



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

MEMORANDUM

JARREY CARRUTHERS
GOVERNOR

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SANTA FE, NEW MEXICO 87504
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TO: NEW MEXICO OIL PRODUCERS

FROM: WILLIAM J. LeMAY, Director, Oil Conservation Division *WJL*

SUBJECT: REGULATORY INITIATIVES TO INCREASE NEW MEXICO'S OIL PRODUCTION

DATE: SEPTEMBER 6, 1990

In response to the crisis in the Middle East, the Secretary of the Energy has asked oil producing states to take initiatives to increase domestic oil production.

To meet the Secretary's request, the New Mexico Oil Conservation Commission has placed on the **September 24, 1990**, docket a hearing to receive comments and suggestions from the oil industry on steps which the Division or the Commission might take to increase New Mexico's oil production immediately, and in the short term (3 to 6 months) and longer time frames.

The Commission is particularly interested to learn if producers see any Oil Conservation Division regulatory impediments which hinder drilling and/or production, whether oil allowables could be increased or eliminated, without violating correlative rights or creating waste, if there are any rule changes which could promote additional oil production and suggestions from industry relating to the Energy Secretary's directive. The Commission is soliciting comments only on actions which it or the Division might take and not on legislative initiatives or actions which would necessarily have to be taken by other governmental agencies, such as the Bureau of Land Management or Internal Revenue Service.

While no order will be issued as a result of this hearing, the Commission will utilize industry input in the implementation of regulatory policy which will allow or encourage higher production levels, either from existing wells or from new developments, without causing waste or impairing correlative rights.

PROPOSED NEW RULE 1135

Each gas transporter from a prorated gas well shall give notice to the Division within 30 days of new connection, reconnection or disconnection of a well to, or from, the gathering transportation system by filing Form C-135, in duplicate, with the appropriate District office of the Division, as required by the appropriate order of the Division (Order R-8170, as amended).

PLEASE NOTE THAT THE SEPTEMBER 19, 1990, EXAMINER HEARING WILL BE HELD IN THE STATE HIGHWAY AUDITORIUM, 1120 CERRILLOS ROAD, SANTA FE, NEW MEXICO.

DOCKET NO. 26-90

Dockets Nos. 28-90 and 29-90 are tentatively set for October 3, 1990 and October 17, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 19, 1990

**8:15 A.M. - STATE HIGHWAY AUDITORIUM, 1120 CERRILLOS ROAD,
SANTA FE, NEW MEXICO**

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

CASE 10089: Application of Merrion Oil & Gas Corporation to amend the special rules and regulations for the Dufers Point Gallup-Dakota Oil Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a revision of the special rules and regulations for the Dufers Point Gallup-Dakota Oil Pool, as promulgated by Division Order No. R-7435, to increase the limiting gas/oil ratio to 5000 cubic feet of gas per barrel of oil. Said pool is located in Townships 24, 25 and 26 North, Ranges 8 and 9 West.

CASE 10090: Application of Yates Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the SW/4 SW/4 (Unit M) of Section 1, 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 the Undesignated Tamano-San Andres and Undesignated Tamano-Bone Spring Pools). 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 approximately 5.5 miles south by west of New Mexico State Highway No. 529's intersection with the Lea/Eddy County line.

CASE 10067: (Continued from September 5, 1990, Examiner Hearing.)

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 6,250 feet, whichever is deeper, underlying the SW/4 SE/4 of Section 15, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit for either the Undesignated East Loving-Delaware Pool or Undesignated South Loving-Delaware Pool, 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 1.5 miles northeast of Loving, New Mexico.

CASE 10091: 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 6250 feet, whichever is deeper, underlying the NW/4 SE/4 (Unit J) 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 oil 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 10055: (Readvertised)

Application of Meridian Oil, Inc. for a non-standard gas proration unit, an unorthodox coal gas well location, and directional drilling, 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. ALTERNATELY, the applicant seeks to directionally drill said well from the above-described surface location to a standard bottomhole coal gas well location within the NE/4 equivalent of said Section 27. Said unit is located approximately 1.5 miles northeast of Cedar Hill, New Mexico.

CASE 10056: (Continued from September 5, 1990, Examiner Hearing.)

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 10066: (Continued from September 5, 1990, Examiner Hearing.)

Application of Matador Petroleum Corporation 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 Morrow formation or to a depth of 13,600 feet, whichever is deeper, underlying the following described acreage in Section 5, Township 20 South, Range 34 East, and in the following manner: Lots 3 and 4, the S/2 NW/4, and SW/4 (W/2 equivalent) to form a standard 320-acre, more or less, 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 Quail Ridge-Morrow Gas Pool); Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) to form a standard 160-acre, more or less, gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and the SW/4 NW/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 (which presently includes but is not necessarily limited to the Undesignated South Quail Ridge-Bone Spring Pool). Said units are to be dedicated to a single well to be drilled at a standard 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 underlies the area underneath Mile Marker No. 77 on U.S. Highway 62/180.

CASE 10092: Application of Chevron U.S.A., Inc. for acreage rededication, two non-standard gas proration units, simultaneous dedication, and two unorthodox gas well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to rededicate certain Eumont Gas Pool acreage in portions of Sections 4 and 9, Township 21 South, Range 36 East, thereby forming: a 160-acre non-standard gas spacing and proration unit for said pool comprising Lots 12 and 13 and the W/2 SW/4 of said Section 4, to be simultaneously dedicated to its existing Bell Ramsay NCT-A Well No. 5 located at a standard gas well location 660 feet from the South and West lines (Unit U) and to Well No. 8 located at an unorthodox gas well location 3258 feet from the North line and 660 feet from the West line (Unit L) both in said Section 4; and, a 240-acre non-standard gas spacing and proration unit comprising the NW/4 and E/2 SW/4 of said Section 9, to be dedicated to a well to be drilled at an unorthodox gas well location 990 feet from the South line and 1980 feet from the West line (Unit M) of said Section 9. Said area is located approximately 1 mile west of Oil Center, New Mexico.

