

Lots Nos. 12-90 and 13-90 are tentatively set for May 2, 1990 and May 16, 1990. Applications for hearing must be filed at least 20 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 18, 1990**  
**8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,**  
**STATE LAND OFFICE BUILDING**  
**SANTA FE, NEW MEXICO**

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

CASE 9907: Application of Enron Oil & Gas 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 Atoka formation underlying the following described acreage in Section 1, Township 24 South, Range 28 East, and in the following described manner: Lots 1, 2, 3, and 4 and the S/2 N/2 (N/2 equivalent) to form a 319.36-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 either the Undesignated South Culebra Bluff-Atoka Gas Pool or Undesignated Malaga-Atoka Gas Pool); Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) to form a 159.52-acre gas spacing and proration unit for any and all formations developed on 160-acre spacing within said vertical extent; Lot 3 and the SE/4 NW/4 (E/2 NW/4 equivalent) to form a 79.80-acre oil spacing and proration unit for the Undesignated South Culebra Bluff-Bone Spring Pool which is developed on 80-acre spacing; and Lot 3 (NE/4 NW/4 equivalent) to form a 39.80-acre oil spacing and proration unit for any and all formations and/or pools developed on statewide 40-acre oil spacing (which presently includes but is not necessarily limited to either the Undesignated Malaga-Delaware Pool or Undesignated North Malaga-Delaware Pool). 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 west of Harroun, New Mexico.

CASE 9908: Application of BHP Petroleum Company, Inc. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Sunfish State Unit Agreement for an area comprising 2235.08 acres, more or less, of State and Fee lands comprising the E/2 of Section 32, Township 9 South, Range 27 East, and all of Sections 5, 7, and 8, Township 10 South, Range 27 East. Said area is located approximately 3 to 4 miles north of Mile Marker No. 173 on U.S. Highway 380.

CASE 9909: Application of Nearburg Producing Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Northwest Lovington-Pennsylvanian Pool underlying the E/2 NW/4 of Section 17, Township 16 South, Range 37 East, forming a standard 80-acre oil spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard location in the NE/4 NW/4 (Unit C) of said Section 17. 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 1.25 miles south of Mile Marker No. 4.5 on old State Highway No. 83.

CASE 9910: Application of Harvey E. Yates 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 1650 feet from the South line and 2310 feet from the West line (Unit K) of Section 24, Township 19 South, Range 34 East, to test the Undesignated Lea-Bone Spring Pool, the E/2 SW/4 of said Section 24 to be dedicated to said well forming a standard 80-acre oil spacing and proration unit for said pool. Said unit is located approximately 1/4 mile northwest of Mile Marker No. 82 on U.S. Highway 62/180.

CASE 9903: (Readvertised)

Application of Yates Petroleum Corporation for directional drilling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its proposed Gazelle "AHG" Federal Com. Well No. 1 at a surface location 2280 feet from the North line and 1180 feet from the West line (Unit E) of Section 15, Township 20 South, Range 29 East, wherein the applicant proposes to deviate said well to within 150 feet of the following targeted locations:

1. In the Strawn formation - 1815 feet from the South line and 2145 feet from the East line (Unit J) of said Section 15; wherein either the S/2 (320-acre gas unit) will be dedicated to the wellbore if the completed interval is determined to be within the East Burton Flat-Strawn Gas Pool or the NW/4 SE/4 (40-acre oil unit) would be dedicated if it is determined to be within the South Parkway-Strawn Pool; and,
2. In the Morrow formation - 1468 feet from the South line and 1573 feet from the East line (Unit J) of said Section 15 (which is an unorthodox gas well location), said well to be dedicated to the S/2 of said Section 15 forming a standard 320-acre gas spacing and proration unit for the Undesignated East Burton Flat-Morrow Gas Pool. Said well location is approximately 4 miles northwest of the junction of U.S. Highway 62/180 and New Mexico Highway 31.

