

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

October 3, 1994

W. THOMAS KELLAHIN*

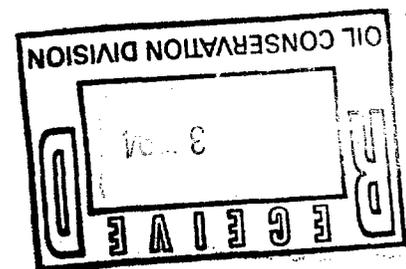
*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

HAND DELIVERED

Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
310 Old Santa Fe Trail, Room 219
P. O. Box 2088
Santa Fe, New Mexico 87501



Re: *Morris 26 F Well No. 2*
N/2 Section 26, T19S, R25E, NMPM
Application of Nearburg Exploration Company
to Reopen Case 10997 and to Amend Order R-10150
to substitute a new unorthodox gas well location
for the previously approved unorthodox gas well location,
Eddy County, New Mexico

Dear Mr. Stogner:

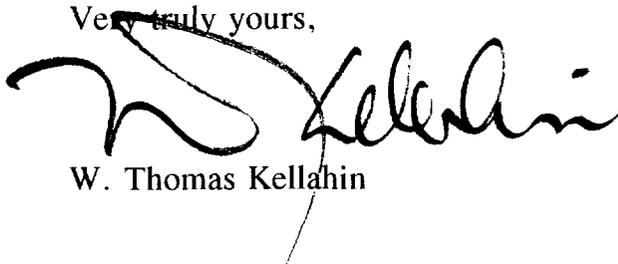
On behalf of Nearburg Exploration Company, please find enclosed our referenced which we request be set for hearing on the Examiner's docket now scheduled for October 27, 1994. Also enclosed is our proposed notice of publication for this case.

By copy of this letter, including the application, to all affected 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.

Oil Conservation Division
October 3, 1994
Page 2.

Pursuant to the Division's Memorandum 2-90, all interested parties are hereby informed that if they appear in the case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 pm on Friday, October 21, 1994, with a copy delivered to the undersigned.

Very truly yours,

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

W. Thomas Kellahin

Enclosure

cc: Nearburg Producing Company

cc: BY CERTIFIED MAIL-RETURN RECEIPT REQUESTED
to all parties listed in application

CASE ¹⁰⁹⁹⁷: Application of Nearburg Exploration Company to reopen Case 10997 and to amend Order R-10150, Eddy County, New Mexico. Applicant, in the above styled cause, seeks to amend Division Order R-10150 entered on July 14, 1994 for the purpose of substituting a new unorthodox gas well location at 2310 feet FNL and 2310 feet FWL (Unit F) Section 26, Township 10 South, Range 25 East, NMPM, for the previously approved unorthodox gas well location at 1450 feet FEL and 1450 feet FNL of said Section 26 for Nearburg Producing Company's proposed Morris 26F Well No. 2 to be drilled in accordance with the referenced compulsory pooling order which pooled all non-participating royalty interests for any production from the surface to the base of the Morrow formation and all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the N/2 of Section 26, T19S, R25E, NMPM, Eddy County, New Mexico, forming a 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 Undesignated Cemetery-Morrow Gas Pool.

Said unit is located approximately 9 miles west-northwest from Lakewood, New Mexico.

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

IN THE MATTER OF THE APPLICATION OF
NEARBURG EXPLORATION COMPANY TO REOPEN
CASE 10997 AND TO AMEND ORDER R-10150
TO SUBSTITUTE A NEW UNORTHODOX GAS WELL
LOCATION FOR THE PREVIOUSLY APPROVED
UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

CASE NO. 10997 (Reopened)

APPLICATION

Comes now NEARBURG EXPLORATION COMPANY, by its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division to reopen NMOCD Case 10150 and to amend Division Order R-10150 entered on July 14, 1994 for the purpose of substituting a new unorthodox gas well location at 2310 feet FNL and 2310 feet FWL (Unit F) Section 26, Township 10 South, Range 25 East, NMPM, for the previously approved unorthodox gas well location at 1450 feet FEL and 1450 feet FNL of said Section 26 for Nearburg Producing Company's proposed Morris 26F Well No. 2 to be drilled in accordance with the referenced compulsory pooling order which pooled all non-participating royalty interests for any production from the surface to the base of the Morrow formation and all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the N/2 of Section 26, T19S, R25E, NMPM, Eddy County, New Mexico, forming a 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 Undesignated Cemetery-Morrow Gas Pool.

