

DOCKET: EXAMINER HEARING - THURSDAY - MAY 20, 1993

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

Dockets Nos. 16-93 and 17-93 are tentatively set for June 3, 1993 and June 17, 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 10699: (Reopened)

Application of Meridian Oil Inc. to amend Order No. R-9980, Rio Arriba County, New Mexico. Applicant seeks approval to reopen Division Order No. R-9980 so that all references therein to San Juan County are replaced with Rio Arriba County and the unit letter designation of L is replaced with the unit letter K. This case and its order approved the downhole commingling of Blanco-Pictured Cliffs and Basin-Fruitland Coal Gas Pool production and a non-standard spacing unit for its proposed San Juan 29-7 Unit Well No. 583 to be drilled at a standard gas well location 1850 feet from the South line and 790 feet from the West line of Section 6, Township 29 North, Range 7 West. The well is located approximately 1 mile west of Navajo City, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT AND THE REQUESTED CORRECTION GRANTED.**

CASE 10729: Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a special project gas allowable and a non-standard spacing and proration unit, Rio Arriba County, New Mexico. Applicant seeks authority to initiate a high angle/horizontal directional drilling pilot project in the Blanco-Mesayerde Pool, including special operating rules, a well location and producing window, a special project gas allowable and a non-standard 642.52-acre spacing and proration unit consisting of all of Section 3, Township 25 North, Range 6 West, for its Canyon Largo Unit Well No. 388 to be drilled at a standard surface location 2040 feet from the South line and 1625 feet from the West line (Unit K) of said Section 3. Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the surface location and the horizontal displacement of the wellbore such that its surface location and producing interval be no closer than 790 feet to the outer boundaries of the non-standard spacing unit. Said project area is located approximately 18 miles south of Counselors, New Mexico.

CASE 10728: (Continued from May 6, 1993, Examiner Hearing.)

Application of Hallwood Petroleum Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant seeks approval to recomplete its F Montoya "27" Well No. 1 for production from the Basin Fruitland Coal Gas Pool at an unorthodox coal gas well location 790 feet from the South and East lines (Unit P) of Section 27, Township 32 North, Range 13 West. The S/2 of said Section 27 is to be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit for said pool. Said well is located approximately 2 miles north of La Plata, New Mexico.

CASE 10676: (Continued from May 6, 1993, Examiner Hearing.)

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 10706: (Continued from May 6, 1993, Examiner Hearing.)

Application of Richardson Operating Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying the N/2 of Section 15, Township 29 North, Range 12 West. Said unit is to be dedicated to its Ropco Fee 15-2 FC Well located at a standard location 1845 feet from the North line and 1405 feet from the East line of said Section 15. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 4 miles west of Farmington, New Mexico.

CASE 10730: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks authorization to drill to the Morrow formation, Cemetery-Morrow Gas Pool, its Conoco AGK Federal Well No. 15 at an unorthodox location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 26, Township 20 South, Range 24 East. The E/2 of said Section 26 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said well is located approximately 7 miles southwest of Seven Rivers, New Mexico.

CASE 10731: Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks authorization to drill to the Upper Pennsylvanian formation, North Dagger Draw-Upper Pennsylvanian Pool, its Dagger Draw 31 Federal Well No. 5 at an unorthodox gas well location 660 feet from the North line and 2310 feet from the West line (Unit C) of Section 31, Township 19 South, Range 25 East. The NW/4 of said Section 31 is to be dedicated to said well forming a standard 160-acre gas spacing and proration unit. Said well is located approximately 2 miles southwest of Lakewood, New Mexico.

CASE 10717: (Continued from April 22, 1993, Examiner Hearing.)

Application of Davcro Inc. for salt water disposal, Lea County, New Mexico. Applicant seeks authority to re-enter the previously plugged and abandoned Cactus Drilling Corporation Sawyer Deep Well No. 1 located 330 feet from the South line and 2310 feet from the West line (Unit N) of Section 19, Township 9 South, Range 38 East, and utilize said well to dispose of produced salt water into the Sawyer-San Andres Associated Pool through the open-hole interval from approximately 5120 feet to 5600 feet. Said well is located approximately 4.5 miles east of Crossroads, New Mexico.

