

**DOCKET: EXAMINER HEARING - THURSDAY - JULY 1, 1993**  
**8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING**  
**SANTA FE, NEW MEXICO**

Dockets Nos. 20-93 and 21-93 are tentatively set for July 15, 1993 and July 29, 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 10750:** Application of Yates Petroleum Corporation for a unit agreement, Eddy County, New Mexico. Applicant seeks approval of the Wagon Unit Agreement for an area comprising 4,844.60 acres of the State and Fee lands in portions of Townships 22 and 23 South, Ranges 22 and 23 East, which is centered approximately at the H-Bar-Y Ranch.

**CASE 10751:** Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Beartooth State Unit Agreement for an area comprising 2,468.72 acres, more or less, of State and Fee lands in Sections 22, 23, 26, 27, 34, and 35 of Township 26 South, Range 36 East, which is centered approximately 4 miles southwest of Bennett, New Mexico.

**CASE 10742:** (Continued from June 17, 1993, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill to Sunflower "AHW" Federal Well No. 2 at a unorthodox location 660 feet from the North and East lines (Unit A) of Section 31, Township 19 South, Range 24 East. The N/2 of said Section 31 is to be dedicated to the well. Applicant further requests approval of the unorthodox location as to all prospective pools of formations including but not limited to the Abo, Wolfcamp, Cisco, Canyon, Strawn, Atoka and Morrow spaced on 320-acres. Said well is located approximately 8 miles south by southeast of Antelope Sink.

**CASE 10707:** (Readvertised)

Application of Amoco Production Company for a CO<sub>2</sub> injection pilot project and an exception to Rule 4, Order No. R-8768-A, San Juan County, New Mexico. Applicant seeks approval of a CO<sub>2</sub> injection pilot project and authority for a second producing well on a 320-acre spacing unit in the Basin-Fruitland Coal Gas Pool consisting of the N/2 of Section 23, Township 30 North, Range 9 West. This project is located approximately 2 miles west of Navajo Dam.

**CASE 10747:** (Readvertised)

Application of Nearburg Producing Company for salt water disposal, Lea County, New Mexico. Applicant seeks authority to convert its M.H. Federal Well No. 1-1N located 660 feet from the South line and 1650 feet from the West line (Unit N) of Section 1, Township 22 South, Range 24 East, and utilize said well to dispose of produced salt water into the Cisco Canyon formation through the perforated interval from approximately 8219 feet to 8380 feet. Said well is located 1 mile east of Little Walt Spring.

**CASE 10541:** (Reopened - Continued from June 17, 1993, Examiner Hearing.)

In the matter of Case 10541 being reopened pursuant to the provisions of Division Order No. R-9773, which order promulgated special pool rules and regulations for the East Herradura Bend-Delaware Pool in Eddy County. Operators in said pool may appear and present evidence and show cause why the foregoing Special Rules and Regulations should remain in effect.

**CASE 10717:** (Continued from June 17, 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 10749:** (Continued from June 17, 1993, Examiner Hearing.)

Application of Devon Energy Corporation for pool creation and special pool rules, Eddy County, New Mexico. Applicant seeks the promulgation of special rules for the Ingle Wells-Delaware Pool located in portions of Sections 26 and 35 of Township 23 South, Range 31 East and in a portion of Section 2, Township 24 South, Range 31 East, including a provision for a gas-oil limitation of 5000 cubic feet of gas per barrel of oil. Said area is located approximately 2 miles west of mile marker 19 on highway 128.

**CASE 10752:** Application of Rand Oil and Gas, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Devonian formation, South Knowles-Devonian Field, underlying the E/2 SW/4 of Section 18, Township 17 South, Range 39 East, 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. Said unit is to be dedicated to a well to be drilled at a standard location 1980 feet from the North and West lines of said Section 18. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said well is located approximately 2 miles east of Knowles, New Mexico.

