

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

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

TELEPHONE (505) 982-4285

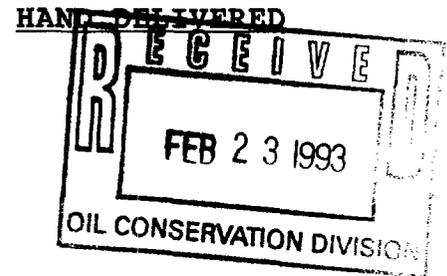
TELEFAX (505) 982-2047

JASON KELLAHIN (RETIRED 1991)

February 23, 1993

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail, Room 219
Santa Fe, New Mexico 87504

Re: Gregory "B" Well No. 2
Application of Meridian Oil Inc.
for Approval of a Non-Standard
Proration and Spacing Unit,
Rhodes Yates-Seven Rivers Gas Pool
Lea County, New Mexico



Dear Mr. LeMay:

On behalf of Meridian Oil Inc., please find enclosed our application for approval of a 160-acre non-standard proration and spacing unit to be dedicated to its Gregory "B" Well No. 2 to be drilled in Unit A of Section 15, T26S, R37E, NMPM, Lea County, New Mexico.

We request that the Application be set for hearing on the next available Examiner's docket now scheduled for March 18, 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.

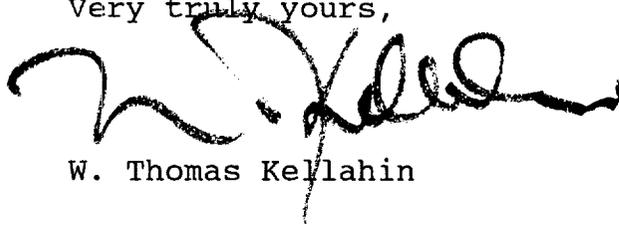
Our proposed advertisement to be used for the OCD docket and for the newspaper publication is attached.

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 Applicant, not later than 4:00 PM on Friday, March 12,

Mr. William J. LeMay
February 23, 1993
Page Two

1993. A copy of the Pre-Hearing Statement form will be sent to all parties entitled to notification as set forth in the Application

Very truly yours,

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W. Thomas Kellahin

WTK/jcl

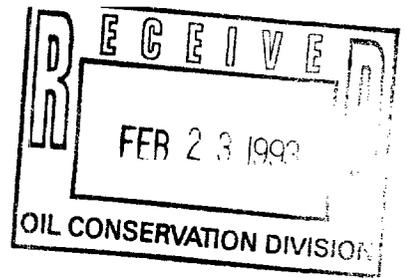
Enclosures

xc: Meridian Oil Inc. - Midland, TX

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

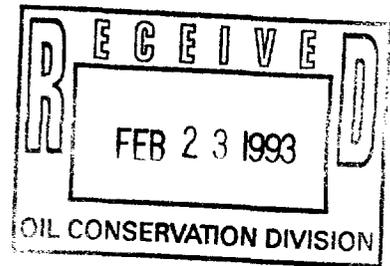
All parties shown on Exhibit "B" of Application
with Pre-Hearing Statement Form

appt223.014



Proposed notification/advertisement for OCD docket

Case 10683: Application of Meridian Oil Inc. for a 160-acre 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/4SE/4 of Section 10 and the NE/4NE/4 and S/2NE/4 of Section 15, Township 26 South, Range 37 East, NMPM, 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.



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

IN THE MATTER OF THE HEARING
CALLED BY THE DIVISION FOR THE
PURPOSES OF CONSIDERING:

CASE NO. 10683

THE APPLICATION OF MERIDIAN OIL INC.
FOR APPROVAL OF A NON-STANDARD
SPACING AND PRORATION UNIT
RHODES YATES-SEVEN RIVERS GAS POOL,
LEA COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now MERIDIAN OIL INC., by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division to establish a non-standard 160-acre proration and spacing unit in the Undesignated Rhodes Yates-Seven Rivers Gas Pool comprising the SE/4SE/4 of Section 10 and the NE/4NE/4 and S/2NE/4 of Section 15, Township 26 South, Range 37 East, NMPM, to be dedicated to its Gregory "B" Well No. 2 to be drilled at a standard location in Unit A of said Section 15.

