

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 the re-entering and recompletion of said well. Said unit is located approximately 3.75 miles west-northwest of the Marathon Oil Company Indian Basin Gas Plant.

CASE 9997: (Continued from August 8, 1990, Examiner Hearing.)

Application of TXO Production 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 following described acreage in Section 20, Township 19 South, Range 25 East, and in the following manner: the E/2 to form 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 North Cemetery-Atoka Gas Pool, Cemetery-Morrow Gas Pool and Undesignated Boyd-Morrow Gas Pool); the SE/4 to form 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 the Undesignated North Dagger Draw-Upper Pennsylvanian Gas Pool); and the NE/4 SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said units are to be dedicated to a single well to be drilled at a standard location 1980 feet from the South line and 660 feet from the East line (Unit I) 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 operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 7.5 miles west by north of Lakewood, New Mexico.

CASE 10038: (Continued from August 8, 1990, Examiner Hearing.)

Application of Nassau Resources, Inc. for infill drilling in the Basin-Fruitland Coal Gas Pool on its Carracas Canyon Unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Division General Rule 104.C.II., pursuant to Division Memorandum dated July 27, 1988, by instituting an infill drilling program within its Carracas Canyon Unit Area located in portions of Townships 31 and 32 North, Ranges 4 and 5 West, to drill, complete and produce a second coal gas well within an existing 320-acre gas spacing and proration unit in the Basin-Fruitland Coal (Gas) Pool. Said unitized area is located approximately 17 miles west by north of Dulce, New Mexico.

CASE 10021: (Continued and Readvertised)

Application of Meridian Oil, Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox coal gas well location for its existing Kutz Deep Test Well No. 2 located 990 feet from the South and East lines (Unit P) of Section 28, Township 28 North, Range 10 West, the E/2 of said Section 28 to be dedicated to the well to form a standard 320-acre gas spacing and proration unit for said pool. Said well is located approximately 7.25 miles south-southwest of Blanco, New Mexico.

CASE 10055: Application of Meridian Oil, Inc. for an unorthodox coal gas well location and a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox coal gas well location for its Payne Well No. 271, to be drilled 65 feet from the North line and 300 feet from the East line (Unit A) of Section 27, Township 32 North, Range 10 West, Cedar Hill-Fruitland Basal Coal Pool, Lots 1 through 8 (E/2 equivalent) of said Section 27 to be dedicated to said well to form a non-standard 305.03-acre gas spacing and proration unit for said pool. Said unit is located approximately 1.5 miles northeast of Cedar Hill, New Mexico.

CASE 10056: Application of Meridian Oil, Inc. for three non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 6 of Division Order No. R-8768 to establish three non-standard gas spacing and proration units for Basin-Fruitland Coal (Gas) Pool production in Irregular Sections 6, 7, 18, 19, and 30, Township 31 North, Range 8 West. Said row of Sections are located approximately 8.5 miles northwest of the Navajo Reservoir Dam.

CASE 10057: Application of Meridian Oil, Inc. for pool creation, special pool rules and discovery allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for the Wolfcamp formation comprising the NE/4 of Section 16, Township 18 South, Range 32 East, and the promulgation of temporary special rules therefor including a provision for 80-acre spacing and proration units and designated well location requirements. Applicant further seeks the assignment of an oil discovery allowable, pursuant to General Rule 509, to its Mitchell "16" State Well No. 1 located 1650 feet from the North line and 990 feet from the East line (Unit H) of said Section 16, which is approximately 7.5 miles south of Maljamar, New Mexico.

CASE 10058: Application of Phillips Petroleum Company for eight non-standard gas proration units and seven unorthodox coal gas well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of eight non-standard gas spacing and proration units and seven unorthodox coal gas well locations within its San Juan 32-7 Unit located in Irregular Sections 3, 4, 5, 6, 7, and 18 of Township 31 North, Range 7 West. Said area is located along the Pinos Arm of the Navajo Lake approximately 8 miles north of its Dam.