CASE 9962: (Continued and Readvertised)

Application of Stevens & Tull, Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks blanket approval for the downhole commingling of Abo, Drinkard, Tubb and Blinbry production in the wellbore of all existing wells and all wells subsequently drilled on its Carter "23" Prospect acreage, which includes the N/2 SE/4 of Section 23, Township 20 South, Range 38 East. Said area is located approximately 4.75 miles south by east of Nadine, New Mexico.

CASE 10031: (Readvertised) (Continued from September 5, 1990, Examiner Hearing.)

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 10093: Application of Nearburg Producing Company for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying all of Section 31, Township 19 South, Range 36 East, forming a 636.79-acre non-standard gas spacing and proration unit for the North Osudo-Morrow Gas Pool, said unit to be dedicated to a well to be drilled at a standard 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 8.5 miles west by south of Monument, New Mexico.

CASE 10094: Application of Chevron U.S.A., 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 Lea "YL" state Well No. 2 to be drilled 2230 feet from the South line and 2310 feet from the East line (Unit J) of Section 2, Township 17 South, Range 37 East, Shipp-Strawn Pool, the W/2 SE/4 of said Section 2 to be dedicated to said well forming a standard 80-acre oil spacing and proration unit for said pool. Said unit is located approximately 4.5 miles north of Humble City, New Mexico.

CASE 10095: Application of Texaco Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Moore-Devonian and Moore Permo-Pennsylvanian Pools through the perforated interval from approximately 10,440 feet to 10,700 feet in its New Mexico 80 State Well No. 2 located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 24, Township 11 South, Range 32 East, which is located approximately 3.25 miles southeast by south of Caprock, New Mexico.

CASE 10096: Application of Texaco Producing 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 West Dollarhide Drinkard Unit Well No. 111 to be drilled 2630 feet from the South line and 130 feet from the East line (Unit J) of Irregular Section 33, Township 24 South, Range 38 East, Dollarhide Tubb-Drinkard Pool, Skelly West Dollarhide Drinkard Waterflood Project Area, said well to be dedicated to an existing 47.26-acre non-standard oil spacing and proration unit comprising Lot 3 and the NE/4 SW/4 of said Section 33, which is presently dedicated to the West Dollarhide Drinkard Unit Well No. 58 located 1980 feet from the South line and 630 feet from the East line (Unit K) of said Section 33. Said unit is located approximately 3 miles north of New Mexico State Highway No. 128 at that point where it meets the New Mexico/Texas Stateline.

CASE 10097: Application of Texaco Producing 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 West Dollarhide Drinkard Unit Well No. 112 to be drilled 54 feet from the North line and 130 feet from the East line (Unit B) of Irregular Section 4, Township 25 South, Range 38 East, Dollarhide Tubb-Drinkard Pool, Skelly West Dollarhide Drinkard Waterflood Project Area, said well to be dedicated to an existing 47.26-acre non-standard oil spacing and proration unit comprising Lot 1 and the NE/4 NW/4 of said Section 4, which is presently dedicated to the West Dollarhide Drinkard Unit Well No. 74 located 667 feet from the North line and 631 feet from the East line (Unit C) of said Section 4. Said unit is located approximately 3 miles north of New Mexico State Highway No. 128 at that point where it meets the New Mexico/Texas Stateline.

~~RECEIVED~~ (Continued from September 5, 1990, Examiner Hearing.)

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 10038: (Continued from September 5, 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 10098: Application of Santa Fe Energy Operating Partners, L. P. for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to directionally drill from a surface location 900 feet from the North line and 1980 feet from the West line (Unit C) of Section 9 to a standard bottomhole gas well location to test the Undesignated Los Medanos-Morrow Gas Pool in the SE/4 SW/4 (Unit N) of Section 4, both in Township 23 South, Range 31 East. Said well is to be dedicated to the S/2 of said Section 4 forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 3 miles north of Mile Post No. 15 on New Mexico State Highway No. 128.

CASE 10099: Application of Samuel Gary Jr. and Associates, Inc. for a horizontal directional drilling pilot project and special operating rules therefor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a horizontal directional drilling pilot project in the W/2 of Section 11, Township 20 North, Range 3 West, forming a standard 320-acre oil spacing and proration unit in the Rio Puerco-Mancos Oil Pool. The applicant proposes to commence a well to be located on the surface 934 feet from the South line and 1975 feet from the West line (Unit N) of said Section 11, drill vertically and kick-off in a north-westerly direction, build angle to approximately 90 degrees, and drill horizontally in the Mancos formation. Applicant further requests that special operating provisions be established for said project area including the designation of a prescribed area limiting the horizontal extent of said wellbore such that it can be no closer than 660 feet to the outer boundary of said spacing unit. Said project area is located approximately 6.5 miles south of New Mexico State Highway No. 44 at Mile Post 76.

CASE 10100: Application of Samuel Gary Jr. and Associates, Inc. for a gas reinjection/pressure maintenance project and special rules therefor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a gas reinjection/pressure maintenance project in its San Isidro (Shallow) Unit Area located in Townships 20 and 21 North, Ranges 2 and 3 West, by the injection of gas into the Rio Puerco-Mancos Oil Pool through the open hole interval from approximately 3793 feet to 4188 feet in its San Isidro 11 Well No. 16 located 660 feet from the South line and 630 feet from the East line (Unit P) of Section 11, Township 20 South, Range 3 West. Applicant further seeks the promulgation of special rules for the operation of said project, including provisions for administrative authorization of horizontal/high angle wellbores, the formation of oversized proration units to accommodate such wellbores, and assignment of special allowables to wells in the project area. Said area is located approximately 5 to 13 miles west-southwest of Cuba, New Mexico.