In support thereof, Applicant states:

1. Applicant, Meridian Oil Inc., ("Meridian") is the lessee and operator of a lease, a portion of which consists of the SE/4SE/4 of Section 10 and the NE/4NE/4

and S/2NE/4 of Section 15, Township 26 South, Range 37 East, NMPM. See Exhibit A, attached hereto.

2. Meridian proposes to drill its Gregory "B" Well No. 2 at a standard location in Unit A of said Section 15.

3. Meridian proposes to dedicate a non-standard proration unit comprising the SE/4SE/4 of Section 10 and the NE/4NE/4 and S/2NE/4 of Section 15 to the subject well.

4. Meridian has attempted to form a standard 160-acre proration and spacing unit comprising the NE/4 of said Section 15 by including the NW/4NE/4 of Section 15 which is controlled by Doyle Hartman.

5. Mr. Hartman has declined to participate with Meridian in the formation of a standard spacing unit consisting of the NE/4 of Section 15.

6. The previous approval of other non-standard spacing and proration units for the pool has left Meridian's acreage in the SE/4SE/4 of Section 10 undedicated to any well in this pool.

7. With approval of this application, there will remain a 160-acre tract comprising the SE/4SW/4 and the

SW/4SE/4 of Section 10 and the NW/4NE/4 and the NE/4NW/4 of Section 15 under the control of Doyle Hartman.

* 8. The approval of the proposed non-standard proration and spacing unit will afford the opportunity to Meridian to fully dedicate its acreage to a well and will leave available to Doyle Hartman the balance of the acreage to form a 160-acre spacing and proration unit for his acreage.

9. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the hydrocarbons in the Rhodes Yates-Seven Rivers Gas Pool and will otherwise prevent waste and protect correlative rights.

10. In accordance with Division Rule 1207, Applicant has notified those affected parties who either operate spacing units adjoining the proposed unit or who have interests in acreage to be deleted from the proposed unit as set forth on Exhibit B.

Application of Meridian Oil, Inc.
Page 4

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
ATTORNEYS FOR APPLICANT

EXHIBIT "B" - One Page

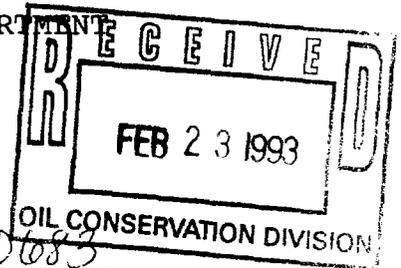
Doyle Hartman
Attn: Patrick Worrell
P. O. Box 10426
Midland, TX 79702

United Gas Search, Inc.
Attn: Rodney Ratheal
1550 Wynn Joyce
Garland, TX 75043

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

IN THE MATTER OF THE HEARING
CALLED BY THE DIVISION FOR THE
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THE APPLICATION OF MERIDIAN OIL INC.
FOR APPROVAL OF A NON-STANDARD
SPACING AND PRORATION UNIT
RHODES YATES-SEVEN RIVERS GAS POOL,
LEA COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now MERIDIAN OIL INC., by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division to establish a non-standard 160-acre proration and spacing unit in the Undesignated Rhodes Yates-Seven Rivers Gas Pool comprising the SE/4SE/4 of Section 10 and the NE/4NE/4 and S/2NE/4 of Section 15, Township 26 South, Range 37 East, NMPM, to be dedicated to its Gregory "B" Well No. 2 to be drilled at a standard location in Unit A of said Section 15.

In support thereof, Applicant states:

1. Applicant, Meridian Oil Inc., ("Meridian") is the lessee and operator of a lease, a portion of which consists of the SE/4SE/4 of Section 10 and the NE/4NE/4

and S/2NE/4 of Section 15, Township 26 South, Range 37 East, NMPM. See Exhibit A, attached hereto.

2. Meridian proposes to drill its Gregory "B" Well No. 2 at a standard location in Unit A of said Section 15.

3. Meridian proposes to dedicate a non-standard proration unit comprising the SE/4SE/4 of Section 10 and the NE/4NE/4 and S/2NE/4 of Section 15 to the subject well.