CASE 7426: (Reopened)

Application of Phillips Petroleum Company for amendment of Division Order No. R-5897 and certification of a tertiary recovery project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-5897, to include the injection of carbon dioxide in the previously authorized pressure maintenance project in the East Vacuum Grayburg-San Andres Unit, for conversion of existing injectors to water/carbon dioxide injection, and for certification to the Secretary of the IRS that the East Vacuum Grayburg-San Andres Unit Project is a qualified tertiary oil recovery project.

CASE 10059: Application of Chevron U.S.A., Inc. for the expansion of the Eunice Monument South Unit Area and for the amendment of Division Order No. R-7765, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Division Order No. R-7765, as amended by Order No. R-7765-A which statutorily unitized (for the purpose of instituting a waterflood project for the secondary recovery of oil and associated gas) all mineral interests in the Eunice Monument Pool underlying the Eunice Monument South Unit Area, which encompasses 14,189.84 acres, more or less, in portions of Townships 20 and 21 South, Ranges 36 and 37 East, to include at this time an additional 3000 acres, more or less, comprising all or portions of Sections 10, 11, 13, 14, 15, 23, and 24, Township 20 South, Range 36 East, Eunice Monument Pool. Among the matters to be considered at the hearing will be the necessity of expansion of unit operations; the determination of a fair, reasonable and equitable allocation of production and costs of production to each of the various tracts in the expanded unit area; their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations. Said expansion area is located approximately 5 miles southwest of Monument, New Mexico.

CASE 10060: Application of Chevron U.S.A., Inc. for the expansion of the Eunice Monument South Unit Waterflood Project Area and to amend Division Order No., R-7766, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to expand its Eunice Monument South Unit Waterflood Project Area, as promulgated by Division Order No. R-7766, to include all or portions of Sections 10, 11, 12, 13, 14, 15, 23 and 24, Township 20 South, Range 36 East, Eunice Monument Pool, which would make the project area continuous with its proposed expanded Eunice Monument South Unit Area, being the subject of Division Case No. 10059. Further, the applicant proposes to inject water into the Eunice Monument Pool within said expanded area through 35 wells to be converted from producing wells to injection wells and 3 new wells to be drilled as injectors. The applicant also requests that said Order No. R-7766 be amended to include any provisions necessary for such other matters as may be appropriate for said expansion and continued waterflood operations. Said area of interest is located approximately 5 miles southwest of Monument, New Mexico.

CASE 10061: Application of Chevron U.S.A., Inc. for pool extension and contraction, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the vertical extension of the upper limits of the Eunice Monument Pool to include either the top of the Grayburg formation or to a subsea datum of minus 100 feet, whichever is higher, and the concomitant amendment of the vertical limits of the Eunice Monument Gas Pool by contracting its lower limits to either the base of the Queen formation or to a subsea datum of minus 100 feet, whichever is higher, underlying the following described area which is also the proposed expanded area for the applicant's Eunice Monument South Unit Area, being the subject of Division Case No. 10059:

TOWNSHIP 20 SOUTH, RANGE 36 EAST

Section 10: E/2 E/2  
Section 11: W/2 NE/4, W/2, and SE/4  
Section 13: W/2 and S/2 SE/4  
Section 14: All  
Section 15: NE/4 NE/4  
Section 23: All  
Section 24: N/2, SW/4 and W/2 SE/4

Said area is located approximately 5 miles southwest of Monument, New Mexico.

CASE 10062: Application of OXY USA Inc. for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the Central Corbin-Queen Pool, underlying 1561.19 acres, more or less, of Federal and Fee lands comprising portions of Sections 3, 4, 8, 9, and 10, Township 18 South, Range 33 East. Said Unit is to be designated the Central Corbin Queen Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said Unit Area is located approximately 8 miles southeast of Maljamar, New Mexico.

CASE 10063: Application of OXY USA Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its proposed Central Corbin Queen Unit Area (Division Case No. 10062) located in portions of Sections 3, 4, 8, 9, and 10, Township 18 South, Range 33 East, by the injection of water into the Central Corbin Queen Pool through 12 certain wells to be converted from producing Queen oil wells to injection wells. Said area is located approximately 8 miles southeast of Maljamar, New Mexico.

