



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

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MEMORANDUM

TO: ALL GAS PRODUCERS, TRANSPORTERS AND PURCHASERS

FROM: WILLIAM J. LEMAY Director *WJL*  
Oil Conservation Division

SUBJECT: GAS PRORATION RULE CHANGE PROPOSALS

DATE: JULY 12, 1990

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My memorandum of June 27, 1990 forwarded to you the proposed changes to Order R-8170. Inadvertently the third page of definitions was omitted. That page is attached and you are requested to insert the page in the set previously furnished so that your set will be complete. We regret any inconvenience caused you by the omission.

This case will be continued to the September 27, 1990 hearing. The Commission will accept written comments on the proposed changes prior to the continued hearing and at the hearing will accept sworn testimony and exhibit evidence and oral or written comments.

**MARGINAL GPU:** A PRORATION UNIT WHICH IS INCAPABLE OF PRODUCING A NON-MARGINAL ALLOWABLE BASED ON POOL ALLOCATION FACTORS. MARGINAL UNITS DO NOT ACCRUE OVER-OR -UNDERPRODUCTION.

SUGGESTED CHANGE

**MARGINAL GPU :** A PRORATION UNIT WHICH IS INCAPABLE OF PRODUCING OR HAS NOT PRODUCED THE A-NON-MARGINAL ALLOWABLE BASED ON POOL ALLOCATION FACTORS. MARGINAL GPUS DO NOT ACCRUE OVER- OR UNDER-PRODUCTION.

**NON-MARGINAL GPU:** A PRORATION UNIT RECEIVING AN ALLOWABLE BASED UPON POOL ALLOCATION FACTORS. NON-MARGINAL PRORATION UNITS ACCRUE OVER-OR UNDER-PRODUCTION.

**OVERPRODUCTION:** THE VOLUME OF GAS PRODUCED ON A GPU IN ANY MONTH IN EXCESS OF THE ASSIGNED NON-MARGINAL ALLOWABLE (DOES NOT INCLUDE GAS USED IN MAINTAINING THE PRODUCING ABILITY OF THE WELL(S) OF THE GPU). OVERPRODUCTION ACCUMULATES MONTH TO MONTH DURING THE PRORATION PERIOD.

**PRORATED GAS POOL:** A PRORATED GAS POOL IS A GAS POOL IN WHICH, AFTER NOTICE AND HEARING, THE PRODUCTION IS ALLOCATED BY THE DIVISION IN ACCORDANCE WITH THESE GENERAL RULES AND ANY APPLICABLE SPECIAL POOL RULES.

**PRORATION PERIOD:** THE TWELVE-MONTH PERIOD BEGINNING APRIL 1 OF EACH YEAR SHALL BE THE GAS PRORATION PERIOD.

SUGGESTED ADD

**SHADOW ALLOWABLE:** THE GAS VOLUME CALCULATED FOR A MARGINAL GPU THAT IS EQUAL TO THE ALLOWABLE ASSIGNED TO A NON-MARGINAL GPU IN THE SAME POOL OF THE SAME A(ACREAGE) OR A AND AD(ACREAGE DELIVERABILITY) FACTORS AS THE MARGINAL GPU.

**UNDERPRODUCTION:** THE VOLUME OF ASSIGNED NON-MARGINAL ALLOWABLE NOT PRODUCED ON A GPU. UNDERPRODUCTION ACCUMULATES MONTH TO MONTH DURING THE PRORATION PERIOD.

Docket 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 Bilibrey-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 2310 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  $\frac{1}{2}$  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 top 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.