CASE 10075: (Continued from September 5, 1990, Examiner Hearing.)

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 NW/4 and the SW/4 (W/2 equivalent) of Section 2, Township 27 North, Range 8 West, forming a standard 321.36-acre gas spacing and proration unit for said pool, said unit to be dedicated to its proposed "F.C." State Com Well No. 34 to be drilled at a standard coal gas well location in the SW/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 approximately 4 miles east of Huerfano Park.

CASE 10076: (Continued from September 5, 1990, Examiner Hearing.)

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 16, 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 "F.C." State Com Well No. 27 to be drilled at a standard coal gas well location in the SW/4 of said Section 16. 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 approximately 6.5 miles southwest by south of the Navajo Reservoir Dam.

CASE 10078: (Continued from September 5, 1990, Examiner Hearing.)

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 E/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 its proposed "F.C." State Com Well No. 22 to be drilled at a standard coal gas well location in the NE/4 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 approximately 2.5 miles south of Blanco, New Mexico.

CASE 10079: (Continued from September 5, 1990, Examiner Hearing.)

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 S/2 of Section 36, Township 30 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 "F.C." State Com Well No. 26 to be drilled at a standard coal gas well location in the SW/4 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 approximately 2.75 miles south-southwest of the Navajo Reservoir Dam.

CASE 10080: (Continued from September 5, 1990, Examiner Hearing.)

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 7 through 13 and the NE/4 SE/4 (S/2 equivalent) of Section 14, Township 30 North, Range 11 West, forming a standard 313.81-acre gas spacing and proration unit for said pool, said unit to be dedicated to its proposed "F.C." Federal Com Well No. 39 to be drilled at a standard coal gas well location in the SW/4 equivalent 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 unit is approximately 2 miles southeast by east of Aztec, New Mexico.

CASE 10081: (Continued from September 5, 1990, Examiner Hearing.)

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 5, 6, and 7, the NW/4, and the NE/4 SW/4 (W/2 equivalent) of Section 15, Township 30 North, Range 11 West, forming a standard 323.42-acre gas spacing and proration unit for said pool, said unit to be dedicated to its proposed "F.C." Federal Com Well No. 16 to be drilled at a standard coal gas well location in the SW/4 equivalent of said Section 15. 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 approximately 1 mile southeast of Aztec, New Mexico.

CASE 10082: (Continued from September 5, 1990, Examiner Hearing.)

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 16, Township 30 North, Range 11 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to its proposed "F.C." State Com Well No. 30 to be drilled at a standard coal gas well location in the SW/4 of said Section 16. 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 approximately 1 mile south by west of Aztec, New Mexico.

CASE 10083: (Continued from September 5, 1990, Examiner Hearing.)

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, 3, 4, and 5, the S/2 SW/4 and the NE/4 SE/4 (S/2 equivalent) of Section 32, Township 31 North, Range 9 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to its proposed "F.C." State Com Well No. 25 to be drilled at a standard coal gas well location in the SW/4 equivalent 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 approximately 10.5 miles east by north of Aztec, New Mexico.

CASE 10084: (Continued from September 5, 1990, Examiner Hearing.)

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 Cedar Hill-Basal Fruitland Coal Gas Pool underlying Lots 1, 2, 3, and 5 and the S/2 N/2 (N/2 equivalent) of Section 5, Township 31 North, Range 10 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to its proposed "F.C." Fee Com Well No. 1 to be drilled at a standard coal 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 approximately 1 mile southwest of Cedar Hill, New Mexico.

CASE 10085: (Continued from September 5, 1990, Examiner Hearing.)

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 NW/4 (N/2 equivalent) of Section 33, Township 31 North, Range 11 West, forming a standard 315.61-acre gas spacing and proration unit for said pool, said unit to be dedicated to its proposed "F.C." Federal Com Well No. 38 to be drilled at a standard coal gas well location in the NE/4 equivalent 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 approximately 2.25 miles north of Aztec, New Mexico.

CASE 10087: (Continued from September 5, 1990, Examiner Hearing.)

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 through 4 and the E/2 W/2 (W/2 equivalent) of Section 30, Township 32 North, Range 11 West, forming a standard 309.03-acre gas spacing and proration unit for said pool, said unit to be dedicated to its proposed "F.C." Fee Com Well No. 2 to be drilled at a standard coal gas well location in the SW/4 equivalent 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 approximately 8 miles north of the Aztec Municipal Airport.

PLEASE NOTE THAT THE COMMISSION HEARING WILL BE HELD ON MONDAY, SEPTEMBER 24, 1990, INSTEAD OF ON THURSDAY, SEPTEMBER 27, 1990, AS PREVIOUSLY SCHEDULED.

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COMMISSION HEARING - MONDAY - SEPTEMBER 24, 1990

DOCKET NO. 27-90

DOCKET: COMMISSION HEARING - MONDAY - SEPTEMBER 24, 1990

9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

CASE 10009: (Continued and Readvertised)

In the matter of the hearing called by the Oil Conservation Division (OCD) on its own motion to consider revisions to Division Order No. R-8170, as amended. The OCD on the recommendation of the Gas Proration Rules Committee seeks to amend the General Rules for the Prorated Gas Pools of New Mexico, as promulgated by Division Order No. R-8170, as amended. Such changes include provisions for two 6-month allocation periods beginning April and October, three month classification periods, and for any other changes deemed adequate and necessary for said Gas Proration Rules at this time.

CASE 10101: In the matter of the hearing called by the Oil Conservation Division on its own motion to adopt new Rule 1135 of the General Rules and Regulations of the Oil Conservation Division to provide for the filing of Form C-135 for new connections, reconnections or disconnections of prorated gas wells.