CASE 10064: Application of OXY USA Inc. for pool contraction and extension, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the horizontal contraction of the Corbin-Queen Pool and the concomitant extension of the Central Corbin-Queen Pool underlying Lots 1 and 2 (N/2 NE/4 equivalent) of Section 4, Township 18 South, Range 33 East, which is located approximately 7 miles southeast by east of Maljamar, New Mexico.

CASE 8350: (Reopened) (Continued from August 8, 1990, Examiner Hearing.)

In the matter of Case 8350 being reopened pursuant to the provisions of Commission Order No. R-7745, which order promulgated temporary special rules and regulations for the Gavilan Greenhorn-Graneros-Dakota Oil Pool in Rio Arriba County, including a provision for 320-acre spacing units. Operators in said pool may appear and show cause why said pool should not be developed on 40-acre spacing units.

Dockets Nos. 23-90 and 24-90 are tentatively set for August 22, 1990 and September 5, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 8, 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:

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for September, 1990, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for September, 1990, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9961: (Continued from June 27, 1990, Examiner Hearing.)

Application of Mewbourne Oil 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 18, Township 17 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated Logan Draw-Cisco Canyon Gas Pool, Undesignated Riverside-Atoka Gas Pool, and Undesignated Logan Draw-Morrow Gas Pool. Said unit is to be dedicated to a single 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 unit is located approximately 1 mile east of Riverside, New Mexico.

CASE 10001: (Continued from July 11, 1990, Examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L. P. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from 5000 feet below the surface to the base of the Morrow formation underlying the E/2 of Section 20, Township 17 South, Range 29 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 (which presently includes but is not necessarily limited to the Undesignated North Grayburg-Atoka Gas Pool, Undesignated Grayburg-Atoka Gas Pool, Undesignated Grayburg-Morrow Gas Pool, and Undesignated South Empire-Morrow 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6.5 miles west of Loco Hills, New Mexico.

CASE 10028: Application of Bridge Oil (U.S.A.) Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 990 feet from the North line and 2310 feet from the East line (Unit B) of Section 12, Township 16 South, Range 36 East, to test the Undesignated Northeast Lovington-Pennsylvanian Pool, the N/2 NE/4 of said Section 12 to be dedicated to said well forming a standard 80-acre oil spacing and proration unit for said pool. Said location is approximately 3 miles east of Lovington, New Mexico.

CASE 10029: (This case will be dismissed.)

Application of Giant Exploration and Production Company 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 the E/2 of Section 32, Township 25 North, Range 12 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to its proposed Bisti Coal "32" Com Well No. 1 to be drilled at a standard coal gas well location in the NE/4 of said Section 32. 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 9.5 miles southwest of the B.I.A. Huerfano Community School.

CASE 10030: Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well in the Strawn formation for its existing Rose "12-A" Well No. 1, which was drilled in September, 1988 at a previously approved unorthodox gas well location for the Undesignated Boyd-Morrow Gas Pool (Division Order No. R-8752), 990 feet from the North and East lines (Unit A) of Section 12, Township 19 South, Range 25 East. Further, the N/2 of said Section 12 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit in either the Undesignated Boyd Permo-Pennsylvanian Gas Pool or Undesignated West Four Mile-Strawn Gas Pool. Said well is located approximately 5 miles northwest of Lakewood, New Mexico.

CASE 10031: Application of Nearburg Producing Company for a non-standard oil proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non-standard oil spacing and proration unit comprising the W/2 NE/4 of Section 31, Township 19 South, Range 25 East, Undesignated North Dagger Draw-Upper Pennsylvanian Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Said unit is located approximately 9 miles west by south of Lakewood, New Mexico.

CASE 10032: Application of Nearburg Producing Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 4 of the Special Rules and Regulations for the North Osudo-Morrow Gas Pool authorizing an unorthodox gas well location 990 feet from the North line and 1980 feet from the East line (Unit B) of Section 6, Township 20 South, Range 36 East, all of said Section 6 to be dedicated to said well forming a standard 637.18-acre gas spacing and proration unit for said pool. This area is located approximately 7.5 miles west by south of Monument, New Mexico.