In support of its application, Nearburg Exploration Company, ("Nearburg") states:

1. Nearburg has a 93.653 % working interest ownership in the oil and gas minerals from the top of the Wolfcamp formation to the base of the Morrow formation underlying the N/2 of Section 30, T19S, R25E, NMPM, Eddy County, New Mexico.

2. The subject tract is located within one-mile of the current boundaries of the Cemetery-Morrow Gas Pool, said pool being spaced on 320-acre gas spacing and proration units pursuant to Division Order R-3194 issued effective February 15, 1967.

3. In NMOCD Case 10997 heard on June 9, 1994, Nearburg sought an order pooling all non-participating royalty interests for any production from the surface to the base of the Morrow formation and all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the N/2 of Section 26, T19S, R25E, NMPM, Eddy County, New Mexico, forming a 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 Undesignated Cemetery-Morrow Gas Pool, including the dedication of said unit is to its proposed Morris 26G Well No. 1 to be drilled and completed at an unorthodox gas well location 1450 feet from the North and East lines of said Section 26.

4. On July 14, 1994, the Division entered Order R-10150 which approved Nearburg's application in Case 10997.

5. Subsequently, Nearburg obtained new geologic data which was not available at the time of the original hearing of this matter which alters its geologic interpretation and is the basis for Nearburg seeking to amend the location for the Morris 26G Well No 1 (now to be called the Morris 26F Well No. 2) to a new unorthodox gas well location 2310 feet from the North and West Lines of said Section 26.

6. Accordingly, Nearburg seeks to reopen NMOCD Case 10150 and to amend Division Order R-10150 entered on July 14, 1994 for the purpose of substituting a new unorthodox gas well location at 2310 feet FNL and 2310 feet FWL of Section 26, Township 10 South, Range 25 East, NMPM, for the previously approved unorthodox gas well location at 1450 feet FEL and 1450 feet FNL of said Section 26 for Nearburg Producing Company's proposed Morris 26F Well No. 2 to be drilled in accordance with the referenced compulsory pooling order which pooled all non-participating royalty interests for any production from the surface to the base of the Morrow formation and all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the N/2 of Section 26, T19S, R25E, NMPM, Eddy County, New Mexico, forming a 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 Undesignated Cemetery-Morrow Gas Pool.

7. The subject well is to be drilled at an unorthodox gas well location 2310 feet from the North line and 2310 feet from the West line (Unit F) of Section 26 to test any and all formations in the pooled interval from the top of the Wolfcamp formation to the base of the Morrow formation.

8. The unorthodox location is based upon an effort to minimize the geologic risk involved in drilling this well and is at a location preferable to a standard location in the spacing unit.

9. The subject location moves towards the offsetting spacing unit operated or to be operated by Nearburg Producing Company and therefore no notice to offset operators is required.

10. Nearburg has the voluntary agreement of approximately 93.653 % of the working interest ownership of the oil & gas minerals from the top of the Wolfcamp to the base of the Morrow formation underlying the N/2 of Section 26.

11. Nearburg has proposed the subject well and its spacing unit to Anadarko Petroleum Corporation which owns the remaining 6.347% working interest.

12. Subsequent to the entry of Order R-10150, Anadarko Petroleum Corporation elected to participate on a voluntary basis by joining in the drilling of the well at its original location. Nearburg will afford Anadarko Petroleum Corporation the opportunity to make a "new election" because of the change in well location. However, in the event Anadarko Petroleum Corporation either fails to elect or objects to the new location then Nearburg requests that Anadarko Petroleum Corporation's interest be subject to the pooling order, as amended.