OPEN MEETING AFTER THE COMMISSION HEARING INITIATED BY THE OIL CONSERVATION COMMISSION FOR THE PURPOSE OF RECEIVING COMMENTS ON INITIATIVES WHICH THE COMMISSION OR THE OIL CONSERVATION DIVISION MIGHT MAKE FOR THE PURPOSE OF INCREASING LEVELS OF OIL PRODUCTION IN THE STATE OF NEW MEXICO.

Sockets 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 Osado-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 recompletion 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.

CASE 10017: (Continued from July 25, 1990, Examiner Hearing.)

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 10019: (Continued from July 25, 1990, Examiner Hearing.)

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

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

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

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 10039: Application of Meridian Oil, Inc. for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of its Rosa Unit Well No. 222 drilled at an unorthodox coal gas well location 1910 feet from the North line and 635 feet from the East line (Unit H) of Section 15, Township 31 North, Range 6 West, Basin-Fruitland Coal (Gas) Pool, the E/2 of said Section 15 dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. This application should also serve to correct all previous well records which had the subject well located at a standard coal gas well location, based upon an original survey made by Northwest Pipeline Corporation, 1880 feet from the North line and 830 feet from the East line (Unit H) of said Section 15. Said proration unit is located approximately 9.5 miles east by south of the Navajo Reservoir Dam.

CASE 10040: Application of Meridian Oil, Inc. for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of its Rosa Unit Well No. 201 drilled at an unorthodox coal gas well location 1640 feet from the North line and 420 feet from the East line (Unit H) of Section 22, Township 31 North, Range 6 West, Basin-Fruitland Coal (Gas) Pool, the E/2 of said Section 22 dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. This application should also serve to correct all previous well records which had the subject well located at a standard coal gas well location, based upon an original survey made by Northwest Pipeline Corporation, 1230 feet from the North line and 1330 feet from the East line (Unit B) of said Section 22. Said proration unit is located approximately 9.25 miles east of the Navajo Reservoir Dam.

CASE 10041: Application of Meridian Oil, Inc. for five 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 five non-standard gas spacing and proration units for Basin-Fruitland Coal (Gas) Pool production in Irregular Sections 12, 13, 24, 25, and 36, Township 30 North, Range 6 West. Said row of Sections are located approximately 5 to 9 miles north by west of Gobernador, New Mexico.

CASE 10042: Application of Meridian Oil, Inc. for six 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-8789 to establish six non-standard gas spacing and proration units for Basin-Fruitland Coal (Gas) Pool production in Irregular Sections 30 and 31, Township 30 North, Range 7 West and Irregular Sections 6, 7, 18, and 19, Township 29 North, Range 7 West. Said row of Sections are located approximately 18 miles east of Blanco, New Mexico.

CASE 8350: (Reopened) (Continued from March 30, 1987, Commission 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.

CASE 10043: Application of 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 all of Section 7, Township 28 North, Range 10 West, forming a standard 257.95-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 (equivalent) of said Section 7. 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 miles southeast of Bloomfield, New Mexico.

CASE 10044: Application of 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 20, 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 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 unit is located approximately 5.5 miles southeast of Bloomfield, New Mexico.

CASE 10045: Application of 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 22, 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 22. 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 miles southwest by south of Blanco, New Mexico.

CASE 10046: Application of 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 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 NE/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 6.5 miles south-southwest of Blanco, New Mexico.

CASE 10047: Application of 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 Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 30, Township 28 North, Range 10 West, forming a standard 329.40-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 (equivalent) of said Section 30. 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 miles south-southeast of Bloomfield, New Mexico.

CASE 9973: (Continued from July 25, 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 9980: (Continued and Readvertised.)

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 E/2 of Section 16, 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 F. C. State Com Well No. 10 to be drilled at a standard coal gas well location in the NE/4 of said Section 16. 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 miles east of Blanco, New Mexico.

CASE 10024: (Continued from July 25, 1990, Examiner Hearing.)

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

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 25, 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.

Dockets Nos. 26-90 and 27-90 are tentatively set for September 19, 1990 and October 3, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 5, 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 October, 1990, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for October, 1990, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 10066: Application of Matador Petroleum Corporation 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 Morrow formation or to a depth of 13,600 feet, whichever is deeper, underlying the following described acreage in Section 5, Township 20 South, Range 34 East, and in the following manner: Lots 3 and 4, the S/2 NW/4, and SW/4 (W/2 equivalent) to form a standard 320-acre, more or less, 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 Quail Ridge-Morrow Gas Pool); Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) to form a standard 160-acre, more or less, gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and the SW/4 NW/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 (which presently includes but is not necessarily limited to the Undesignated South Quail Ridge-Bone Spring Pool). Said units are to be dedicated to a single well to be drilled at a standard 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 underlies the area underneath Mile Marker No. 77 on U.S. Highway 62/180.

CASE 10038: (Continued from August 22, 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 10058: (Continued from August 22, 1990, Examiner Hearing.)

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 10042: (Readvertised)

Application of Meridian Oil, Inc. for six non-standard gas proration units, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 6 of Division Order No. R-8789 to establish six non-standard gas spacing and proration units for Basin-Fruitland Coal (Gas) Pool production in Irregular Sections 30 and 31, Township 30 North, Range 7 West and Irregular Sections 6, 7, 18, and 19, Township 29 North, Range 7 West. Said row of Sections are located approximately 18 miles east of Blanco, New Mexico.

CASE 10041: (Readvertised)

Application of Meridian Oil, Inc. for five non-standard gas proration units, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 6 of Division Order No. R-8768 to establish five non-standard gas spacing and proration units for Basin-Fruitland Coal (Gas) Pool production in Irregular Sections 12, 13, 24, 25, and 36, Township 30 North, Range 6 West. Said row of Sections are located approximately 5 to 9 miles north by west of Gobernador, New Mexico.