CASE 10033: Application of Nearburg Producing Company for amendment of Division Order No. R-9168, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-9168, which order authorized the compulsory pooling of all mineral interests in the Northeast Lovington-Pennsylvanian Pool underlying the E/2 NW/4 of Section 17, Township 16 South, Range 37 East, thereby 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 oil well location in the NE/4 NW/4 (Unit C) of said Section 17, by pooling all mineral interests in the N/2 NW/4 of said Section 17 instead of the E/2 NW/4 as originally proposed. Applicant also requests that all other provisions of said Order No. R-9168 remain in full force and effect. Said unit is located approximately 1.25 miles south of Mile Marker No. 4.5 on old State Highway No. 83.

CASE 10034: Application of Nearburg Producing Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter and deepen the Mark Production Company Holston Com Well No. 1 (plugged and abandoned July 1974), located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 4, Township 20 South, Range 25 East, and utilize said wellbore to dispose of produced salt water into the Devonian formation. Said well is located approximately 4 miles west by north of Seven Rivers, New Mexico.

CASE 10035: Application of Enron Oil and Gas Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from a depth of 5000 feet to the base of the Bone Spring formation underlying the NE/4 NW/4 (Unit C) of Section 18, Township 18 South, Range 31 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 40-acre spacing, which presently includes but is not necessarily limited to the North Shugart-Bone Spring Pool and possibly the lower portion of the Shugart Yates-Seven Rivers-Queen-Grayburg 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 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 the drilling of said well. Said unit is located approximately 4.5 miles south-southwest of the junction of U.S. Highway 82 and New Mexico State Highway 529.

CASE 10036: Application of Texaco, Inc. for amendment of Division Order No. R-8170, as amended, to establish a minimum gas allowable for the Eumont Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend the "General Rules For The Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Eumont Gas Pool" as promulgated by Division Order No. R-8170, as amended, to provide for a minimum natural gas allowable for the Eumont Gas Pool for a three-year period of time equal to 600 m.c.f. of gas per day for an Acreage Factor of 1.00 or 2400 m.c.f. of gas per day for a standard Eumont 640-acre gas spacing and proration unit.

CASE 9995: (Continued from July 25, 1990, Examiner Hearing.)

Application of Sendero Petroleum, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Indian Basin-Upper Pennsylvanian Gas Pool underlying all of Section 8, Township 21 South, Range 23 East, forming a standard 640-acre gas spacing and proration unit for said pool, to be dedicated to the plugged and abandoned Santa Fe Exploration Company Indian Basin Federal Well No. 1 located at a previously authorized unorthodox gas well location (NSL-2809, dated June 7, 1990) 660 feet from the South and East lines (Unit P) of said Section 8. Also to be considered will be the cost of re-entering and recompleting 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 the re-entering and recompleting of said well. Said unit is located approximately 3.75 miles west-northwest of the Marathon Oil Company Indian Basin Gas Plant.

CASE 10037: Application of BTA Oil Producers for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates formation in the perforated interval from approximately 3,300 feet to 4,000 feet in its East Lovington "17" Well No. 1 (formerly the Harvey E. Yates Company East Lovington "17" State Well No. 1, plugged and abandoned October 1988) located 660 feet from the North line and 760 feet from the East line (Unit A) of Section 17, Township 16 South, Range 37 East, which is approximately 5 miles east by south of Lovington, New Mexico.

CASE 9997: (Continued from July 25, 1990, Examiner Hearing.)

Application of TXO Production 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 following described acreage in Section 20, Township 19 South, Range 25 East, and in the following manner: the E/2 to form 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 North Cemetery-Atoka Gas Pool, Cemetery-Morrow Gas Pool and Undesignated Boyd-Morrow Gas Pool); the SE/4 to form 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 the Undesignated North Dagger Draw-Upper Pennsylvanian Gas Pool); and the NE/4 SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said units are to be dedicated to a single well to be drilled at a standard location 1980 feet from the South line and 660 feet from the East line (Unit I) 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 operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 7.5 miles west by north of Lakewood, New Mexico.