4. Meridian has attempted to form a standard 160-acre proration and spacing unit comprising the NE/4 of said Section 15 by including the NW/4NE/4 of Section 15 which is controlled by Doyle Hartman.

5. Mr. Hartman has declined to participate with Meridian in the formation of a standard spacing unit consisting of the NE/4 of Section 15.

6. The previous approval of other non-standard spacing and proration units for the pool has left Meridian's acreage in the SE/4SE/4 of Section 10 undedicated to any well in this pool.

7. With approval of this application, there will remain a 160-acre tract comprising the SE/4SW/4 and the

SW/4SE/4 of Section 10 and the NW/4NE/4 and the NE/4NW/4 of Section 15 under the control of Doyle Hartman.

8. The approval of the proposed non-standard proration and spacing unit will afford the opportunity to Meridian to fully dedicate its acreage to a well and will leave available to Doyle Hartman the balance of the acreage to form a 160-acre spacing and proration unit for his acreage.

9. Approval of the application will afford the applicant the opportunity to produce its just and equitable share of the hydrocarbons in the Rhodes Yates-Seven Rivers Gas Pool and will otherwise prevent waste and protect correlative rights.

10. In accordance with Division Rule 1207, Applicant has notified those affected parties who either operate spacing units adjoining the proposed unit or who have interests in acreage to be deleted from the proposed unit as set forth on Exhibit B.

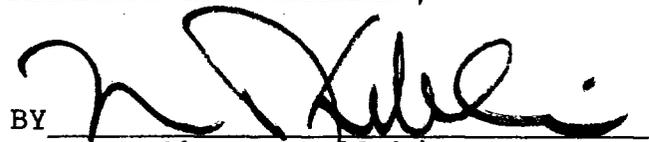
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Respectfully submitted,

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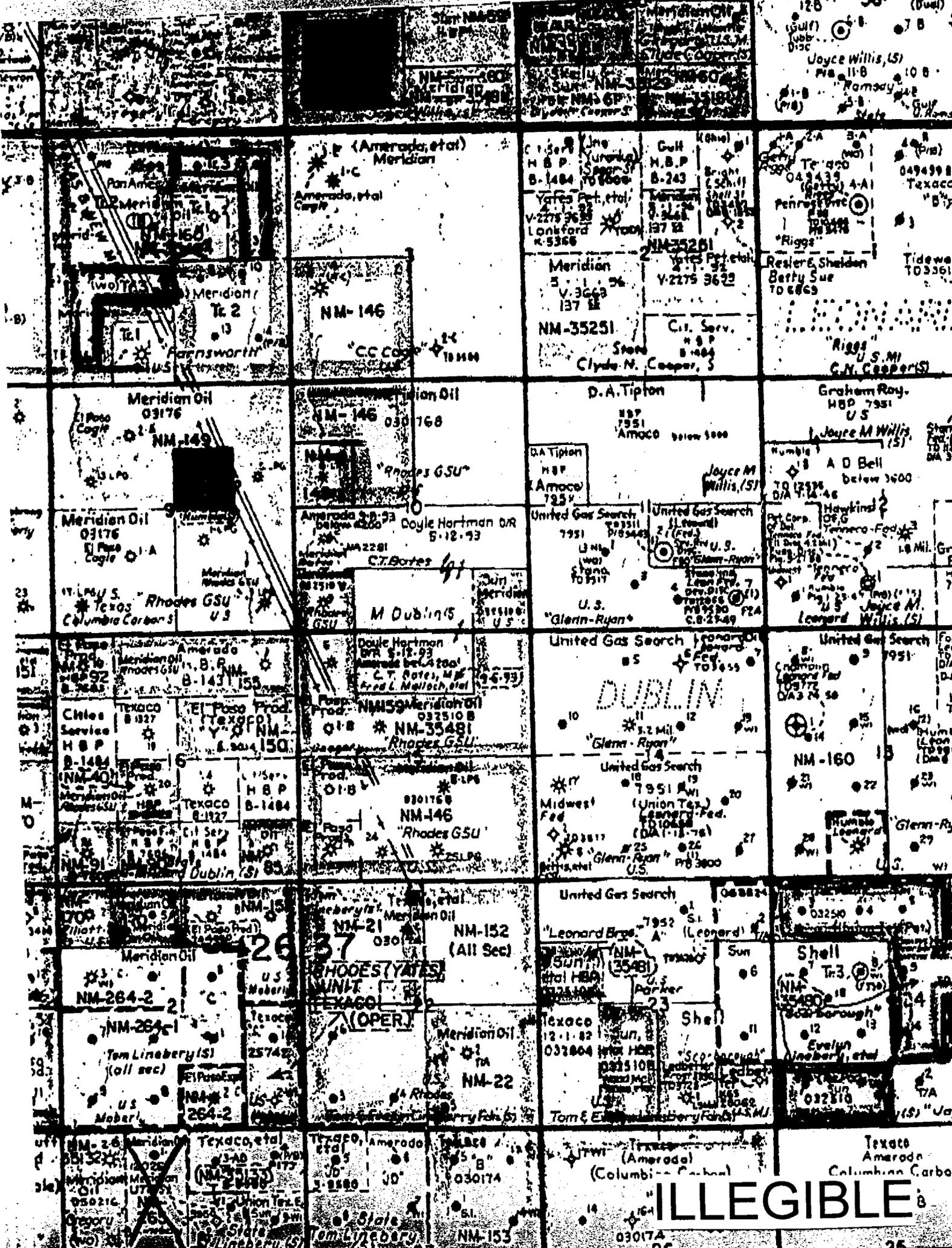
BY