CASE 9911: Application of Union Oil Company of California for a highly deviated directional drilling pilot project and unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a highly deviated directional drilling pilot project in the N/2 of Section 20, Township 27 North, Range 6 West, forming a standard 320-acre gas spacing unit in the Basin-Fruitland Coal Gas Pool by commencing its Rincon Unit Well No. 254 at a standard surface location 1581 feet from the North line and 1929 feet from the East line (Unit G) of said Section 20 and drilling to a true vertical depth of approximately 2250 feet and then commencing a medium radius curve in a westerly direction to encounter the top of the Basin-Fruitland Coal Gas Pool at a true vertical depth of approximately 2920 feet at which point the wellbore will be drilled to the base of the Basin-Fruitland Coal Gas Pool at a true vertical depth of approximately 3040 feet and then to a total depth at a true vertical depth of approximately 3100 feet with a terminus at an unorthodox bottomhole location in the NW/4 of Section 20; however, said wellbore will be no closer than 790 feet from the outer boundary of the spacing or proration unit. This unit is located approximately 10 miles southwest of Gobernador, New Mexico.

CASE 9889: (Continued from March 21, 1990, Examiner Hearing.) (This case will be dismissed.)

Application of Meridian Oil, Inc. for temporary well testing allowable for certain wells in the Parkway-Delaware Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to conduct a special 90-day flow test on selected wells in the Parkway-Delaware Pool located in all or portions of Sections 26, 35, and 36, Township 19 South, Range 29 East, and Section 31, Township 19 South, Range 30 East, for the purpose of gathering data to determine the most efficient producing rate for said pool. This subject area is located approximately 14 miles south by west of Loco Hills, New Mexico.

CASE 9439: (Reopened)

In the matter of Case 9439 being reopened pursuant to the provisions of Division Order No. R-8770 which Order promulgated temporary special pool rules and regulations including a provision for 80-acre spacing and proration units, designated well locations, and a poolwide exception to Division Rule No. 111 allowing for directional drilling or well deviations of more than five degrees in any 500-foot interval in the Vada-Devonian Pool, Lea County, New Mexico. Operators in the subject pool may appear and show cause why the temporary rules for the Vada-Devonian Pool promulgated herein should not be rescinded.

CASE 9912: Application of Conoco Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 2310 feet from the North line and 660 feet from the West line (Unit E) of Section 35, Township 16 South, Range 37 East, to test either the Undesignated Casey-Strawn Pool or Undesignated Shipp-Strawn Pool, the S/2 NW/4 of said Section 35 to be dedicated to said well forming a standard 80-acre oil spacing and proration unit for either pool. Said unit is located approximately 5.75 miles north of Humble City, New Mexico.

CASE 9913: Application of Oryx Energy Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 1046 feet from the North line and 1273 feet from the West line (Unit D) of Section 9, Township 22 South, Range 34 East, Grama Ridge-Morrow Gas Pool, the W/2 of said Section 9 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. Said well location is approximately 3 miles west of the San Simon Ranch House.

CASE 9914: Application of Oryx Energy Company for acreage rededication and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authorization to rededicate acreage for its Grama Ridge-Federal Well No. 1 located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 9, Township 22 South, Range 34 East, Grama Ridge-Morrow Gas Pool, from its present N/2 dedication to an E/2 dedication thereby making the well location unorthodox for this pool. Said unit is approximately 2.5 miles west of the San Simon Ranch House.

CASE 9915: Application of Marathon Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location for its Indian Basin Gas Com Well No. 2 to be drilled 732 feet from the South line and 1173 feet from the West line (Unit M) of Section 23, Township 21 South, Range 23 East, to test both the Indian Basin-Morrow and Indian Basin-Upper Pennsylvanian Gas Pools. All of said Section 23 is to be dedicated to the well forming a standard 640-acre oil spacing and proration unit for both pools. Said well location is approximately 1/2 mile southwest of the Marathon Oil Company Indian Basin Gas Plant.