**CASE 10753:** Application of Capataz Operating, Inc. and Leonard Resource Investment Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Seven Rivers formation underlying the SW/4 of Section 11, Township 20 South, Range 38 East. Said unit is to be dedicated to a well to be drilled at a standard location in the SW/4 of said Section 11. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said area is located approximately 2 miles south of Nadine, New Mexico.

**CASE 10754:** Application of Meridian Oil Inc. for an unorthodox gas well location, non-standard gas proration units, and downhole commingling, Rio Arriba County, New Mexico. Applicant seeks approval to downhole commingle Pictured Cliffs formation and Basin-Fruitland Coal Gas Pool production within the wellbore of its proposed San Juan 28-4 Unit Well No. 225 to be drilled at an unorthodox gas well location for both the Pictured Cliffs formation and the Basin-Fruitland Coal Gas Pool, being 695 feet from the South line and 1375 feet from the West line (Unit N) of Section 7, Township 28 North, Range 4 West. Said well is to be dedicated to a non-standard 229.88-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool being all of irregular Section 7, and to a non-standard 114.60-acre gas spacing unit for the Pictured Cliffs formation being Lots 3, 4 and 5 and the SE/4 (SW/4 equivalent) of Section 7. The well is located approximately 4.25 miles southeast of Gobernador, New Mexico.

**CASE 10745:** (Continued from June 17, 1993, Examiner Hearing.)

Application of Meridian Oil Inc. for an unorthodox gas well location and downhole commingling, Rio Arriba County, New Mexico. Applicant seeks approval to downhole commingle Choza Mesa-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool production within the wellbore of its proposed Valdez Well No. 5 to be drilled at an unorthodox gas well "off pattern" location for the Basin-Fruitland Coal Gas Pool, being 1820 feet from the West line and 1850 feet from the North line (Unit F) of Section 16, Township 28 North, Range 4 West. Said well is to be dedicated to a standard 320-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool being the N/2 of Section 16 and to a standard 160-acre gas spacing unit for the Choza Mesa-Pictured Cliffs Gas Pool being the NW/4 of Section 16. The well is located approximately 3 miles east of Laguna Seca Mesa.

**CASE 10755:** Application of Hal J. Rasmussen Operating, Inc. for unorthodox locations and simultaneous dedication, Lea County, New Mexico. Applicant seeks authorization to drill its Eaves A Well No. 18 - 160 feet from the North line and 2173 feet from the East line of Section 30; Eaves A Well No. 19 - 1414 feet from the South line and 3190 feet from the East line of Section 19; Eaves A Well No. 20 - 2570 feet from the South line and 3538 feet from the East line of Section 19; and, Eaves B Well No. 20 - 1414 feet from the South line and 429 feet from the East line of Section 30, all in Township 26 South, Range 37 East, Scarborough Yates-Seven Rivers Pool. Applicant further proposes to simultaneously dedicate the production from said wells with the production from wells on existing proration units. Said wells are located approximately 3 miles south of Bennett, New Mexico.

**CASE 10756:** Application of Hal J. Rasmussen Operating, Inc. for unorthodox locations and simultaneous dedication, Lea County, New Mexico. Applicant seeks authorization to drill its Sholes A Well No. 9 at an unorthodox location 1300 feet from the South line and 660 feet from the East line and its Sholes A Well No. 10 at an unorthodox location 1300 feet from the North line and 660 feet from the East line of Section 24, Township 25 South, Range 36 East, Jalmat Gas Pool. Applicant further proposes to simultaneously dedicate the production from said wells with the production from wells on existing proration units. Said wells are located approximately 1 mile west of Jal, New Mexico.

**CASE 10757:** 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 Morrow formation underlying the following described acreage in Section 27, Township 21 South, Range 24 East, and in the following manner: all of Section 27 forming a standard 640-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre spacing within said vertical extent; 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. Said unit is to be dedicated to a well to be re-entered at a previously approved unorthodox location 1140 feet from the South line and 1350 feet from the West line of said Section 27. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2 miles north of Walt Spring.