13. In addition, there is a non-participating royalty interest which is entitled to a $152/320$ th of $1/6$ th of $1/8$ th royalty on any and all production obtained from any formation from the surface to the base of the Morrow formation.

14. Nearburg believes that the potential owners of this non-participating royalty interest are R. T Badger individually and as executor of the estate of Brandt Badger, deceased; Birdie I. Badger, wife of R. T. Badger; Bettie J. Badger, a widow, individually and as executrix of the estate of W. H. Badger, deceased; and Margaret Badger, widow of Brandt Badger, deceased.

15. Despite its good faith effort, Nearburg has been unable to locate any of these parties who may be entitled to this royalty interest and requests that the Division authorize the pooling of this interest.

16. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Nearburg needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

17. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled listed as listed in this application and to those operators towards whom the subject location encroaches as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for October 27, 1994.

WHEREFORE, Nearburg, as applicant, requests that this application be set for hearing on October 27, 1994 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order amending Order R-10150 pooling the mineral interest described in this spacing unit for the drilling of the subject well at the proposed amended unorthodox gas well location upon terms and conditions which include:

- (1) Nearburg Producing Company be named operator;
- (2) Approval of the amended unorthodox gas well location;
- (3) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (4) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;
- (5) Provision for overhead rates of \$6,000 per month drilling and \$600 per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;

NMOCD Application
Nearburg Exploration Company
Page 6

(6) Provisions pooling any non-participating royalty interests
owners; and

(7) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name and address below.

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

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W. THOMAS KELLAHIN*

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RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

October 17, 1994

HAND DELIVERED

10861 21

Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
310 Old Santa Fe Trail, Room 219
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: **REQUEST TO AMEND AND READVERTISE**
NMOCD Case 10997 (Reopened)
Morris 26 G Well No. 2
N/2 Section 26, T19S, R25E, NMPM
Application of Nearburg Exploration Company
to Reopen Case 10997 and to Amend Order R-10150
for the previously approved unorthodox gas well location,
Eddy County, New Mexico

Dear Mr. Stogner:

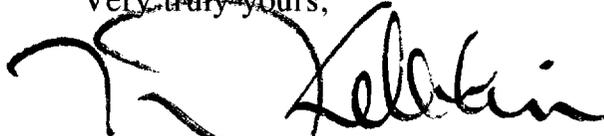
The referenced case is currently docketed for hearing on October 27, 1994. Nearburg Exploration Company has advised me that through no fault of yours or mine, the location should be 2310 feet from the East line and not the west line. Accordingly, on behalf of Nearburg Exploration Company, please continue and readvertise the referenced case so that our enclosed our First Amended Application appears for hearing on the Examiner's docket now scheduled for November 10, 1994. Also enclosed is our proposed notice of publication for this case.

Oil Conservation Division
October 17, 1994
Page 2.

By copy of this letter, including the application, to all affected 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.

Pursuant to the Division's Memorandum 2-90, all interested parties are hereby informed that if they appear in the case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 pm on Friday, November 4, 1994, with a copy delivered to the undersigned.

Very truly yours,

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

W. Thomas Kellahin

Enclosure

cc: Nearburg Producing Company

cc: BY CERTIFIED MAIL-RETURN RECEIPT REQUESTED
to all parties listed in application

CASE 10997: (Continued and Readvertised from October 27, 1994

Examiner's Hearing) Application of Nearburg Exploration Company to reopen Case 10997 and to amend Order R-10150, Eddy County, New Mexico. Applicant, in the above styled cause, seeks to amend Division Order R-10150 entered on July 14, 1994 for the purpose of substituting a new unorthodox gas well location at 2310 feet FNL and 2310 feet FEL (Unit G) Section 26, Township 10 South, Range 25 East, NMPM, for the previously approved unorthodox gas well location at 1450 feet FEL and 1450 feet FNL of said Section 26 for Nearburg Producing Company's proposed Morris 26G Well No. 2 to be drilled in accordance with the referenced compulsory pooling order which pooled all non-participating royalty interests for any production from the surface to the base of the Morrow formation and all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the N/2 of Section 26, T19S, R25E, NMPM, Eddy County, New Mexico, forming a 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 Undesignated Cemetery-Morrow Gas Pool.