CASE 10732: Application of Condor Oil Corporation for eighteen unorthodox oil well locations, San Juan County, New Mexico. Applicant seeks approval for eighteen unorthodox oil well locations in the Northeast Hogback Unit, as follows:

SE/4 NE/4 of Section 10 - 2630 feet from the North line and 1310 feet from the East line;
NW/4 SW/4 of Section 11 - 1340 feet from the South line and 10 feet from the West line;
NW/4 SE/4 of Section 10 - 1340 feet from the South line and 1350 feet from the East line;
NE/4 NE/4 of Section 10 - 1310 feet from the North line and 1310 feet from the East line;
SW/4 NW/4 of Section 11 - 2630 feet from the North line and 50 feet from the West line;
NE/4 NE/4 of Section 10 - 1310 feet from the North line and 10 feet from the East line;
NW/4 NE/4 of Section 10 - 1310 feet from the North line and 2310 feet from the East line;
NW/4 NE/4 of Section 10 - 330 feet from the North line and 2310 feet from the East line;
NE/4 NE/4 of Section 10 - 330 feet from the North line and 1310 feet from the East line;
NW/4 NW/4 of Section 14 - 10 feet from the North line and 1310 feet from the West line;
NW/4 SW/4 of Section 11 - 1330 feet from the South line and 1310 feet from the West line;
NE/4 NE/4 of Section 15 - 10 feet from the North line and 10 feet from the East line;
SW/4 NE/4 of Section 10 - 2630 feet from the North line and 2310 feet from the East line;
NW/4 SW/4 of Section 11 - 2630 feet from the South line and 1310 feet from the West line;
SW/4 SE/4 of Section 10 - 1310 feet from the South line and 2010 feet from the East line;
SW/4 NE/4 of Section 14 - 1500 feet from the North line and 2300 feet from the East line;
SE/4 SW/4 of Section 11 - 1310 feet from the South line and 2310 feet from the West line;
NE/4 NW/4 of Section 14 - 1310 feet from the North line and 1330 feet from the West line, all in Township 30 North, Range 16 West.

The above wells are infill wells within a secondary recovery unit which is centered approximately 3 miles northwest of Waterflow, New Mexico.

CASE 10714: (Continued from May 6, 1993, Examiner Hearing.)

Application of Gary-Williams Company for a unit agreement and for special operating rules for drilling and producing horizontal/high angle wellbores in the Rio Puerco-Mancos Oil Pool, within said unit area, Sandoval County, New Mexico. Applicant seeks approval of the Ceja Pelon Unit Agreement for an area comprising 25,445.43 acres, more or less, of State, Federal, and fee lands in portions of Townships 20 and 21 North, Ranges 2, 3, and 4 West. Further, the applicant seeks the promulgation of special operating rules and procedures for wells drilled in the Rio Puerco-Mancos Oil Pool within the proposed Unit boundary including provisions for administrative authorization for horizontal/high angle wellbores, the 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 horizontal wellbores. The center of said Unit area is located approximately nine miles west by north of Cuba, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - MAY 6, 1993

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

Dockets Nos. 14-93 and 15-93 are tentatively set for May 20, 1993 and June 3, 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 10727: Application of Mobil Exploration & Producing U.S. Inc. for downhole commingling, Lea County, New Mexico. Applicant seeks approval to downhole commingle oil production from the South Shoe Bar-Upper Pennsylvanian Pool and South Shoe Bar-Wolfcamp Pool within the wellbores of five certain wells in the NE/4 and S/2 SE/4 of Section 1, Township 17 South, Range 35 East and in the S/2 NW/4 and N/2 SW/4 of Section 6, Township 17 South, Range 36 East. Said area is located approximately 6 miles southwest of Lovington, New Mexico.