A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', is written over a horizontal line.

W. Thomas Kellahin

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



ILLEGIBLE

EXHIBIT "B" - One Page

Doyle Hartman
Attn: Patrick Worrell
P. O. Box 10426
Midland, TX 79702

United Gas Search, Inc.
Attn: Rodney Ratheal
1550 Wynn Joyce
Garland, TX 75043

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JASON KELLAHIN (RETIRED 1991)

February 23, 1993

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail, Room 219
Santa Fe, New Mexico 87504

HAND DELIVERED

Re: Gregory "B" Well No. 2
Application of Meridian Oil Inc.
for Approval of a Non-Standard
Proration and Spacing Unit,
Rhodes Yates-Seven Rivers Gas Pool
Lea County, New Mexico

Case 10683

Dear Mr. LeMay:

On behalf of Meridian Oil Inc., please find enclosed our application for approval of a 160-acre non-standard proration and spacing unit to be dedicated to its Gregory "B" Well No. 2 to be drilled in Unit A of Section 15, T26S, R37E, NMPM, Lea County, New Mexico.

We request that the Application be set for hearing on the next available Examiner's docket now scheduled for March 18, 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.

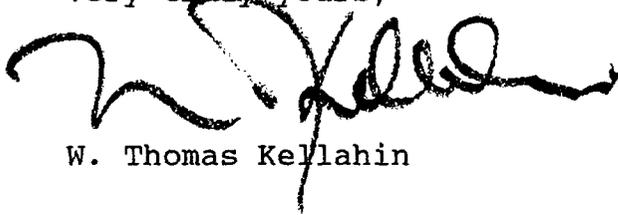
Our proposed advertisement to be used for the OCD docket and for the newspaper publication is attached.

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 Applicant, not later than 4:00 PM on Friday, March 12,

Mr. William J. LeMay
February 23, 1993
Page Two

1993. A copy of the Pre-Hearing Statement form will be sent to all parties entitled to notification as set forth in the Application

Very truly yours,

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W. Thomas Kellahin

WTK/jcl

Enclosures

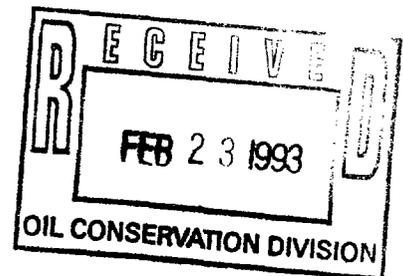
xc: Meridian Oil Inc. - Midland, TX

VIA CERTIFIED MAIL - RETURN RECEIPT REQUESTED

All parties shown on Exhibit "B" of Application
with Pre-Hearing Statement Form

Proposed notification/advertisement for OCD docket

Case _____: Application of Meridian Oil Inc. for a 160-acre 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/4SE/4 of Section 10 and the NE/4NE/4 and S/2NE/4 of Section 15, Township 26 South, Range 37 East, NMPM, 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.