CASE 10038: Application of Nassau Resources, Inc. for infill drilling in the Basin-Fruitland Coal Gas Pool on its Carracas Canyon Unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Division General Rule 104.C.II., pursuant to Division Memorandum dated July 27, 1988, by instituting an infill drilling program within its Carracas Canyon Unit Area located in portions of Townships 31 and 32 North, Ranges 4 and 5 West, to drill, complete and produce a second coal gas well within an existing 320-acre gas spacing and proration unit in the Basin-Fruitland Coal (Gas) Pool. Said unitized area is located approximately 17 miles west by north of Dulce, New Mexico.

Dockets Nos. 22-90 and 23-90 are tentatively set for August 8, 1990 and August 22, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 25, 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 David R. Catanach, Examiner, or Michael E. Stogner, Alternate Examiner:

CASE 9977: (Readvertised)

Application of Pacific Enterprises Oil Company (USA) for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp to the base of the Morrow formation underlying the E/2 of Section 34, Township 17 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent spaced on 320 acres, which presently includes but is not necessarily limited to the Empire-Pennsylvanian Gas Pool, said unit 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 unit is located 1/2 mile southeast of the junction of U.S. Highway 82 and New Mexico State Highway No. 360.

CASE 10010: Application of Oxy USA, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation underlying the E/2 of Section 29, Township 21 South, Range 27 East, forming a 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 La Huerta-Strawn Gas Pool, Undesignated La Huerta-Atoka Gas Pool, and East Carlsbad-Morrow Gas Pool), said unit 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 unit is located approximately 2 miles northeast of Carlsbad, New Mexico.

CASE 9998: (Continued from July 11, 1990, Examiner Hearing.)

Application of Yates Energy Corporation to amend Division Order No. R-9093, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-9093, as amended, which order compulsorily pooled all mineral interests in the Undesignated Tamano-Bone Spring Pool underlying the SE/4 SW/4 (Unit N) of Section 1, Township 18 South, Range 31 East. Applicant now seeks to include a provision within said order pooling all mineral interests in the Undesignated Tamano-San Andres Pool. Said unit is located approximately 5.5 miles south by west of New Mexico State Highway No. 529's intersection with the Lea/Eddy County line.

CASE 10011: Application of Santa Fe Energy Operating Partners, L. P. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 1980 feet from the South line and 990 feet from the West line (Unit L) of Section 27, Township 21 South, Range 32 East, to test the Undesignated Bilbrey-Morrow Gas Pool, the S/2 of said Section 27 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. Said unit location is approximately eight miles south-southeast of the junction of U.S. Highway 62/180 and New Mexico State Highway 176.

CASE 10012: Application of Santa Fe Energy Operating Partners, L. P. for compulsory pooling, non-standard gas proration unit, 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 Lots 4 through 7 and the SE/4 (S/2 equivalent) of Section 12, Township 22 South, Range 25 East, forming a non-standard 332.74-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated Catclaw Draw-Wolfcamp Gas Pool, Undesignated McKittrick Canyon-Upper Pennsylvanian Gas Pool, Undesignated Hackberry Hills-Canyon Gas Pool, Undesignated Happy Valley-Morrow Gas Pool, and Undesignated Revelation-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 1680 feet from the South line and 330 feet from the West line (Unit L) of said Section 12. 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 7 miles west of Carlsbad, New Mexico.

CASE 10013: Application of Bridge Oil Company, L. P. 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 Mississippian formation underlying the E/2 of Section 34, Township 15 South, Range 35 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing and the NE/4 of said Section 34 to form a standard 160-acre gas spacing and proration unit for all formations and or pools developed on 160-acre spacing. Both aforementioned units are to be dedicated to its Julia Culp Well No. 2 presently drilling 231 feet from the North line and 660 feet from the East line (Unit H) of said Section 34 (which is a standard gas well location for 320-acre spacing but unorthodox for 160-acre spacing). 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 3 miles northwest by west of Lovington, New Mexico.