CASE 10728: Application of Hallwood Petroleum Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant seeks approval to recomplate its F Montoya "27" Well No. 1 for production from the Basin Fruitland Coal Gas Pool at an unorthodox coal gas well location 790 feet from the South and East lines (Unit P) of Section 27, Township 32 North, Range 13 West. The S/2 of said Section 27 is to be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit for said pool. Said well is located approximately 2 miles north of La Plata, New Mexico.

CASE 10676: (Continued from April 22, 1993, Examiner Hearing.)

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 10706: (Continued from April 22, 1993, Examiner Hearing.)

Application of Richardson Operating Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying the N/2 of Section 15, Township 29 North, Range 12 West. Said unit is to be dedicated to its Ropco Fee 15-2 FC Well located at a standard location 1845 feet from the North line and 1405 feet from the East line of said Section 15. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 4 miles west of Farmington, New Mexico.

CASE 10687: (Continued from April 22, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 500 feet below the top of the San Andres formation to the base of the Morrow formation underlying the following described areas in Section 17, Township 18 South, Range 28 East, and in the following manner: the E/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; 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 Illinois Camp "17" State Well No. 2, to be drilled at a standard location within said E/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2 miles north of Illinois Camp.

CASE 10688: (Continued from April 22, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Abo formation to the base of the Morrow formation underlying the following described areas in Section 31, Township 17 South, Range 28 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; 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; and the SW/4 SE/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 unit is to be dedicated to its Chalk Bluff "31" State Well No. 1, to be drilled at a standard location within said S/2 proration unit. 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 1 mile southwest of the Baylor Triangulation Station.

CASE 10714: (Continued from April 22, 1993, Examiner Hearing.)

Application of Gary-Williams Company for a unit agreement and for special operating rules for drilling and producing horizontal/high angle wellbores in the Rio Puerco-Mancos Oil Pool, within said unit area, Sandoval County, New Mexico. Applicant seeks approval of the Ceja Pelon Unit Agreement for an area comprising 25,445.43 acres, more or less, of State, Federal, and fee lands in portions of Townships 20 and 21 North, Ranges 2, 3, and 4 West. Further, the applicant seeks the promulgation of special operating rules and procedures for wells drilled in the Rio Puerco-Mancos Oil Pool within the proposed Unit boundary including provisions for administrative authorization for horizontal/high angle wellbores, the 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 horizontal wellbores. The center of said Unit area is located approximately nine miles west by north of Cuba, New Mexico.

CASE 10715: (Continued from April 22, 1993, Examiner Hearing.)

Application of Gary-Williams Company for two non-standard oil proration units, an unorthodox oil well location, a horizontal/high angle directional drilling pilot project, special operating rules therefor, and a special temporary oil allowable, Sandoval County, New Mexico. Applicant seeks the formation of a non-standard 320-acre oil spacing and proration unit in the Rio Puerco-Mancos Oil Pool comprising the SE/4 of Section 21, the W/2 SW/4 of Section 22, the NW/4 NW/4 of Section 27, and the NE/4 NE/4 of Section 28, all in Township 21 North, Range 3 West, for the purpose of initiating a horizontal/high angle directional drilling pilot project. The applicant proposes to commence drilling vertically at an unorthodox surface oil well location 460 feet from the North line and 125 feet from the West line (Unit D) of said Section 27, kick-off at a depth of approximately 4100 feet in a northwesterly direction, build angle to approximately 90 degrees, and continue to drill horizontally in the Mancos formation for approximately 2000 feet. Further, the applicant seeks the adoption of special operating provisions for said pilot project area including the designation of a prescribed area limiting the horizontal extent of said wellbore to a target window no closer than 600 feet to the outer boundary of said proration unit and the assignment of a special oil allowable of 19,200 barrels for the 60-day period commencing the day said well is "spudded". The applicant also requests the formation of a non-standard 280-acre oil spacing and proration unit in the Rio Puerco-Mancos Oil Pool comprising the W/2 NE/4, SE/4 NE/4, and NW/4 of said Section 28, to be dedicated to its existing Tayler "28" Well No. 4 located at a standard oil well location 660 feet from the North and West lines (Unit D) of said Section 28. This area is located approximately 11 miles west of Cuba, New Mexico.