Said unit is located approximately 9 miles west-northwest from Lakewood, New Mexico.

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

IN THE MATTER OF THE APPLICATION OF
NEARBURG EXPLORATION COMPANY TO REOPEN
CASE 10997 AND TO AMEND ORDER R-10150
TO SUBSTITUTE A NEW UNORTHODOX GAS WELL
LOCATION FOR THE PREVIOUSLY APPROVED
UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

CASE NO. 10997 (Reopened)

FIRST AMENDED APPLICATION

Comes now NEARBURG EXPLORATION COMPANY, by its attorneys, Kellahin & Kellahin, and applies to the New Mexico Oil Conservation Division to reopen NMOCD Case 10150 and to amend Division Order R-10150 entered on July 14, 1994 for the purpose of substituting a new unorthodox gas well location at 2310 feet FNL and 2310 feet FEL (Unit G) Section 26, Township 10 South, Range 25 East, NMPM, for the previously approved unorthodox gas well location at 1450 feet FEL and 1450 feet FNL of said Section 26 for Nearburg Producing Company's proposed Morris 26G Well No. 2 to be drilled in accordance with the referenced compulsory pooling order which pooled all non-participating royalty interests for any production from the surface to the base of the Morrow formation and all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the N/2 of Section 26, T19S, R25E, NMPM, Eddy County, New Mexico, forming a 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 Undesignated Cemetery-Morrow Gas Pool.

In support of its application, Nearburg Exploration Company, ("Nearburg") states:

1. Nearburg has a 93.653 % working interest ownership in the oil and gas minerals from the top of the Wolfcamp formation to the base of the Morrow formation underlying the N/2 of Section 30, T19S, R25E, NMPM, Eddy County, New Mexico.

2. The subject tract is located within one-mile of the current boundaries of the Cemetery-Morrow Gas Pool, said pool being spaced on 320-acre gas spacing and proration units pursuant to Division Order R-3194 issued effective February 15, 1967.

3. In NMOCD Case 10997 heard on June 9, 1994, Nearburg sought an order pooling all non-participating royalty interests for any production from the surface to the base of the Morrow formation and all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the N/2 of Section 26, T19S, R25E, NMPM, Eddy County, New Mexico, forming a 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 Undesignated Cemetery-Morrow Gas Pool, including the dedication of said unit is to its proposed Morris 26G Well No. 1 to be drilled and completed at an unorthodox gas well location 1450 feet from the North and East lines of said Section 26.

4. On July 14, 1994, the Division entered Order R-10150 which approved Nearburg's application in Case 10997.

5. Subsequently, Nearburg obtained new geologic data which was not available at the time of the original hearing of this matter which alters its geologic interpretation and is the basis for Nearburg seeking to amend the location for the Morris 26G Well No 1 (now to be called the Morris 26G Well No. 2) to a new unorthodox gas well location 2310 feet from the North and West Lines of said Section 26.

6. Accordingly, Nearburg seeks to reopen NMOCD Case 10150 and to amend Division Order R-10150 entered on July 14, 1994 for the purpose of substituting a new unorthodox gas well location at 2310 feet FNL and 2310 feet FEL of Section 26, Township 10 South, Range 25 East, NMPM, for the previously approved unorthodox gas well location at 1450 feet FEL and 1450 feet FNL of said Section 26 for Nearburg Producing Company's proposed Morris 26G Well No. 2 to be drilled in accordance with the referenced compulsory pooling order which pooled all non-participating royalty interests for any production from the surface to the base of the Morrow formation and all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the N/2 of Section 26, T19S, R25E, NMPM, Eddy County, New Mexico, forming a 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 Undesignated Cemetery-Morrow Gas Pool.

7. The subject well is to be drilled at an unorthodox gas well location 2310 feet from the North line and 2310 feet from the East line (Unit G) of Section 26 to test any and all formations in the pooled interval from the top of the Wolfcamp formation to the base of the Morrow formation.