CASE 10014: 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 directionally drill its Gazelle "AHG" Federal Well No. 2 from a surface location 1000 feet from the South line and 5 feet from the East line (Unit P) of Section 16 Township 20 South, Range 29 East, in such a manner as to penetrate the Strawn formation within 150 feet of a target point 825 feet from the North line and 2145 feet from the East line (Unit B) of Section 22, Township 20 South, Range 29 East and continue to drill in such a manner as to bottom the well in the Undesignated East Burton Flat-Morrow Gas Pool.

within 150 feet of a target point 1181 feet from the North line and 1533 feet from the East line (Unit B) of said Section 22, which is an unorthodox gas well location in said Morrow Gas Pool. The aforementioned Strawn penetration point is unorthodox if said zone is placed in the Undesignated South Parkway-Strawn Pool but is a standard gas well location if said zone is placed in the Undesignated East Burton Flat-Strawn Gas Pool. The N/2 of said Section 22 is to be dedicated to said well to form a standard 320-acre gas spacing and proration unit in both the Undesignated East Burton Flat-Strawn Gas Pool and the Undesignated East Burton Flat-Morrow Gas Pool and/or the NE/4 of said Section 22 is to be dedicated to said well to form a standard 160-acre oil spacing and proration unit in the Undesignated Parkway-Strawn Pool. Said area is located approximately 4 miles northwest of the junction of U.S. Highway 62/180 and New Mexico State Road No. 31.

CASE 9995: (Continued from July 11, 1990, Examiner Hearing.)

Application of Sendero Petroleum, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Indian Basin-Upper Pennsylvanian Gas Pool underlying all of Section 8, Township 21 South, Range 23 East, forming a standard 640-acre gas spacing and proration unit for said pool, to be dedicated to the plugged and abandoned Santa Fe Exploration Company Indian Basin Federal Well No. 1 located at a previously authorized unorthodox gas well location (NSL-2809, dated June 7, 1990) 660 feet from the South and East lines (Unit P) of said Section 8. Also to be considered will be the cost of re-entering and recompleting 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 the re-entering and recompleting of said well. Said unit is located approximately 3.75 miles west-northwest of the Marathon Oil Company Indian Basin Gas Plant.

CASE 10015: Application of Bird Creek Resources, 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 Delaware formation or to a depth of 6,300 feet, whichever is deeper, underlying the SE/4 NE/4 (Unit H) of Section 15, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 40-acre spacing, which presently includes but is not necessarily limited to the Undesignated Loving-Cherry Canyon Pool and Undesignated East Loving-Delaware 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 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 east-northeast of Loving, New Mexico.

CASE 10016: Application of Oryx Energy Company 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 Wolfcamp to the base of the Morrow formation underlying the E/2 of Section 23, Township 17 South, Range 35 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated South Shoe Bar-Atoka 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5 miles east by north of Buckeye, New Mexico.

CASE 9997: (Continued from July 11, 1990, Examiner Hearing.)

Application of TXO Production 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 following described acreage in Section 20, Township 19 South, Range 25 East, and in the following manner: the E/2 to form 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 North Cemetery-Atoka Gas Pool, Cemetery-Morrow Gas Pool and Undesignated Boyd-Morrow Gas Pool); the SE/4 to form 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 the Undesignated North Dagger Draw-Upper Pennsylvanian Gas Pool); and the NE/4 SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said units are to be dedicated to a single well to be drilled at a standard location 1980 feet from the South line and 660 feet from the East line (Unit I) 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 operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 7.5 miles west by north of Lakewood, New Mexico.

CASE 9973: (Continued from July 11, 1990, Examiner Hearing.)