- CASE 10017: 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 Morris Well No. 1 located 1190 feet from the South line and 990 feet from the East line (Unit P) of Section 15, Township 27 North, Range 10 West, the E/2 of said Section 15 to be dedicated to a well to form a standard 320-acre gas spacing and proration unit for said pool. Said well is located approximately 10.5 miles south by west of Blanco, New Mexico.
- CASE 10018: 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 Hargrave Well No. 3 located 990 feet from the South line and 1150 feet from the East line (Unit P) of Section 16, Township 27 North, Range 10 West, the E/2 of said Section 16 to be dedicated to a well to form a standard 320-acre gas spacing and proration unit for said pool. Said well is located approximately 11 miles south-southeast of Bloomfield, New Mexico.
- CASE 10019: 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 Canyon Oil and Gas Well No. 1 located 990 feet from the South line and 1650 feet from the East line (Unit O) of Section 17, Township 28 North, Range 10 West, the S/2 of said Section 17 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 6.25 miles southwest of Blanco, New Mexico.
- CASE 10020: 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. 1 located 990 feet from the South line and 1650 feet from the East line (Unit O) of Section 21, Township 28 North, Range 10 West, the E/2 of said Section 21 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 6.5 miles southeast of Bloomfield, New Mexico.
- CASE 10021: 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 S/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 10022: 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 Feasel "A" Well No. 3 located 990 feet from the North line and 1070 feet from the West line (Unit D) of Section 34, Township 28 North, Range 10 West, the W/2 of said Section 34 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 10023: Application of BASF Corporation for a horizontal directional drilling pilot project, special operating rules therefor, non-standard oil proration unit and an unorthodox oil well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the formation of either a 120-acre non-standard oil spacing and proration unit comprising the S/2 SW/4 and SW/4 SE/4 of Section 28 or an 80-acre non-standard oil spacing and proration unit comprising the S/2 SW/4 of said Section 28, both in Township 31 North, Range 14 West, as projected into the unsurveyed Ute Mountain Indian Reservation, for the purpose of initiating a horizontal directional drilling pilot project in the Undesignated Verde-Gallup Oil Pool. The applicant proposes to utilize its Ute Mt. Tribal "28" Well No. 14, to be drilled at a surface location 1250 feet from the South line and 110 feet from the West line (Unit M) of said Section 28, to a depth of approximately 4300 feet, kick-off from vertical in an east-southeasterly direction with a medium radius curved hole and continue drilling horizontally for approximately 1000 feet bottoming said wellbore in the adjoining quarter-quarter section (Unit N). Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the horizontal displacement of the wellbore such that the well can be no closer than 70 feet to the outer boundary of its assigned spacing and proration unit and special allowable provisions for a double or triple sized oil proration unit. Said project area is located approximately 12 miles northwest by north of Farmington, New Mexico.
- CASE 10005: (Continued from July 11, 1990, Examiner Hearing.)
- Application of Estate of Thelma Ford Simmons d/b/a D. J. Simmons 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 34, Township 28 North, Range 10 West, forming a standard 320-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 34. 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 8.5 miles southeast of Bloomfield, New Mexico.
- CASE 10006: (Continued from July 11, 1990, Examiner Hearing.)
- Application of Estate of Thelma Ford Simmons d/b/a D. J. Simmons 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 33, Township 28 North, Range 10 West, forming a standard 320-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 8 miles southeast by south of Bloomfield, New Mexico.

CASE 10007: (Continued from July 11, 1990, Examiner Hearing.)

Application of Estate of Thelma Ford Simmons d/b/a D. J. Simmons 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 W/2 of Section 27, Township 28 North, Range 10 West, forming a standard 320-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 SW/4 of said Section 27. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 7.5 miles southeast of Bloomfield, New Mexico.

CASE 10024: 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 Morris Well No. 3 located 420 feet from the South line and 400 feet from the East line (Unit P) of Section 14, Township 27 North, Range 10 West, the S/2 of said Section 14 to be dedicated to said pool. Said unit is located approximately 10.5 miles south by west of Blanco, New Mexico.

CASE 10025: Application of McKenzie Methane Corporation 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 Angel Peak "14-L" Well No. 6 to be drilled 1835 feet from the South line and 640 feet from the West line (Unit L) of Section 14, Township 27 North, Range 10 West, the W/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 10.5 miles south by west of Blanco, New Mexico.

CASE 10008: (Continued from July 11, 1990, Examiner Hearing.)

Application of Doyle Hartman for a non-standard gas proration unit, 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 in the Jalmat Gas Pool underlying Lots 3 and 4, the SE/4 NW/4, and the E/2 SW/4 of Section 6, Township 24 South, Range 37 East, forming a 197.75-acre non-standard gas spacing and proration unit in the Jalmat Gas Pool to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the North line and 924 feet from the West line (Unit D) of said Section 6. 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 10 miles north-northeast of Jal, New Mexico.

CASE 10026: In the matter of the hearing called by the Oil Conservation Division on its own motion to Amend Division Order No. R-8945, as amended, Chaves County, New Mexico. The OCD seeks to amend Division Order No. R-8945, as amended, by R-8945-A, which in part created the Comanche Spring-PrePermian Gas Pool, by describing the proper acreage dedication to said pool in Section 5, Township 11 South, Range 27 East, as "all" instead of "N/2".