CASE 10039: (Continued from August 8, 1990, Examiner Hearing.)

Application of Meridian Oil, Inc. for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of its Rosa Unit Well No. 222 drilled at an unorthodox coal gas well location 1910 feet from the North line and 635 feet from the East line (Unit H) of Section 15, Township 31 North, Range 6 West, Basin-Fruitland Coal (Gas) Pool, the E/2 of said Section 15 dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. This application should also serve to correct all previous well records which had the subject well located at a standard coal gas well location, based upon an original survey made by Northwest Pipeline Corporation, 1880 feet from the North line and 830 feet from the East line (Unit H) of said Section 15. Said proration unit is located approximately 9.5 miles east by south of the Navajo Reservoir Dam.

CASE 10040: (Continued from August 8, 1990, Examiner Hearing.)

Application of Meridian Oil, Inc. for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of its Rosa Unit Well No. 201 drilled at an unorthodox coal gas well location 1640 feet from the North line and 420 feet from the East line (Unit H) of Section 22, Township 31 North, Range 6 West, Basin-Fruitland Coal (Gas) Pool, the E/2 of said Section 22 dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. This application should also serve to correct all previous well records which had the subject well located at a standard coal gas well location, based upon an original survey made by Northwest Pipeline Corporation, 1230 feet from the North line and 1330 feet from the East line (Unit B) of said Section 22. Said proration unit is located approximately 9.5 miles east of the Navajo Reservoir Dam.

CASE 10021: (Continued from August 22, 1990, Examiner Hearing.) (This case will be dismissed.)

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: (Continued from August 22, 1990, Examiner Hearing.)

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: (Continued from August 22, 1990, Examiner Hearing.)

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 10062: (Continued from August 22, 1990, Examiner Hearing.)

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: (Continued from August 22, 1990, Examiner Hearing.)

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: (Continued from August 22, 1990, Examiner Hearing.)

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 10067: 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 6,250 feet, whichever is deeper, underlying the SW/4 SE/4 of Section 15, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit for either the Undesignated East Loving-Delaware Pool or Undesignated South Loving-Delaware Pool, 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 1.5 miles northeast of Loving, New Mexico.

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10036
Order No. R-8170-G

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.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 19, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 8th day of November, 1990, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Texaco Inc., 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, dated March 28, 1986, to provide for a minimum natural gas allowable for the Eumont Gas Pool for a three year period of time equal to 600 MCF of gas per day for an acreage factor of 1.0 (non-standard 160-acre gas proration unit) or 2,400 MCF of gas per day for an acreage factor of 4.0 (standard 640-acre gas proration unit).

(3) The Eumont Gas Pool, which was created and defined by Division Order No. R-264, dated February 17, 1953, and which has subsequently expanded numerous times, currently comprises all or parts of the following described area in Lea County, New Mexico:

TOWNSHIP 18 SOUTH, RANGES 36-37 EAST
TOWNSHIP 19 SOUTH, RANGES 36-37 EAST
TOWNSHIP 20 SOUTH, RANGES 35-38 EAST
TOWNSHIP 21 SOUTH, RANGES 35-37 EAST
TOWNSHIP 22 SOUTH, RANGES 36-37 EAST

(4) For the purpose of prevention of waste and protection of correlative rights, gas prorationing was instituted within the Eumont Gas Pool on September 28, 1953 by Division Order No. R-370, as amended, and as consolidated and revised by Division Order Nos. R-1670 and R-8170, as amended.

(5) According to applicant's evidence and testimony, there currently exists a market for natural gas from the Eumont Gas Pool in excess of the gas allowable being assigned to the pool under the gas proration system.

(6) Further evidence and testimony indicates that the production limitations imposed by the gas proration system may have discouraged and may continue to discourage further developmental drilling and attempted workovers of existing wells.

(7) Evidence, testimony and information obtained from the September, 1990, Oil Conservation Division's Southeast Gas Proration Schedule indicates that within the Eumont Gas Pool:

- a) there are approximately 400 producing wells with some 41 different operators;
- b) there are six pipeline transporters;
- c) there are a total of 405.67 acreage factors of which 49.02 are non-marginal and 356.65 are marginal;

- d) there are twenty-one wells overproduced and there are two wells overproduced in excess of six times

(8) In addition, according to Division records, the average gas allowable for an acreage factor of 1.0 in the Eumont Gas Pool during the period from October, 1989 through September, 1990, was approximately 452 MCF of gas per day.

(9) The applicant appeared at the Gas Allowable hearing held by the Division on December 13, 1989 and presented evidence and testimony in support of a request to administratively raise the Eumont Gas Pool's gas allowable to 600 MCF of gas per day per acreage factor of 1.0 for a period of one year.

(10) Based upon that evidence, which is similar to the evidence presented by the applicant in the immediate case, the Division administratively increased the gas allowable assigned to the Eumont Gas Pool to 600 MCF of gas per day per acreage factor of 1.0 during January, February, March, May and June, 1990.

(11) Due to the lack of a significant increase in production from the pool in response to the higher gas allowables, the Division reverted back to the standard method of assigning gas allowables in July, 1990.

(12) The applicant contends that the lack of a significant increase in production in response to the higher gas allowables was due to a lack of operator confidence that the higher allowables would be sustained for a significant time period, and many operators did not want to enter the peak demand/peak price period in an overproduced well status.

(13) The applicant did testify however, that it has drilled several wells and conducted numerous workovers of existing wells in response to the short term gas allowable increase.

(14) The applicant has conducted a survey of all operators in the Eumont Gas Pool, which survey requested certain information concerning the institution of a minimum gas allowable in the subject pool. The applicant has received survey responses from ten operators who represent an ownership in the Eumont Gas Pool of approximately 64 percent.