CASE 9916: Application of Exxon Corporation for an unorthodox oil well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its Yates "C" Federal Well No. 36 to be drilled 1305 feet from the North and East lines (Unit A) of Section 31, Township 20 South, Range 28 East, Avalon-Delaware Pool. Said well is to be simultaneously dedicated with the applicant's Yates "C" Federal Well No. 4 located at a standard oil well location 660 feet from the North and East lines of said Section 31 to the existing standard 40-acre oil spacing and proration unit comprising the NE/4 NE/4 of said Section 31 (being located approximately 6 miles north of La Huerta, New Mexico.)

CASE 9917: Application of Stevens & Tull, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Yates formation to the base of the Abo formation underlying the NW/4 SE/4 of Section 23, Township 20 South, Range 38 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent, either developed on 40-acre oil spacing or having special provisions for 40-acre oil units within existing gas pools (which includes Undesignated House-San Andres Pool, Blinbry Oil and Gas Pool, Warren-Tubb Gas Pool, and Undesignated DK-Abo Pool). Said 40-acre tract 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5 miles south by east of Nadine, New Mexico.

CASE 9870: (Reopened & Readvertised)

Application of Siete Oil & Gas Corporation for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order promoting special pool rules for the Parkway-Bone Spring Pool including a provision for a limiting gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil. Said pool is located in Section 34, Township 19 South, Range 29 East and Sections 2 and 3, Township 20 South, Range 29 East, which is located approximately 5.5 miles north by west of the junction of U.S. Highway 62/180 and old New Mexico State Highway 31. The applicant also requests that said pool rules be made effective retroactive to the date of first production from the applicant's Osage Federal Well No. 13 located 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 34.

- CASE 9918: Application of Mesa Operating Limited Partnership for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 1 and 2, the S/2 NE/4 and the SE/4 (E/2 equivalent) of Section 2, Township 29 North, Range 9 West, forming a standard 320.60-acre gas spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard coal gas well location in the NE/4 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1.5 miles east of Turley, New Mexico.
- CASE 9919: Application of Mesa Operating Limited Partnership for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 1, 2, 7, 8, 9, 10, 15 and 16 (E/2 equivalent) of Section 33, Township 30 North, Range 10 West, forming a standard 317.04-acre gas spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard coal gas well location in the NE/4 of said Section 33. 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 4.5 miles northwest of Blanco, New Mexico.
- CASE 9920: Application of Sirgo Operating Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its East Pearl Queen Unit Well No. 84 to be drilled 165 feet from the South line and 10 feet from the West line (Unit M) of Section 27, Township 19 South, Range 35 East, Pearl-Queen Pool, said well to be dedicated to an existing 40-acre oil spacing and proration unit comprising the SW/4 SW/4 of said Section 27, which is presently dedicated to the East Pearl Queen Unit Well No. 35 located 990 feet from the South line and 660 feet from the West line of said Section 27. Said unit is located approximately 1/2 mile southeast of the Warren Gas Company Compressor Station.
- CASE 9921: Application of Sirgo Operating Inc. for two unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for two unorthodox oil well locations for the purpose of completing an efficient injection/production pattern within the West Pearl Queen Unit Waterflood Project: 1) the West Pearl Queen Unit Well No. 180 to be drilled 2630 feet from the South and West lines (Unit K) and 2) the West Pearl-Queen Pool Unit Well No. 192 to be drilled 1330 feet from the South and East lines (Unit J), both in Section 28, Township 19 South, Range 35 East, Pearl Queen Pool. Both wells are located approximately 1/4 mile southwest of the Warren Gas Company Compressor Station.

NOTICE                      NOTICE                      NOTICE

*Comments in Case 9018 scheduled to be heard before the Oil Conservation Commission on May 24, 1990, will be accepted by the Commission until the time of the hearing. Testimony and oral or written comments may be presented at the hearing. Said case 9018 concerns the amendment of Rule 11(b) of Order No. R-8170-A relating to overproduction limits.*