8. The unorthodox location is based upon an effort to minimize the geologic risk involved in drilling this well and is at a location preferable to a standard location in the spacing unit.

9. The subject location moves towards the offsetting spacing unit operated or to be operated by Nearburg Producing Company and therefore no notice to offset operators is required.

10. Nearburg has the voluntary agreement of approximately 93.653 % of the working interest ownership of the oil & gas minerals from the top of the Wolfcamp to the base of the Morrow formation underlying the N/2 of Section 26.

11. Nearburg has proposed the subject well and its spacing unit to Anadarko Petroleum Corporation which owns the remaining 6.347% working interest.

12. Subsequent to the entry of Order R-10150, Anadarko Petroleum Corporation elected to participate on a voluntary basis by joining in the drilling of the well at its original location. Nearburg will afford Anadarko Petroleum Corporation the opportunity to make a "new election" because of the change in well location. However, in the event Anadarko Petroleum Corporation either fails to elect or objects to the new location then Nearburg requests that Anadarko Petroleum Corporation's interest be subject to the pooling order, as amended.

13. In addition, there is a non-participating royalty interest which is entitled to a $\frac{152}{320}$ th of $\frac{1}{6}$ th of $\frac{1}{8}$ th royalty on any and all production obtained from any formation from the surface to the base of the Morrow formation.

14. Nearburg believes that the potential owners of this non-participating royalty interest are R. T Badger individually and as executor of the estate of Brandt Badger, deceased; Birdie I. Badger, wife of R. T. Badger; Bettie J. Badger, a widow, individually and as executrix of the estate of W. H. Badger, deceased; and Margaret Badger, widow of Brandt Badger, deceased.

15. Despite its good faith effort, Nearburg has been unable to locate any of these parties who may be entitled to this royalty interest and requests that the Division authorize the pooling of this interest.

16. Pursuant to Section 70-2-17(c) NMSA (1978) and in order to obtain its just and equitable share of potential production underlying this spacing unit, Nearburg needs an order of the Division pooling the identified and described mineral interests involved in order to protect correlative rights and prevent waste.

17. In accordance with the Division's notice requirements, a copy of this application has been sent to the parties whose interest is to be pooled listed as listed in this application and to those operators towards whom the subject location encroaches as listed on Exhibit "A" notifying each of this case and of the applicant's request for a hearing of this matter before the Division on the next available Examiner's docket now scheduled for November 10, 1994.

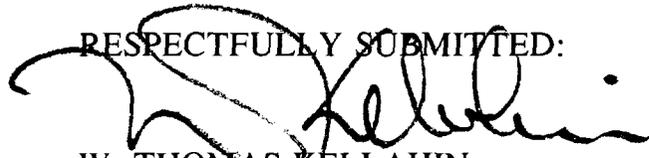
WHEREFORE, Nearburg, as applicant, requests that this application be set for hearing on November 10, 1994 before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order amending Order R-10150 pooling the mineral interest described in this spacing unit for the drilling of the subject well at the proposed amended unorthodox gas well location upon terms and conditions which include:

- (1) Nearburg Producing Company be named operator;
- (2) Approval of the amended unorthodox gas well location;
- (3) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping and operating the well;
- (4) In the event a working interest owner fails to elect to participate, then provision be made to recover out of production, the costs of the drilling, completing, equipping and operating the well, including a risk factor penalty of 200%;
- (5) Provision for overhead rates of \$6,000 per month drilling and \$600 per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS;

(6) Provisions pooling any non-participating royalty interests owners; and

(7) For such other and further relief as may be proper.

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over the typed name and address below.

W. THOMAS KELLAHIN
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285

CASE 11107: (Continued from September 29, 1994, Examiner Hearing.)

Application of Maralo, Inc. 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 Bone Spring formation, underlying the NE/4 NW/4 (Unit C) of Section 30, Township 23 South, Range 30 East, forming a standard 40-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well 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 and completing said well. Said unit is located approximately 10 miles east by south of Loving, New Mexico.