(15) Survey responses, presented as evidence in this case, indicate the following:

- a) All respondents have wells which are capable of producing more than the average non-marginal gas allowable;
- b) All respondents feel that there is a market for gas produced from the Eumont Gas Pool in excess of current gas allowables;
- c) Virtually all respondents feel that New Mexico gas is being displaced by out of state sources as a result of low gas allowables;
- d) Virtually all respondents indicated that a minimum gas allowable in the Eumont Gas Pool would justify additional drilling and workovers of existing wells, which would result in the recovery of a greater amount of gas, thereby preventing waste.

(16) In addition, the applicant presented written statements from 34 operators who represent an ownership in the Eumont Gas Pool of 93.83 percent, which statements indicates support for the establishment of the proposed minimum gas allowable for a period of three years.

(17) The applicant received no objection to the proposal from any of the remaining operators in the pool.

(18) No other operator and/or interest owner appeared at the hearing in opposition to the application.

(19) The applicant further presented letters from five of the six gas transporters in the Eumont Gas Pool, which letter indicated that each has the capacity to gather, treat and/or process the additional gas which may be produced from the subject pool if the application is approved.

(20) The gas gathering line pressures in the Eumont Gas Pool are and should remain, if the application is approved, sufficiently low to allow marginal gas wells to continue to produce.

(21) According to evidence and testimony, there are gas marketing entities available to all operators in the Eumont Gas Pool such that no operator in the pool should be denied the opportunity to market and sell its gas.

(22) Even with the institution of a minimum gas allowable, the Eumont Gas Pool will remain prorated inasmuch as there are numerous wells in the pool capable of producing in excess of 600 MCF of gas per day, and gas allowables are based upon proration unit size.

(23) The evidence at this time indicates that the institution of a minimum gas allowable in the Eumont Gas Pool would be in the best interest of conservation, prevention of waste and protection of correlative rights.

(24) 600 MCF of gas per day per acreage factor of 1.0 or 2,400 MCF of gas per day for an acreage factor of 4.0 should be utilized as the minimum gas allowable. Said minimum gas allowable should remain in effect for a period of three years, provided however, the Division may reopen this case at any time during the three year period to consider additional evidence and testimony should it become apparent that continuation of the minimum gas allowable will not serve to prevent waste and protect correlative rights.

(25) This case should be reopened in November, 1993, at which time the applicant and/or the operators in the subject pool should be prepared to appear and present evidence and testimony relevant to the continuation of a minimum gas allowable in the Eumont Gas Pool.

(26) This order should be effective December 1, 1990.

IT IS THEREFORE ORDERED THAT:

(1) The "Special Rules and Regulations for the Eumont Gas Pool" as promulgated by Division Order No. R-8170, as amended are hereby amended by the addition of Rule No. 8 as follows:

RULE 8. MINIMUM ALLOWABLES: Notwithstanding the provisions of Rule Nos. 3 and 5 of the General Rules and Regulations for the Prorated Gas Pools of New Mexico, the Division shall assign a minimum gas allowable of 600 MCF of gas per day per Acreage Factor of 1.0.

(2) Rule No. 8 shall remain in effect for a period of three years, provided however, the Division may reopen this case at any time during the three year period to consider additional evidence and testimony should it become apparent that continuation of the minimum gas allowable will not serve to prevent waste and protect correlative rights.

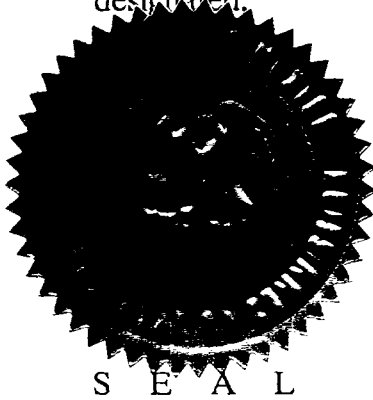
(3) Unless reopened pursuant to Paragraph (2) above, this case shall be reopened in November, 1993, at which time the applicant and/or the operators in the subject pool should be prepared to appear and present evidence and testimony relevant to the continuation of a minimum gas allowable in the Eumont Gas Pool.

(4) This order shall be effective December 1, 1990.

(5) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

CASE NO. 10036
Order No. R-8170-G
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DONE at Santa Fe, New Mexico, on the day and year hereinabove
designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "William J. Lemay".

WILLIAM J. LEMAY
Director

CASE 10068: Application of Pacific Enterprises Oil Company (USA) to limit the rules governing the Anderson-Pennsylvanian Gas Pool to its present horizontal boundary, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to limit the Rules and Regulations governing the Anderson-Pennsylvanian Gas Pool to its present horizontal boundary comprising the S/2 of Section 7, the W/2 of Section 18, and the NW/4 of Section 19, all in Township 17 South, Range 30 East. Said pool was established in 1956 at which time statewide spacing for wells to this depth was 160 acres; these provisions are still applicable for the pool at this time. Further, the applicant requests that all wells drilled to the Pennsylvanian formation within one mile of the above-described area be exempt from the provisions of General Rule 104.A and be governed by the current Statewide Rules. Said pool is located approximately 2 miles west-northwest of Loco Hills, New Mexico.

CASE 10069: Application of Pacific Enterprises Oil Company (USA) to limit the rules governing the Fren-Pennsylvanian Gas Pool to its present horizontal boundary, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to limit the Rules and Regulations governing the Fren-Pennsylvanian Gas Pool to its present horizontal boundary comprising the SW/4 of Section 15, the E/2 of Section 21, and the NW/4 of Section 22, all in Township 17 South, Range 31 East. Said pool was established in 1956 at which time statewide spacing for wells to this depth was 160 acres; these provisions are still applicable for the pool at this time. Further, the applicant requests that all wells drilled to the Pennsylvanian formation within one mile of the above-described area be exempt from the provisions of General Rule 104.A and be governed by the current Statewide Rules. Said pool is located approximately 7 miles east of Loco Hills, New Mexico.