Application of Manzano Oil Corporation for compulsory pooling and an unorthodox gas well location, 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 Morrow formation underlying the following described acreage in Section 14, Township 19 South, Range 33 East, and in the following described manner: the E/2 to form 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 Tonto-Atoka Gas Pool, Undesignated Quail Ridge-Morrow Gas Pool, Undesignated North Quail Ridge-Morrow Gas Pool, and Undesignated East Gem-Morrow Gas Pool) and the NE/4 to form 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 units are to be dedicated to a single well to be drilled at an unorthodox gas well location 1980 feet from the North line and 2310 feet from the East line (Unit G) of said Section 14. 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 well location is approximately 7 miles southwest by west of the old Hobbs Army Air Corps Auxiliary Airfield No. 4.

Dockets Nos. 21-90 and 22-90 are tentatively set for July 25, 1990 and August 8, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 11, 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:

- ALLOWABLE: (1) Consideration of the allowable production of gas for August, 1990, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for August, 1990, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9995: Application of Sendero Petroleum, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Indian Basin-Upper Pennsylvanian Gas Pool underlying all of Section 8, Township 21 South, Range 23 East, forming a standard 640-acre gas spacing and proration unit for said pool, to be dedicated to the plugged and abandoned Santa Fe Exploration Company Indian Basin Federal Well No. 1 located at a previously authorized unorthodox gas well location (NSL-2809, dated June 7, 1990) 660 feet from the South and East lines (Unit P) of said Section 8. Also to be considered will be the cost of re-entering and recompleting 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 the re-entering and recompletion of said well. Said unit is located approximately 3.75 miles west-northwest of the Marathon Oil Company Indian Basin Gas Plant.

CASE 9996: Application of TXO Production for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its proposed Yates Federal Well No. 16 to be drilled 2540 feet from the South line and 100 feet from the East line (Unit I) of Section 18, Township 20 South, Range 29 East, to test the Undesignated Burton-Delaware Pool. The NE/4 SE/4 of said Section 18 is to be dedicated to said well forming a standard statewide 40-acre oil spacing and proration unit for said pool. Said unit is located approximately 7.5 miles west northwest of the junction of U.S. Highway 62/180 and old New Mexico Highway 31.

CASE 9997: Application of TXO Production 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 following described acreage in Section 20, Township 19 South, Range 25 East, and in the following manner: the E/2 to form 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 North Cemetery-Atoka Gas Pool, Cemetery-Morrow Gas Pool and Undesignated Boyd-Morrow Gas Pool); the SE/4 to form 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 the Undesignated North Dagger Draw-Upper Pennsylvanian Gas Pool); and the NE/4 SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said units are to be dedicated to a single well to be drilled at a standard location 1980 feet from the South line and 660 feet from the East line (Unit I) 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 operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 7.5 miles west by north of Lakewood, New Mexico.

CASE 9973: (Continued from June 27, 1990, Examiner Hearing.)

Application of Manzano Oil Corporation for compulsory pooling and an unorthodox gas well location, 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 Morrow formation underlying the following described acreage in Section 14, Township 19 South, Range 33 East, and in the following described manner: the E/2 to form 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 Tonto-Atoka Gas Pool, Undesignated Quail Ridge-Morrow Gas Pool, Undesignated North Quail Ridge-Morrow Gas Pool, and Undesignated East Gem-Morrow Gas Pool) and the NE/4 to form 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 units are to be dedicated to a single well to be drilled at an unorthodox gas well location 1980 feet from the North line and 2310 feet from the East line (Unit G) of said Section 14. 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 well location is approximately 7 miles southwest by west of the old Hobbs Army Air Corps Auxiliary Airfield No. 4.

CASE 9950: (Continued from June 27, 1990, Examiner Hearing.)

Application of Meridian Oil, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp to the base of the Morrow formation underlying the E/2 of Section 17, Township 18 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 (which presently includes but is not necessarily limited to the Undesignated North Shugart-Atoka Gas Pool and the Undesignated North Shugart-Morrow 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5 miles south of the junction of U.S. Highway 82 and State Highway No. 3/South.