CASE 10693: (Continued from April 8, 1993, Examiner Hearing.)

Application of Pronghorn SWD System for salt water disposal, Lea County, New Mexico. Applicant seeks authority to dispose of produced salt water into the Capitan Reef formation through the perforated interval from approximately 3220 feet to 5050 feet in its Brooks Federal "7" Well No. 6 located in Unit N, Section 7, Township 20 South, Range 33 East, which is approximately 1 mile northwest of Laguna Gatuna.

The applicant further seeks to qualify said project for the recovered oil tax rate under the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said project area is centered approximately 22 miles west of Hobbs, New Mexico.

CASE 10717: **Application of Davcro Inc. for salt water disposal, Lea County, New Mexico.** Applicant seeks authority to re-enter the previously plugged and abandoned Cactus Drilling Corporation Sawyer Deep Well No. 1 located 330 feet from the South line and 2310 feet from the West line (Unit N) of Section 19, Township 9 South, Range 38 East, and utilize said well to dispose of produced salt water into the Sawyer-San Andres Associated Pool through the open-hole interval from approximately 5120 feet to 5600 feet. Said well is located approximately 4.5 miles east of Crossroads, New Mexico.

CASE 10676: (Continued from April 8, 1993, Examiner Hearing.)

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 10718: **Application of S & J Operating Company for an unorthodox oil well location, Chaves County, New Mexico.** Applicant seeks approval for an unorthodox oil well location 566 feet from the South line and 15 feet from the West line (Unit M) of Section 29, Township 11 South, Range 28 East, to test the Fusselman formation, the SW/4 SW/4 of said Section 29 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said unit is located approximately 10 miles east of Bottomless Lake State Park.

CASE 10719: **Application of Anadarko Petroleum Corporation for directional drilling and an unorthodox bottomhole gas well location, Eddy County, New Mexico.** Applicant seeks authority to directionally drill its proposed Power Federal Com Well No. 2 from a surface location 1400 feet from the South line and 660 feet from the East line (Unit I) of Section 26, Township 17 South, Range 30 East, in such a manner as to bottom the well in the Cedar Lake-Morrow Gas Pool at an unorthodox subsurface gas well location within 75 feet of a point 660 feet from the South and East lines (Unit P) of said Section 26. The E/2 of said Section 26 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 3 miles east-southeast of Loco Hills, New Mexico.

CASE 10720: **Application of Meridian Oil Inc. for amendment of Division Order No. R-9702, San Juan County, New Mexico.** Applicant seeks to amend Division Order No. R-9702 in order to change the commencement point of its previously approved Black Diamond Com "20" Well No. 1 to an unorthodox surface location 120 feet from the North and West lines (Unit D) of Section 20, Township 30 North, Range 15 West, being a previously approved high angle/horizontal directional drilling pilot project located in the W/2 of said Section 20, Undesignated Horseshoe-Gallup Oil Pool. Said pilot project area is located approximately 4.75 miles northwest by north of Fruitland, New Mexico.

CASE 10721: **Application of Meridian Oil Inc. for an unorthodox gas well location and downhole commingling, San Juan County, New Mexico.** Applicant seeks approval to downhole commingle Fulcher Kutz-Pictured Cliffs Gas Pool and Basin-Fruitland Coal Gas Pool production within the wellbore of its proposed Rowley Com Well No. 500 to be drilled at an unorthodox gas well location for the Fulcher Kutz-Pictured Cliffs Gas Pool 2335 feet from the South line and 1850 feet from the West line (Unit K) of Section 7, Township 27 North, Range 10 West. Said well is to be dedicated to a standard 332.92-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool being the W/2 of Section 7 and to a standard 166.61-acre gas spacing unit for the Fulcher Kutz-Pictured Cliffs Gas Pool being the SW/4 of Section 7. The well is located approximately 10 miles south of Bloomfield, New Mexico.