CASE 10027: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, establishing a discovery allowable, abolishing, contracting, and extending certain pools in Chaves and Eddy Counties, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico classified as a gas pool for Atoka production and designated as the Bear Grass Draw-Atoka Gas Pool. The discovery well is the Amoco Production Co. Empire South Deep Unit Well No. 12 located in Unit K of Section 5, Township 18 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM  
Section 5: S/2

- (b) CREATE a new pool in Chaves County, New Mexico classified as an oil pool for Devonian production and designated as the Clarks Springs-Devonian Pool. The discovery well is the Fred Pool Drig. Mesquite Tank Well No. 1 located in Unit M of Section 29, Township 11 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 11 SOUTH, RANGE 28 EAST, NMPM  
Section 29: SW/4

- (c) CREATE a new pool in Eddy County, New Mexico classified as a gas pool for Wolfcamp production and designated as the Espuela-Wolfcamp Gas Pool. The discovery well is the Yates Pet. Corp. Friendly Frenchman HB Well No. 1 located in Unit P of Section 32, Township 16 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 26 EAST, NMPM  
Section 32: N/2 S/2

- (d) CREATE a new pool in Eddy County, New Mexico classified as a gas pool for Atoka production and designated as the West Four Mile Draw-Atoka Gas Pool. The discovery well is the Hearburg Prod. Co. Ivey Com Well No. 1 located in Unit H of Section 5, Township 19 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 26 EAST, NMPM  
Section 5: N/2

- (e) CREATE a new pool in Eddy County, New Mexico classified as an oil pool for San Andres production and designated as the North Shugart-San Andres Pool. The discovery well is the Yates Energy Corp. Thornbush Federal Well No. 1 located in Unit N of Section 1, Township 18 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM  
Section 1: SW/4

In addition, a discovery allowable of 23,180 barrels of oil shall be assigned to this well. This amount is to be produced over a two year period and is over and above the daily top allowable.

- ✓ (f) ABOLISH the Rabbit Flats-PrePermian Gas Pool in Chaves County, New Mexico, consisting of the following described acreage:

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM  
Section 36: W/2

- ✓ (g) CONTRACT the Comanche Spring-PrePermian Gas Pool in Chaves County, New Mexico, by the deletion of the following described acreage:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM  
Section 36: W/2

- (h) EXTEND the Bullseye-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 28 EAST, NMPM  
Section 26: NE/4

- (i) EXTEND the East Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM  
Section 13: N/2  
Section 15: S/2

- (j) EXTEND the East Burton Flat-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM  
Section 2: S/2

- (k) EXTEND the Cabin Lake-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM  
Section 11: NE/4

- (l) EXTEND the South Carlsbad-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM  
Section 16: N/2

- (m) EXTEND the Comanche Spring-PrePermian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM  
Section 25: S/2  
Section 36: W/2

TOWNSHIP 11 SOUTH, RANGE 27 EAST, NMPM  
Section 8: N/2

- (n) EXTEND the South Culebra Bluff-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM  
Section 30: S/2

- (o) EXTEND the North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM  
Section 13: NE/4  
Section 26: N/2

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM  
Section 1: SE/4  
Section 3: N/2 and SE/4

- (p) EXTEND the Diablo-Fusselman Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM  
Section 21: N/2

- (q) EXTEND the Four Ranch-PrePermian Gas Pool in Chaves County, New Mexico, to include therein:  
TOWNSHIP 8 SOUTH, RANGE 25 EAST, NMPM  
Section 36: All
- (r) EXTEND the Hoag Tank-Morrow Gas Pool in Chaves County, New Mexico, to include therein:  
TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM  
Section 26: S/2
- (s) EXTEND the Loco Hills-Wolfcamp Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM  
Section 21: S/2  
Section 28: NE/4
- (t) EXTEND the East Loving-Delaware Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM  
Section 11: SW/4  
Section 14: NE/4  
Section 23: NE/4
- (u) EXTEND the Mosley Canyon-Strawn Gas Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 24 SOUTH, RANGE 25 EAST, NMPM  
Section 5: S/2
- (v) EXTEND the Penasco Draw San Andres-Yeso Associated Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM  
Section 10: E/2  
Section 11: All
- (w) EXTEND the Shugart Yates-Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM  
Section 3: NE/4
- (x) EXTEND the North Shugart-Bone Spring Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM  
Section 3: SE/4
- (y) EXTEND the Tamano-Bone Spring Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM  
Section 23: N/2  
Section 24: NW/4
- (z) EXTEND the Willow Lake-Bone Spring Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM  
Section 35: E/2  
Section 36: All
- (aa) EXTEND the South Wolf Lake-San Andres Pool in Chaves County, New Mexico, to include therein:  
TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM  
Section 18: NW/4