CASE 9998: Application of Yates Energy Corporation to amend Division Order No. R-9093, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-9093, as amended, which order compulsorily pooled all mineral interests in the Undesignated Tamano-Bone Spring Pool underlying the SE/4 SW/4 (Unit N) of Section 1, Township 18 South, Range 31 East. Applicant now seeks to include a provision within said order pooling all mineral interests in the Undesignated Tamano-San Andres Pool. Said unit is located approximately 5.5 miles south by west of New Mexico State Highway No. 529's intersection with the Lea/Eddy County line.

CASE 9999: Application of Mobil Producing Texas and New Mexico Inc. for dual completion and downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Bridges State Well No. 36, located 660 feet from the North and West lines (Unit D) of Section 25, Township 17 South, Range 34 East, in such a manner as to allow production from the Vacuum Grayburg-San Andres Pool and the downhole commingled production from both the Vacuum-Glorieta Pool and Vacuum-Blinebry Pool through two parallel strings of tubing. Said well is located approximately 1/2 mile west-northwest of Buckeye, New Mexico.

CASE 10000: Application of Mobil Producing Texas and New Mexico Inc. for a new waterflood project, dual completions, waterflood expansion and two unorthodox water injection well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a new waterflood project on its State Bridges Lease comprising all or portions of Sections 3, 10, 11, 12, 13, 14, 15, 23, 24, 25, 26 and 27, Township 17 South, Range 34 East, by the commingled injection of a water stream into the Vacuum-Glorieta and Vacuum-Blinebry Pools through the following six wells:

WELL NO.	FOOTAGE LOCATION	UNIT	SECTION
601 (to be drilled)	1670'FNL - 2600'FWL	N	25
602 (to be drilled)	1190'FNL - 1260'FWL	D	25
109	610'FSL - 1830'FWL	N	24
116	1880'FSL - 510'FWL	L	24
119	1980'FNL - 1780'FWL	F	24
204	660'FNL - 860'FWL	P	24

Applicant further seeks to expand its Bridges Vacuum Grayburg San Andres Waterflood Project by dually completing said Well Nos. 601 and 602 such that water injection into the Grayburg/San Andres formation will be through a second parallel string of tubing. Also, said well Nos. 109, 116, 119 and 204 are to be completed in a similar manner as to allow the injection of water into said commingled Blinebry/Glorieta injection zone and to continue injecting water into the North Vacuum Abo Pressure Maintenance Project through parallel strings of tubing. Said area is located approximately 1/2 mile northwest of Buckeye, New Mexico.

CASE 10001: Application of Santa Fe Energy Operating Partners, L. P. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from 5000 feet below the surface to the base of the Morrow formation underlying the E/2 of Section 20, Township 17 South, Range 29 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 (which presently includes but is not necessarily limited to the Undesignated North Grayburg-Atoka Gas Pool, Undesignated Grayburg-Atoka Gas Pool, Undesignated Grayburg-Morrow Gas Pool, and Undesignated South Empire-Morrow 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6.5 miles west of Loco Hills, New Mexico.

CASE 10002: Application of Bridge Oil Company, L. P. for pool creation, special pool rules, discovery allowable, and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Devonian production comprising the E/2 NE/4 of Section 34, Township 15 South, Range 35 East, and the promulgation of temporary special pool rules therefor including a provision for 80-acre spacing and designated locations. Applicant further seeks the assignment of an oil discovery allowable as allowed by General Rule 509 to the discovery well for said pool being the applicant's Julia Culp Well No. 2 located at an unorthodox oil well location for the proposed special pool rules 2310 feet from the North line and 660 feet from the East line (Unit H) of said Section 34. Said area is located approximately 3.5 miles northwest of Lovington, New Mexico.

CASE 10003: 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 the W/2 of Section 36, Township 29 North, Range 10 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to the existing FC State Com Well No. 17 located at a standard coal gas well location 1580 feet from the South line and 1335 feet from the West line (Unit K) of said Section 36. 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 2.5 miles south by west of Blanco, New Mexico.

CASE 10004: 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 the W/2 of Section 32, Township 29 North, Range 8 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to its proposed FC State Com Well No. 8 to be drilled at a standard coal gas well location in the SW/4 of said Section 32. 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 8 miles east-southeast of Blanco, New Mexico.