~~REOPENED~~ (Continued from August 8, 1990, Examiner Hearing.) (This case will be continued to September 19, 1990, Examiner Hearing.)

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 10033: (Reopened and Readvertised)

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 further seeks to extend the date in which the operator must commence drilling said well from July 1, 1990 to July 18, 1990. 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. IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

CASE 10031: (Readvertised)

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: (Readvertised)

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 10050: (Continued from August 22, 1990, Examiner Hearing.)

Application of Blackwood & Nichols Co., Ltd. for directional drilling and a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authorization to directionally drill from a surface location 1830 feet from the South line and 830 feet from the East line (Unit I) of Section 12, Township 30 North, Range 8 West, to a proposed bottomhole location in the Basin-Fruitland Coal Gas Pool within 100 feet of a target point 1376 feet from the South line and 840 feet from the West line (Unit K) of Section 7, Township 30 North, Range 7 West. Said well is to be dedicated to a non-standard gas spacing and proration unit comprising 298.90 acres, more or less, described as follows: Lots 6, 7, 8, 9, 12, 13, 14, and 15 and that portion of Tract No. 40 laying west of the projected north/south line which is common to both Lots 15 and 16 of said Section 7, (W/2 equivalent) as shown on the official U.S. Public Land Survey dated July 19, 1915, and Lots 7 and 8 and the E/2 NW/4 of Section 18 (NW/4 equivalent), Township 30 North, Range 7 West. Said unit is located approximately 1.5 miles north of the Navajo Reservoir Dam.

CASE 10070: Application of Amoco Production Company for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 342.54-acre non-standard gas spacing and proration unit comprising Lots 1, 2, 8 and 9 and the E/2 W/2 of Section 19 and Lots 2 and 6 and the E/2 NW/4 of Section 30, Township 30 North, Range 8 West, Basin-Fruitland Coal Gas Pool, said unit to be dedicated to a well to be drilled at a standard coal gas well location in the SW/4 equivalent of said Section 19. Said unit is located approximately 7.5 miles southwest by west of Blanco, New Mexico.

- CASE 10071: Application of Amoco Production Company for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 347.60-acre non-standard gas spacing and proration unit comprising Lots 1 through 4 and the E/2 W/2 of Section 19 and Lots 1 and 2 and the E/2 NW/4 of Section 30, Township 29 North, Range 8 West, Basin-Fruitland Coal Gas Pool, to be dedicated to a well to be drilled at a standard coal gas well location in the SW/4 equivalent of said Section 19. Said unit is located approximately 6.25 miles east by south of Blanco, New Mexico.
- CASE 10072: Application of Amoco Production Company for a non-standard gas proration unit and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its proposed Barrett Gas Com "A" Well No. 1 to be drilled 1810 feet from the South line and 925 feet from the West line (Unit K) of Section 19, Township 31 North, Range 9 West, Basin-Fruitland Coal Gas Pool, to be dedicated to a 309.09-acre non-standard gas spacing and proration unit comprising Lots 7, 8, 9, 10, 15, 16, 17, and 18 (W/2 equivalent) of Section 19 and Lots 6 through 9 (NW/4 equivalent) of Section 30, of Township 31 North, Range 9 West. Said unit is located approximately 6 miles southeast by south of Cedar Hill, New Mexico.
- CASE 10073: Application of Amoco Production Company for a non-standard gas proration unit, an unorthodox coal gas well location, and directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 326.00-acre non-standard gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool comprising Lots 3 and 4 and the E/2 SW/4 of Section 30 and Lots 1 through 4 and the E/2 W/2 of Section 31, Township 31 North, Range 8 West, to be dedicated to its Dawson Gas Com Well No. 1 to be drilled at an unorthodox coal gas well location 1210 feet from the South line and 660 feet from the West line (Unit N) of said Section 31. ALTERNATELY, the applicant seeks to directionally drill said well from the above-described surface location to a standard bottomhole coal gas well location within the SW/4 equivalent of said Section 31. Said unit is located approximately seven miles northwest by west of the Navajo Reservoir Dam.
- CASE 10074: Application of Amoco Production Company for a non-standard gas proration unit, unorthodox coal gas well location, and directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 299.10-acre non-standard gas spacing and proration unit in the Basin-Fruitland Coal Gas Pool comprising Lots 14 through 17 (SW/4 equivalent) of Section 30 and Lots 7 through 10 and Lots 15 through 18 (W/2 equivalent) of Section 31, Township 31 North, Range 9 West, to be dedicated to its Riddle Gas Com "C" Well No. 1 to be drilled at an unorthodox coal gas well location 2120 feet from the South line and 890 feet from the West line (Unit K) of said Section 30. ALTERNATELY, the applicant seeks to directionally drill said well from the above-described surface location to a standard bottomhole coal gas well location within the SW/4 equivalent of said Section 30. Said unit is located approximately 6 miles southeast by south of Cedar Hill, New Mexico.
- CASE 10048: (Continued from August 22, 1990, Examiner Hearing.)
- Application of Great Western Drilling Company for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of a non-standard 327.80-acre gas spacing and proration unit for the Basin Fruitland Coal (Gas) Pool comprising Lots 3 and 4, and the S/2 SW/4 (SW/4 equivalent) of Irregular Section 8 and the W/2 W/2 of Section 17, Township 32 North, Range 11 West (which is bounded to the north by the New Mexico/Colorado stateline at Mile Corner No. 274), to be dedicated to its J. E. Decker Well No. 11 located at a standard coal gas well location 910 feet from the South line and 955 feet from the West line (Unit M) of said Section 8.
- CASE 10075: 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 NW/4 and the SW/4 (W/2 equivalent) of Section 2, Township 27 North, Range 8 West, forming a standard 321.36-acre gas spacing and proration unit for said pool, said unit to be dedicated to its proposed "F.C." State Com Well No. 34 to be drilled at a standard coal gas well location in the SW/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 approximately 4 miles east of Huerfano Park.
- CASE 10076: 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 16, 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 "F.C." State Com Well No. 27 to be drilled at a standard coal gas well location in the SW/4 of said Section 16. 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 approximately 6.5 miles southwest by south of the Navajo Reservoir Dam.
- CASE 10077: 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 S/2 of Section 32, Township 29 North, Range 9 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to its proposed "F.C." State Com Well No. 32 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 approximately 2.75 miles south-southeast of Blanco, New Mexico.