CASE 11057: (Continued from October 13, 1994, Examiner Hearing.)

Application of Mallon Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the SW/4 NW/4 of Section 27, Township 19 South, Range 34 East, 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 Mallon "27" Federal Well No. 3 to be drilled and completed at a standard oil well 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 and completing said well. Said unit is located approximately 8 miles east of Laguna Tonto, New Mexico.

CASE 10997: (Reopened)

Application of Nearburg Exploration Company to reopen Case 10997 and to amend Division Order No. R-10150, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-10150 entered on July 14, 1994 for the purpose of substituting a new unorthodox gas well location at 2310 feet from the North and West lines (Unit F) of Section 26, Township 19 South, Range 25 East, for the previously approved unorthodox gas well location at 1450 from the North and East lines (Unit G) of said Section 26 for Nearburg Producing Company's proposed Morris 26F Well No. 2 to be drilled in accordance with the referenced compulsory pooling order which pooled all non-participating royalty interests for any production from the surface to the base of the Morrow formation and all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the N/2 of said Section 26 forming a 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 Undesignated Cemetery-Morrow Gas Pool. Said unit is located approximately 9 miles west-northwest of Lakewood, New Mexico.

CASE 11125: **Application of Enron Oil & Gas Company for an unorthodox oil well location, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location in the Undesignated Red Hills-Bone Spring Pool for its Hallwood "12" Federal Well No. 9 to be drilled 1830 feet from the North line and 1650 feet from the West line (Unit F) of Section 12, Township 25 South, Range 33 East. The S/2 NW/4 of said Section 12 to be dedicated to said well to form a standard 80-acre oil spacing and proration unit for said pool. Said unit is located approximately 19 miles west by north of Jal, New Mexico.

CASE 11126: **Application of Amerada Hess Corporation for an unorthodox gas well location, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authorization to drill its North Bell Lake Federal Well No. 2 at an unorthodox gas well location 1100 feet from the South line and 1500 feet from the West line (Unit N) of Section 5, Township 23 South, Range 34 East, to test the Ellenburger formation. The W/2 of said Section 5 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 21 miles southwest of Eunice, New Mexico.

CASE 11127: **Application of Manzano Oil Corporation for an unorthodox oil well location, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authorization to drill its Manzano S.V. Sundown State Well No. 1 at an unorthodox oil well location 477 feet from the South line and 191 feet from the West line (Unit M) of Section 14, Township 10 South, Range 37 East, to test the Devonian formation, Undesignated North Echoi-Devonian Pool. The SW/4 SW/4 of said Section 14 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said unit is located approximately 17 miles northeast of Tatum, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 27, 1994
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 32-94 and 33-94 are tentatively set for November 10, 1994 and December 1, 1994. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 1111: (Continued from October 13, 1994, 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, underlying the SE/4 of Section 21, Township 19 South, Range 25 East, 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, which presently includes only the Undesignated North Dagger Draw-Upper Pennsylvanian Pool. Said unit is to be dedicated to a well to be drilled and completed at a standard location in the SW/4 SE/4 (Unit O) of said Section 21. 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 unit is located approximately 6.25 miles west by north of Lakewood, New Mexico.

CASE 10976: (Continued from September 29, 1994, Examiner Hearing.)

Application of Harvey E. Yates Company 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 Morrow formation underlying the E/2 of Section 32, Township 17 South, Range 31 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 a well to be drilled at a standard gas well 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 and completing said well. Said unit is located approximately 1.5 miles southwest of the junction of U.S. Highway 82 and State Road 529.

CASE 11123: **Application of Rand Oil & Gas, Inc. for salt water disposal, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authority to convert its Summers Well No. 1 located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 18, Township 17 South, Range 39 East, and utilize said well to dispose of produced salt water into the South Knowles-Devonian Pool through the open-hole interval from approximately 4950 feet to 8900 feet. Said well is located approximately 3 miles east of Knowles, New Mexico.