- CASE 10722:** Application of Meridian Oil Inc. for downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle Fulcher-Kutz Pictured Cliffs Gas Pool and Basin-Fruitland Coal Gas Pool production within the wellbore of its proposed McAdams Well No. 500 to be drilled at a standard gas well location 790 feet from the North line and 1010 feet from the East line (Unit A) of Section 28, Township 27 North, Range 10 West. Said well is to be dedicated to a standard 320-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool being the E/2 of Section 28 and to a standard 160-acre gas spacing unit for the Fulcher Kutz- Pictured Cliffs Gas Pool being the NE/4 of Section 28. The well is located approximately 13 miles south of Bloomfield, New Mexico.
- CASE 10723:** Application of Meridian Oil Inc. for an unorthodox gas well location and downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle West Kutz-Pictured Cliffs Gas Pool and Basin-Fruitland Coal Gas Pool production within the wellbore of its proposed Whitley "A" Well No. 100 to be drilled at an unorthodox gas well location for the West Kutz-Pictured Cliffs Gas Pool 2010 feet from the South line and 1090 feet from the West line (Unit L) of Section 17, Township 27 North, Range 11 West. Said well is to be dedicated to a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool being the W/2 of Section 17 and to a standard 160-acre gas spacing unit for the West Kutz-Pictured Cliffs Gas Pool being the SW/4 of Section 17. The well is located approximately 10 miles south of Bloomfield, New Mexico.
- CASE 10724:** Application of Meridian Oil Inc. for an unorthodox gas well location and downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle West Kutz-Pictured Cliffs Gas Pool and Basin-Fruitland Coal Gas Pool production within the wellbore of its proposed Rhodes C Well No. 101 to be drilled at an unorthodox gas well location for both the West Kutz-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool, being 100 feet from the South line and 2270 feet from the West line (Unit N) of Section 30, Township 28 North, Range 11 West. Said well is to be dedicated to a standard 316.02-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool being the W/2 of Section 30 and to a standard 158.06-acre gas spacing unit for the West Kutz-Pictured Cliffs Gas Pool being the SW/4 of Section 30. The well is located approximately 7 miles south of Bloomfield, New Mexico.
- CASE 10725:** Application of Meridian Oil Inc. for an unorthodox gas well location and downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle West Kutz-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool production within the wellbore of its proposed Rhodes C Well No. 102 to be drilled at an unorthodox gas well location for the West Kutz-Pictured Cliffs Gas Pool being 790 feet from the North line and 1950 feet from the East line (Unit B) of Section 31, Township 28 North, Range 11 West. Said well is to be dedicated to a standard 317.85-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool being the N/2 equivalent of Section 31 and to a standard 160-acre gas spacing unit for the West Kutz-Pictured Cliffs Gas Pool being the NE/4 of Section 31. The well is located approximately 7 miles south of Bloomfield, New Mexico.
- CASE 10726:** In the matter of the hearing called by 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 Atoka production and designated as the Bunting Ranch-Atoka Gas Pool. The discovery well is the Mitchell Energy Corporation State "36" Well No. 1 located in Unit B of Section 36, Township 19 South, Range 21 East, NMPM. Said pool would comprise:
- TOWNSHIP 19 SOUTH, RANGE 21 EAST, NMPM
Section 36: N/2
- (b) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Diablo-Wolfcamp Gas Pool. The discovery well is the Yates Petroleum Corporation Pathfinder AFT State Well No. 6 located in Unit F of Section 21, Township 10 South, Range 27 East, NMPM. Said pool would comprise:
- TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM
Section 21: N/2
- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Laguna Salado-Morrow Gas Pool. The discovery well is the Amoco Production Company Teledyne Well No. 18 located in Unit J of Section 18, Township 23 South, Range 29 East, NMPM. Said pool would comprise:
- TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM
Section 18: S/2

CASE 10659: (Continued from March 4, 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 10676: (Continued from March 4, 1993, Examiner Hearing.)

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 10684: Application of SDX Resources, Inc. for approval of a waterflood project, Eddy County, New Mexico. Applicant seeks authority to institute a waterflood project on its proposed Leonard Federal and Leonard B Federal Lease area located in portions of Section 33, Township 17 South, Range 29 East, by the injection of produced water into the Grayburg and San Andres formations through the Leonard B Federal Well No. 1 and the Leonard Federal Well No. 3, which are to be converted from producing oil wells. Said project area is located approximately 1/2 mile southeast of Bishop, New Mexico.