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
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RHODES YATES-SEVEN RIVERS GAS POOL,
LEA COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now MERIDIAN OIL INC., by and through its attorneys, KELLAHIN and KELLAHIN, and applies to the New Mexico Oil Conservation Division to establish a non-standard 160-acre proration and spacing unit in the Undesignated Rhodes Yates-Seven Rivers Gas Pool comprising the SE/4SE/4 of Section 10 and the NE/4NE/4 and S/2NE/4 of Section 15, Township 26 South, Range 37 East, NMPM, to be dedicated to its Gregory "B" Well No. 2 to be drilled at a standard location in Unit A of said Section 15.

In support thereof, Applicant states:

1. Applicant, Meridian Oil Inc., ("Meridian") is the lessee and operator of a lease, a portion of which consists of the SE/4SE/4 of Section 10 and the NE/4NE/4

and S/2NE/4 of Section 15, Township 26 South, Range 37 East, NMPM. See Exhibit A, attached hereto.

2. Meridian proposes to drill its Gregory "B" Well No. 2 at a standard location in Unit A of said Section 15.

3. Meridian proposes to dedicate a non-standard proration unit comprising the SE/4SE/4 of Section 10 and the NE/4NE/4 and S/2NE/4 of Section 15 to the subject well.

4. Meridian has attempted to form a standard 160-acre proration and spacing unit comprising the NE/4 of said Section 15 by including the NW/4NE/4 of Section 15 which is controlled by Doyle Hartman.

5. Mr. Hartman has declined to participate with Meridian in the formation of a standard spacing unit consisting of the NE/4 of Section 15.

6. The previous approval of other non-standard spacing and proration units for the pool has left Meridian's acreage in the SE/4SE/4 of Section 10 undedicated to any well in this pool.

7. With approval of this application, there will remain a 160-acre tract comprising the SE/4SW/4 and the

SW/4SE/4 of Section 10 and the NW/4NE/4 and the NE/4NW/4 of Section 15 under the control of Doyle Hartman.

8. The approval of the proposed non-standard proration and spacing unit will afford the opportunity to Meridian to fully dedicate its acreage to a well and will leave available to Doyle Hartman the balance of the acreage to form a 160-acre spacing and proration unit for his acreage.

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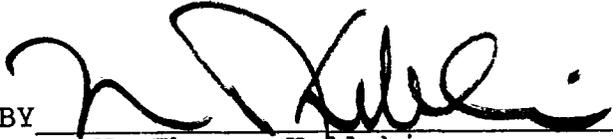
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Application of Meridian Oil, Inc.
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Respectfully submitted,

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Rhodes Yates-Seven Rivers Gas Pool
Lea County, New Mexico

Dear Mr. LeMay:

On behalf of Meridian Oil Inc., please find enclosed our application for approval of a 160-acre non-standard proration and spacing unit to be dedicated to its Gregory "B" Well No. 2 to be drilled in Unit A of Section 15, T26S, R37E, NMPM, Lea County, New Mexico.

We request that the Application be set for hearing on the next available Examiner's docket now scheduled for March 18, 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.

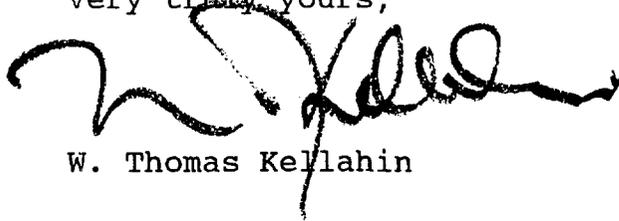
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appt223.014

Proposed notification/advertisement for OCD docket

Case _____: Application of Meridian Oil Inc. for a 160-acre 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/4SE/4 of Section 10 and the NE/4NE/4 and S/2NE/4 of Section 15, Township 26 South, Range 37 East, NMPM, 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.

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 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.