CASE 11080: (Continued from October 13, 1994, Examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling and an unorthodox gas well location, 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 Morrow formation underlying the following described areas in Section 20, Township 23 South, Range 29 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, including the Laguna Salado-Atoka Gas Pool; 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 Harroun Trust 20 Fed. Com Well No. 1, to be drilled at an unorthodox gas well location 1980 feet from the South line and 660 feet from the East line of said Section 20. 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 5 miles east of Loving, New Mexico.

CASE 11124: **Application of Conoco Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated North Dagger Draw-Upper Pennsylvanian Pool underlying the NW/4 of Section 32, Township 19 South, Range 25 East, forming a standard 160-acre oil spacing and proration unit for said pool, said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the costs 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 the risk involved in drilling and completing said well. Said unit is located approximately 10 1/2 miles west of Lakewood, New Mexico.

CASE 10991: (Continued from October 13, 1994, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Abo formation, underlying the SE 4 of Section 20, Township 6 South, Range 26 East, 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, which presently includes but is not necessarily limited to the Pecos Slope Abo Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well 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 and completing said well. Said unit is located approximately 15 miles west-northwest of Elkins, New Mexico.

CASE 1111: (Continued from October 27, 1994, 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, underlying the SE/4 of Section 21, Township 19 South, Range 25 East, 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, which presently includes only the Undesignated North Dagger Draw-Upper Pennsylvanian Pool. Said unit is to be dedicated to a well to be drilled and completed at a standard location in the SW/4 SE/4 (Unit O) of said Section 21. 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 unit is located approximately 6.25 miles west by north of Lakewood, New Mexico.

CASE 10997: (Reopened)

Application of Nearburg Exploration Company to reopen Case 10997 and to amend Division Order No. R-10150, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order to amend Division Order No. R-10150, entered on July 14, 1994, for the purpose of substituting a new unorthodox gas well location 2310 feet from the North and East lines (Unit G) of Section 26, Township 19 South, Range 25 East, for the previously approved unorthodox gas well location to be 1450 feet from the North and East lines (Unit G) of said Section 26 for Nearburg Producing Company's proposed Morris 26F Well No. 2 to be drilled in accordance with the referenced compulsory pooling order which pooled all non-participating royalty interests for any production from the surface to the base of the Morrow formation and all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the N/2 of Section 26 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, which presently includes but is not necessarily limited to the Undesignated Cemetery-Morrow Gas Pool. Said unit is located approximately 9 miles west-northwest of Lakewood, New Mexico.

CASE 11142: Application of Amerada Hess Corporation for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Dakota Pool underlying the N/2 of Section 34, Township 24 North, Range 5 West, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard gas well 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 operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 17 miles west by south of Lindrith, New Mexico.

CASE 11089: (Continued and Readvertised)

Application of Meridian Oil Inc. to contract the vertical limits of the Barker Creek-Paradox (Pennsylvanian) Pool, the amendment of Division Order No. R-46, and the concomitant creation of three gas pools each with special rules and regulations therefor, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to amend and redefine the Barker Creek-Paradox (Pennsylvanian) Pool comprising all or portions of Sections 9, 10, 11, 14, 15, 16, 17, 19, 20, 21, 22, 23, 27, 28, and 29, Township 32 North, Range 14 West, by vertically contracting the limits of said pool and the concomitant creation of three new gas pools, to include all or portions of Sections 7 through 10, 11, 14 through 23, 27 through 30, Township 32 North, Range 14 West, by dividing the balance of the Paradox formation, in the Ismay, the Desert Creek, and the Upper-Barker Creek and Akah members. Applicant further seeks the promulgation of special rules for each new pool including 160 or 320-acre spacing and well location exceptions allowing for 100 foot off-sets. Also, the special Rules and Regulations for the contracted Barker Creek-Paradox (Pennsylvanian) Pool, as promulgated by Division Order No. R-46, should include a similar provision allowing for 100 foot off-sets to the outer boundary of a spacing and proration unit. Said area is centered approximately eight miles northwest of La Plata, New Mexico.