CASE 10685: Application of Hanson Operating Company for statutory unitization, Eddy County, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the Shugart Yates-Seven Rivers-Queen-Grayburg Pool underlying 1111.00 acres, more or less, of Federal and fee lands comprising portions of Township 18 South, Ranges 30 and 31 East, to be designated the Shugart Waterflood Unit Area. To be considered will be those matters required by the New Mexico Statutory Unitization Act, Subsection 70-7-1, et seq., N.M.S.A., 1978, and other provisions of the unit agreement and unit operating agreement. Said unit area is located approximately 8 miles south-southeast of Loco Hills, New Mexico.

CASE 10686: Application of Hanson Operating Company, Inc. for approval of a waterflood project, Eddy County, New Mexico. Applicant seeks authority to institute a waterflood project by injection of water into the Seven Rivers, Penrose and Middle Grayburg formations in its proposed Shugart Waterflood Unit Area (Division Case No. 10685) underlying portions of Sections 25 and 26, Township 18 South, Range 30 East, and Section 30, Township 18 South, Range 31 East. Said project is located approximately 8 miles south-southeast of Loco Hills, New Mexico.

CASE 10687: Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 500 feet below the top of the San Andres formation to the base of the Morrow formation underlying the following described areas in Section 17, Township 18 South, Range 28 East, and in the following manner: the E/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; 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 Illinois Camp "17" State Well No. 2, to be drilled at a standard location within said E/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2 miles north of Illinois Camp.

DOCKET: EXAMINER HEARING - THURSDAY - MARCH 18, 1993
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO

Dockets Nos. 10-93 and 11-93 are tentatively set for April 8, 1993 and April 22, 1993. Applications for hearing must be filed at least 23 days in advance of hearing date.

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

CASE 10681: Application of MW Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Button Up Unit Agreement for an area comprising 960 acres, more or less, of State land in Sections 3 and 10, Township 9 South, Range 32 East, which is centered approximately 4 1/2 miles southeast of Button Mesa.

CASE 10574: (Continued from March 4, 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 10668: (Continued from February 18, 1993, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the NE/4 of Section 29, 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 but is not necessarily limited to the Undesignated North Dagger Draw-Upper 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 the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 8 miles west of Lakewood, New Mexico.

CASE 10682: Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks authorization to recomplete in the undesignated Delaware formation its Sueno 15 Well No. 1 which was drilled to the Strawn formation pursuant to Division Order No. R-9543 at an unorthodox location 2500 feet from the North line and 660 feet from the West line (Unit E) of Section 15, Township 22 South, Range 27 East. The NW/4 of said Section 15 is to be dedicated to said well forming a standard 160-acre gas spacing and proration unit. Said unit is located 1 mile east of Carlsbad, New Mexico.

CASE 10556: (Continued from February 18, 1993, Examiner Hearing.)

In the matter of Case 10556 being reopened pursuant to the provisions of Division Order No. R-9759, which order promulgated special pool rules and regulations for the Old Millman Ranch-Bone Spring Pool in Eddy County. Operators in said pool may appear and present evidence about the nature of the reservoir with regards to the proper classification of the pool as either oil or gas.

CASE 10683: Application of Meridian Oil Inc. for a non-standard proration and spacing unit, Lea County, New Mexico. Applicant seeks approval to establish a non-standard 160-acre proration and spacing unit in the Undesignated Rhodes Yates-Seven Rivers Gas Pool comprising the SE/4 SE/4 of Section 10 and the NE/4 NE/4 and S/2 NE/4 of Section 15, Township 26 South, Range 37 East, to be dedicated to its Gregory "B" Well No. 2 to be drilled at a standard location in Unit A of said Section 15. Said unit is located approximately 5 miles southeast of Jal, 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 Lindrith, 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-Mancoes 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 Lindrith, New Mexico.

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 Blinbery 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.