 South, Range 29 East, and in the following manner: the N/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; the NW/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; the E/2 NW/4 forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent; and the SE/4 NW/4 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 units are to be dedicated to a single 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 costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 16 miles southeast of Carlsbad, New Mexico.

CASE 10677: Application of Conoco Inc. for an unorthodox gas well location Eddy County, New Mexico. Applicant seeks approval to drill its proposed Preston Federal Well No. 5 at an unorthodox gas well location 840 feet from the South line and 1980 feet from the East line (Unit O) of Section 34, Township 20 South, Range 24 East, Undesignated Cemetery-Morrow Gas Pool, the E/2 of said Section 34 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said well is located approximately 10 miles west-southwest of Seven Rivers, New Mexico.

CASE 10678: Application of Conoco Inc. for an unorthodox gas well location and to amend Division Order No. R-4988, Lea County, New Mexico. Applicant seeks approval to drill its Lockhart B Well No. 11 at an unorthodox gas well location 760 feet from the North line and 660 feet from the East line (Unit A) of Section 14, Township 21 South, Range 36 East, Eumont Gas Pool, and to amend Division Order No. R-4988 to allow for the simultaneous dedication of said well to the 480-acre non-standard gas spacing and proration unit approved by said Order and consisting of the E/2 E/2 of Section 14 and the W/2 of Section 13, Township 21 South, Range 36 East, with its Lockhart B Well No. 9 located in Unit L of said Section 13. Said unit is located approximately 2 1/2 miles southeast of Oil Center, New Mexico.

CASE 10659: (Continued from February 18, 1993, Examiner Hearing.)

Application of Meridian Oil Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant seeks approval to establish a non-standard 160-acre gas spacing and proration unit in the Undesignated Rhodes Yates-Seven Rivers Gas Pool comprising the E/2 E/2 of Section 7, Township 26 South, Range 37 East, being approximately 4 miles south of Jal, New Mexico. Said unit is to be dedicated to a well to be drilled at a standard gas well location in the NE/4 NE/4 (Unit A) of said Section 7.

CASE 10679: Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, an unorthodox oil well location, and special project oil allowable, Rio Arriba County, New Mexico. Applicant seeks to initiate a high angle/horizontal directional drilling pilot project in the Undesignated Northeast Ojito Gallup-Dakota Oil Pool underlying the N/2 of Section 23, Township 26 North, Range 3 West, thereby creating a non-standard 320-acre oil spacing and proration unit for said pool. The applicant proposes to drill its Jicarilla "99" Well No. 17 from an unorthodox surface location 150 feet from the North line and 670 feet from the West line (Unit D) of said Section 22, drill vertically to a true vertical depth of approximately 6,700 feet, kick off from vertical in a southeasterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the pilot project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to either the north or south boundary, nor closer than 790 feet to the east or west boundary of the spacing unit, and for a special project allowable. Said project area is located approximately 12 miles northwest of Lindrieth, New Mexico.

CASE 10680: Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, and an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant seeks to initiate a high angle/horizontal directional drilling pilot project in the Gavilan-Mancos Oil Pool underlying all of Section 8, Township 26 North, Range 2 West, being a standard 640-acre spacing and proration unit for said pool. The applicant proposes to drill its Cheney Federal B Well No. 2 at an unorthodox surface location 1650 feet from the South line and 990 feet from the West line (Unit L) of said Section 8, kick off from vertical in an estimated westerly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the pilot project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 790 feet from the outer boundary of the spacing unit. Said project is located approximately 13 miles north of Lindrieth, New Mexico.