CASE 11138: Application of Meridian Oil Inc. for downhole commingling and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Pool gas production (160.01-acre dedication comprising Lots 9 and 13 and the W/2 SE/4, being the SE/4 equivalent) with gas from the Basin-Fruitland Coal (Gas) Pool within the wellbore of its existing Martin Well No. 2 located 1650 feet from the South and East lines (Unit J) of Section 34, Township 30 North, Range 11 West. Said well location is considered to be an "off-pattern" unorthodox coal gas well location and is to be dedicated to a standard 321.87-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool comprising Lots 9 through 13, the SE/4 SW/4, and the W/2 SE/4 (S/2 equivalent) of said Section 34. Said well is located approximately 4 miles south of Aztec, New Mexico.

CASE 11139: Application of Meridian Oil Inc. for downhole commingling and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Pool gas production (160-acre, NW/4 dedication) with gas from the Basin-Fruitland Coal (Gas) Pool within the wellbore of its existing Seymour Com Well No. 1 located 990 feet from the North line and 1650 feet from the West line (Unit C) of Section 36, Township 30 North, Range 11 West. Said well location is considered to be an "off-pattern" unorthodox coal gas well location and is to be dedicated to a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool comprising the N/2 of said Section 36. Said well is located approximately 6 miles southwest of Aztec, New Mexico.

CASE 11140: Application of Meridian Oil Inc. for downhole commingling and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Pool gas production (160-acre, SE/4 dedication) with coal gas from the Basin-Fruitland Coal (Gas) Pool within the wellbore of its existing Garrett Com Well No. 1 located 1650 feet from the South line and East lines (Unit J) of Section 12, Township 29 North, Range 11 West. Said well location is considered to be an "off-pattern" unorthodox coal gas well location and is to be dedicated to a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool comprising the E/2 of said Section 12. Said well is located approximately 2 miles northeast of Bloomfield, New Mexico.

CASE 11089: (Continued from September 15, 1994, Examiner Hearing.)

Application of Meridian Oil Inc. to abolish the Barker Creek-Paradox (Pennsylvanian) Pool and the concomitant creation of five replacement gas pools each with special rules and regulations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to abolish the Barker Creek-Paradox (Pennsylvanian) Pool comprising all or portions of Sections 9, 10, 11, 14, 15, 16, 17, 19, 20, 21, 22, 23, 27, 28, and 29, Township 32 North, Range 14 West, and the concomitant creation of five replacement pools for the production of gas from five separate and distinct members of the Paradox formation. Applicant further seeks the promulgation of special rules therefor including a provision for 640-acre spacing and well location requirements. Said area is centered approximately eight miles northwest of La Plata, New Mexico.

CASE 11123: (Continued from October 27, 1994, Examiner Hearing.)

Application of Rand Oil & Gas, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to convert its Summers Well No. 1 located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 18, Township 17 South, Range 39 East, and utilize said well to dispose of produced salt water into the South Knowles-Devonian Pool through the open-hole interval from approximately 4950 feet to 8900 feet. Said well is located approximately 3 miles east of Knowles, New Mexico.

CASE 11141: Application of Marathon Oil Company for two additional high angle/horizontal wells and to amend Division Order No. R-10082, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to utilize the two existing J. M. Denton Well Nos. 4 and 6 located in Units "K" and "P", respectively, of Section 11, Township 15 South, Range 37 East by kicking-off from vertical, build angle to approximately 90 degrees with a short-radius curve and continue drilling a horizontal drainhole within the Denton-Devonian Pool. Applicant further seeks the promulgation of special rules and provisions for the applicant's J. M. Denton lease "pilot project", approved by Division Order No. R-10082, including the designation of a prescribed area limiting the horizontal displacement of any drainhole to within 330 feet from the circumventing said project area, comprising the SW/4, N/2 SE/4 and SE/4 SE/4 of said Section 11, the creation and formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, and the assignment of a special oil allowable for such non-standard oil proration units. Said project is located approximately 4.5 miles south-southeast of Prairieview, New Mexico.