- CASE 10078: 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 E/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 its proposed "F.C." State Com Well No. 22 to be drilled at a standard coal gas well location in the NE/4 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 approximately 2.5 miles south of Blanco, New Mexico.
- CASE 10079: 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 S/2 of Section 36, Township 30 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 "F.C." State Com Well No. 26 to be drilled at a standard coal gas well location in the SW/4 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 approximately 2.75 miles south-southwest of the Navajo Reservoir Dam.
- CASE 10080: 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 7 through 13 and the NE/4 SE/4 (S/2 equivalent) of Section 14, Township 30 North, Range 11 West, forming a standard 313.81-acre gas spacing and proration unit for said pool, said unit to be dedicated to its proposed "F.C." Federal Com Well No. 39 to be drilled at a standard coal gas well location in the SW/4 equivalent 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 unit is approximately 2 miles southeast by east of Aztec, New Mexico.
- CASE 10081: 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 5, 6, and 7, the NW/4, and the NE/4 SW/4 (W/2 equivalent) of Section 15, Township 30 North, Range 11 West, forming a standard 323.42-acre gas spacing and proration unit for said pool, said unit to be dedicated to its proposed "F.C." Federal Com Well No. 16 to be drilled at a standard coal gas well location in the SW/4 equivalent of said Section 15. 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 approximately 1 mile southeast of Aztec, New Mexico.
- CASE 10082: 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 16, Township 30 North, Range 11 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to its proposed "F.C." State Com Well No. 30 to be drilled at a standard coal gas well location in the SW/4 of said Section 16. 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 approximately 1 mile south by west of Aztec, New Mexico.
- CASE 10083: 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, 3, 4, and 5, the S/2 SW/4 and the NE/4 SE/4 (S/2 equivalent) of Section 32, Township 31 North, Range 9 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to its proposed "F.C." State Com Well No. 25 to be drilled at a standard coal gas well location in the SW/4 equivalent 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 approximately 10.5 miles east by north of Aztec, New Mexico.
- CASE 10084: 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 Cedar Hill-Basal Fruitland Coal Gas Pool underlying Lots 1, 2, 3, and 5 and the S/2 N/2 (N/2 equivalent) of Section 5, Township 31 North, Range 10 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to its proposed "F.C." Fee Com Well No. 1 to be drilled at a standard coal 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 approximately 1 mile southwest of Cedar Hill, New Mexico.
- CASE 10085: 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 NW/4 (N/2 equivalent) of Section 33, Township 31 North, Range 11 West, forming a standard 315.61-acre gas spacing and proration unit for said pool, said unit to be dedicated to its proposed "F.C." Federal Com Well No. 38 to be drilled at a standard coal gas well location in the NE/4 equivalent 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 approximately 2.25 miles north of Aztec, New Mexico.

CASE 10086: 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 N/2 of Section 36, Township 31 North, Range 11 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to its proposed "F.C." State Com Well No. 28 to be drilled at a standard coal gas well location in the NE/4 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 approximately 4 miles northeast by east of Aztec, New Mexico.

CASE 10087: 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 through 4 and the E/2 W/2 (W/2 equivalent) of Section 30, Township 32 North, Range 11 West, forming a standard 309.03-acre gas spacing and proration unit for said pool, said unit to be dedicated to its proposed "F.C." Fee Com Well No. 2 to be drilled at a standard coal gas well location in the SW/4 equivalent 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 approximately 8 miles north of the Aztec Municipal Airport.

CASE 10043: (Continued from August 22, 1990, Examiner Hearing.)

Application of 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 all of Section 7, Township 28 North, Range 10 West, forming a standard 257.95-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 (equivalent) of said Section 7. 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 miles southeast of Bloomfield, New Mexico.

CASE 10044: (Continued from August 22, 1990, Examiner Hearing.)

Application of 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 20, 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 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 unit is located approximately 5.5 miles southeast of Bloomfield, New Mexico.

CASE 10045: (Continued from August 22, 1990, Examiner Hearing.)

Application of 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 22, 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 22. 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 miles southwest by south of Blanco, New Mexico.

CASE 10046: (Continued from August 22, 1990, Examiner Hearing.)

Application of 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 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 NE/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 6.5 miles south-southwest of Blanco, New Mexico.

CASE 10047: (Continued from August 22, 1990, Examiner Hearing.)

Application of 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 Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 30, Township 28 North, Range 10 West, forming a standard 329.40-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 (equivalent) of said Section 30. 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 miles south-southeast of Bloomfield, New Mexico.

CASE 10088: Application of Circle Ridge Production Inc. for a waterflood expansion, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Rock Queen Waterflood Project, authorized by Division Order No. R-1541, by converting its Rock Queen Unit, Section 26, Well No. 3 located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 26 and its Rock Queen Unit, Section 27, Well No. 9 located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 27, both in Township 13 South, Range 31 East, Caprock Queen Pool, Rock Queen Unit Area, from producing oil wells to water injection wells. Said Unit Area is located approximately 17 miles south-southwest of Caprock, New Mexico.

CASE 10008: (Continued from August 8, 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.