

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 12, 1993  
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

Dockets Nos. 25-93 and 26-93 are tentatively set for August 26, 1993 and September 9, 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 10785:** Application of Merrion Oil & Gas Corporation for a unit agreement, Sandoval County, New Mexico. Applicant seeks approval of the Hagan Unit Agreement for an area comprising 16,621.58 acres of Federal, State and Fee lands in portions of Townships 13 and 14 North, Range 6 East, which is centered approximately 10 miles east of Algodones, New Mexico.

**CASE 10786:** Application of Merrion Oil & Gas Corporation for a unit agreement, Sandoval County, New Mexico. Applicant seeks approval of the Blackshare Unit Agreement for an area comprising 5,917.78 acres, more or less, of Federal, State and Fee lands in portions of Townships 13 and 14 North, Range 6 East, which is centered approximately 7 miles west by south of Madrid, New Mexico.

**CASE 10787:** Application of Merrion Oil & Gas Company for an unorthodox oil well location, McKinley County, New Mexico. Applicant seeks approval of an unorthodox oil well location in the Ojo Encino Entrada Oil Pool for its proposed High Hopes Well No. I to be drilled 1220 feet from the North line and 1300 feet from the East line (Unit A) of Section 28, Township 20 North, Range 5 West. Said unit is located approximately 1 mile southwest of Ojo Encino Trailer School.

**CASE 10788:** Application of Nearburg Producing Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation, underlying the E/2 of Section 2, Township 22 South, Range 24 East, forming a standard 320-acre oil spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the undesignated South Indian Basin-Upper Pennsylvanian Pool created in Division Case No. 10748. Said unit is to be dedicated to a well to be drilled at an orthodox 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 the operator of the well and a charge for risk involved in drilling said well. Said well is located near Little Walt Spring.

**CASE 10789:** Application of Bright & Company for approval of a second well in a high angle/horizontal directional drilling pilot project, an unorthodox surface oil well location, and special operating rules therefor, Sandoval County, New Mexico. Applicant seeks to drill a second high angle/horizontal well in the Rio Puerco-Mancos Oil Pool within its high angle/horizontal directional drilling pilot project previously approved by Division Order No. R-9676 by commencing its Cuba Mesa Unit 35 Well No. 2 at an unorthodox surface location 1010 feet from the South line and 820 feet from the West line (Unit M) of Section 35, Township 21 North, Range 2 West, drill vertically to a depth of approximately 3539 feet, kick-off in a north-northwesterly direction, build angle up to approximately 87.25 degrees, drill horizontally for approximately 3613 feet, and bottom said wellbore at a location approximately 660 feet from the North line and 660 feet from the West line of said Section 35. Said well is to be dedicated to the W/2 of said Section 35 forming a standard 320-acre oil spacing and proration unit for said pool. Applicant requests a special oil allowable of 19,200 barrels for the 60-day period commencing the day the well is spudded, and an additional allowable of 320 barrels of oil per day for the well after completion. Applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 660 foot setback from the outer boundary of the assigned spacing unit. Said unit is located approximately 3.5 miles west by south of Cuba, New Mexico.

**CASE 10687:** (Continued from July 15, 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 10767:** (Continued from July 29, 1993, Examiner Hearing.)

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 Cisco/Canyon formation underlying all of Section 5, Township 22 South, Range 24 East, 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. Said unit is to be dedicated to its reentry of the Discovery Operating Walt Canyon 5 Fed Well No. 1 at a standard location in said Section 5. Also to be considered will be the cost of reentering 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 reentering and completing said well. Said well is located approximately 2 miles south of the Tepee.

**CASE 10790:** Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface through the Morrow formation, underlying the S/2 of Section 2, Township 22 South, Range 24 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 Androcles "AND" State Com Well No. 1 located 1980 feet from the South and East lines of said Section 2. 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 just east of Little Walt Spring.

**CASE 10763:** (Continued from July 29, 1993, Examiner Hearing.)

Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Sanmal Queen Unit Agreement for an area comprising 440 acres, more or less, of State land in Sections 1 and 12, Township 17 South, Range 33 East, which is centered approximately 3 miles north of Buckeye, New Mexico.

**CASE 10764:** (Continued from July 29, 1993, Examiner Hearing.)

Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Saffron Unit Agreement for an area comprising 1,396.01 acres, more or less, of Federal and State lands in Sections 1, 2 and 3 of Township 23 South, Range 32 East, which is located approximately 24 miles west of Eunice, New Mexico.

**CASE 10791:** (This case will be continued to August 26, 1993, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its Beauregard ANP State Com Well No. 1 to the Morrow formation, Illinois Camp-Morrow Gas Pool, at an unorthodox gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 14, Township 18 South, Range 27 East. The E/2 of said Section 14 is to be dedicated to the well. Applicant further requests approval of the unorthodox location as to all prospective pools or formations including but not limited to the Morrow spaced on 320 acres. Said well is located approximately 4 miles northeast of Illinois Camp.

**CASE 10792:** Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its Yerba AMY Fed Com Well No. 1 at an unorthodox gas well location 1650 feet from the North line and 1580 feet from the West line (Unit F) of Section 14, Township 21 South, Range 24 East. Applicant further requests approval of the unorthodox location as to all prospective pools or formations including but not limited to the Wolfcamp, Cisco, Canyon, Strawn, Atoka and Morrow formations. Said well is located approximately 12 miles west by Northwest of Carlsbad, New Mexico.