**CASE 10758:** Application of Mewbourne Oil Company for an unorthodox oil well location, Eddy County, New Mexico. Applicant seeks authorization to deepen its Cedar Breaks 2 State Well No. 1 currently completed in the Bone Spring formation at a location 2130 feet from the North line and 1980 feet from the East line (Unit G) of Section 2, Township 18 South, Range 30 East, to test the Strawn formation (undesignated Cedar Lake-Strawn Pool). The NE/4 of Section 2 will be dedicated to the well. Said unit is located approximately 4 miles southeast of Loco Hill.

**CASE 10687:** (Continued from June 17, 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 June 17, 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 10759:** Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 of Section 9, Township 24 South, Range 25 East, 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. Said unit is to be dedicated to its Mosley Canyon 9 State Com Well No. 1, to be drilled at an orthodox location within said N/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 the operator of the well and a charge for risk involved in drilling and completing said well. Said well is located approximately 4 miles north of White City.

**CASE 10760:** Application of Breck Operating Corporation for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the W/2 of Section 20, Township 28 North, Range 10 West, forming a standard 320-acre gas spacing and proration unit for said pool developed within said vertical extent. Said unit is to be dedicated to its Kutz-Government Well No. 9, recompleted at an approved unorthodox location within said W/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 the operator of the well and a charge for risk involved in drilling and completing said well. Said well is located approximately 5 miles southeast of Bloomfield, New Mexico.

**CASE 10761:** Application of Mewbourne Oil Company for statutory unitization, Lea County, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the Querecho Plains-Upper Bone Spring Pool underlying 2,400 acres, more or less, of federal land comprising all or portions of Sections 13, 14, 22, 23, 24, 26, 27 and 28, Township 18 South, Range 32 East, to be designated the Querecho Plains Bone Spring Unit Area. To be considered will be those matters required by the New Mexico Statutory Unitization Act, Sections 70-7-1 et. seq. NMSA (1987 Repl.), and other provisions of the Unit Agreement and Unit Operating Agreement. Said unit area is centered approximately 8 miles south of Maljamar, New Mexico.

**CASE 10762:** Application of Mewbourne Oil Company for a waterflood project and qualification for the recovered oil tax rate, Lea County, New Mexico. Applicant seeks approval of its Querecho Plains Bone Spring Waterflood Project by injection of water into the Querecho Plains-Upper Bone Spring Pool at pressures in excess of .2 psi per foot of depth through 15 injection wells located in Township 18 South, Range 32 East as follows: Section 13 - S/2 SW/4; Section 14 - SE/4; Section 22 - E/2 SE/4, SW/4 SE/4; Section 23 - All; Section 24 - W/2 NW/4, SW/4 SW/4; Section 26 - N/2; Section 27 - All; and Section 28 - E/2. The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within said area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said waterflood operations. Applicant further seeks to qualify this project for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said area of interest is located approximately 8 miles south of Maljamar, New Mexico.

**CASE 10513:** (Continued from June 17, 1993, Examiner Hearing.)

Application of Hanley Petroleum Inc. for determination of reasonable well costs, Lea County, New Mexico. Applicant, in the above-styled cause, as a working interest owner in the Santa Fe Energy Operating Partners, L.P. Kachina "8" Federal Well No. 2 located 1830 feet from the North line and 660 feet from the West line (Unit E) of Section 8, Township 18 South, Range 33 East, South Corbin-Wolfcamp Pool, which was drilled pursuant to the compulsory pooling provisions of Division Order Nos. R-9480, R-9480-A, and R-9480-B, all entered in Case Nos. 10211 and 10219, and to which is dedicated the W/2 NW/4 (Units D and E) of said Section 8, seeks an order ascertaining the reasonableness of actual well costs for the subject well. Said unit is located approximately 7.5 miles southeast by south of Maljamar, New Mexico.