

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

RECEIVED

August 7, 1984

AUG 8 1984

OIL CONSERVATION DIVISION

Mr. Joe D. Ramey
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

"Hand Delivered"

Re: Cities Service Company
West Bravo Dome

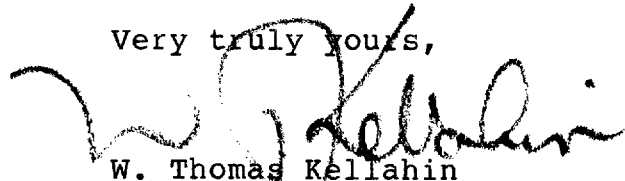
Case 8352

Dear Mr. Ramey:

On behalf of Cities Service Company, please find enclosed our application for 640-acre spacing in the West Bravo Dome Area.

We would appreciate having this matter set before the full Commission at the last available docket for which you will be chairman.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: E. F. Motter
Cities Service Company
P. O. Box 1919
Midland, Texas 79702

Gerald Barnes, Esq.
Cities Service Company
P. O. Box 300
Tulsa, Oklahoma 74102

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

October 16, 1984

RECEIVED

OCT 17 1984

Mr. Richard L. Stamets
Acting Chairman
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

OIL CONSERVATION DIVISION

"Hand Delivered"

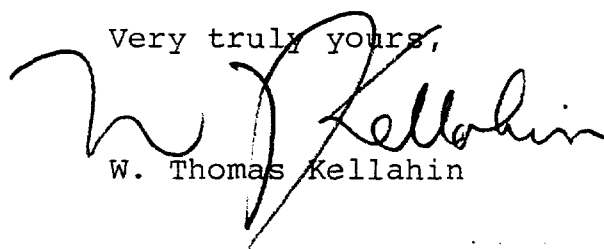
Re: NMOCC Case 8352; Application of
Cities Service Oil & Gas Corporation
for Temporary 640-acre Spacing Rules
in West Bravo Dome Area, Harding
County, New Mexico

Dear Mr. Stamets:

On behalf of Cities Service Oil & Gas Corporation,
please find enclosed our proposed order for entry in
the above referenced case.

Also enclosed is a plat that more clearly outlines
the Mitchell Ranch acreage. You will note that we have
shaded all State Leases in pink and Federal leases in
green. The Mitchell Ranch remains in the dark blue
ziptone. This is the only copy of this map that I have.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: Owen Lopez, Esq.
Hinkle Law Firm
218 Montezuma Avenue
Santa Fe, New Mexico 87501

William F. Carr
Campbell Law Firm
P. O. Box 2208
Santa Fe, New Mex. 87501

E. F. Motter
Cities Service Company
P. O. Box 1919
Midland, Texas 79702

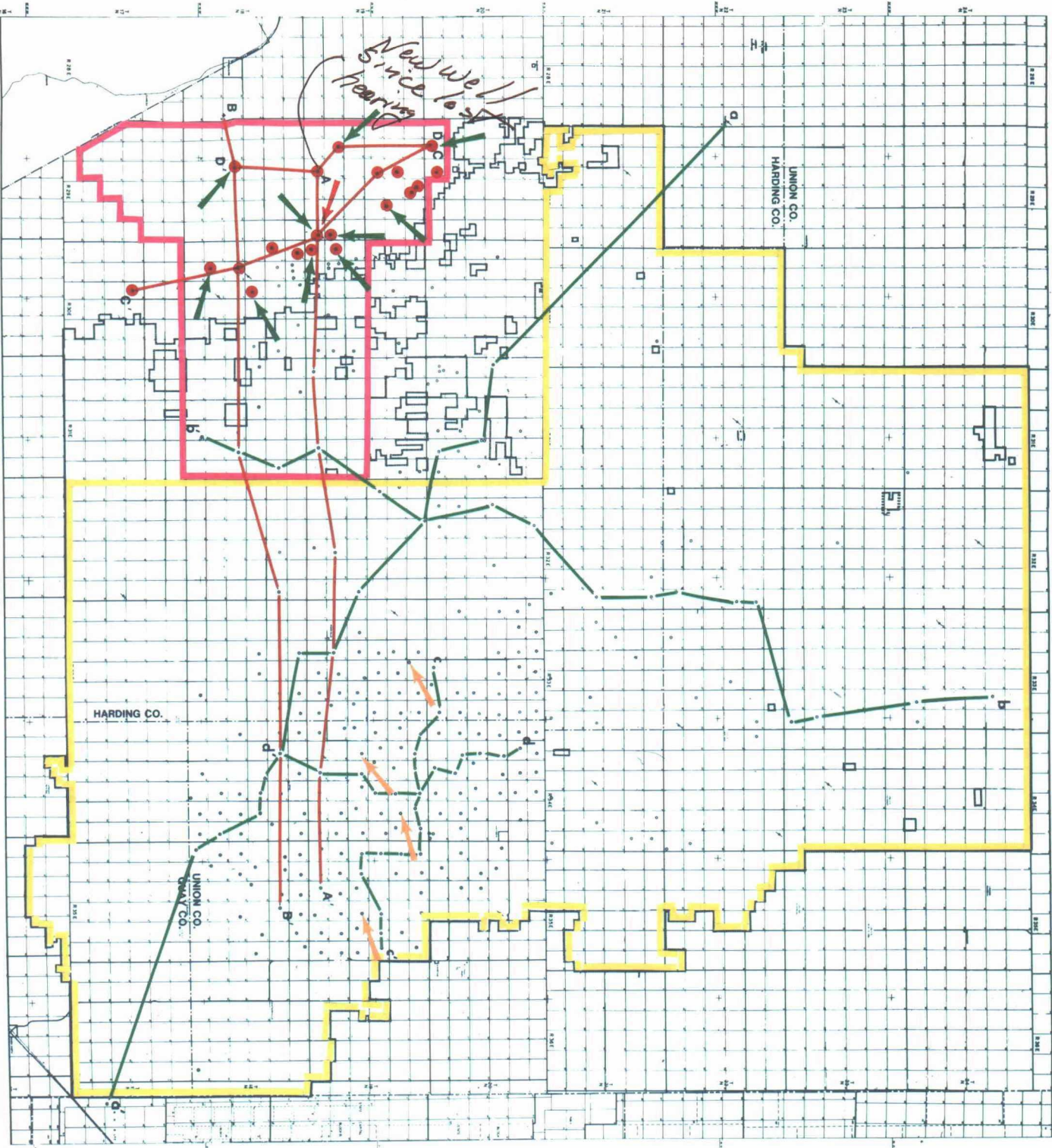
Gerald Barnes, Esq.
Cities Service Company
P. O. Box 300
Tulsa, Oklahoma 74102

- "AMOCO BRAVO DOME CO2 GAS UNIT"
- "640-ACRE TEMPORARY SPACING ASSIGNMENT AREA"
- "WEST BRAVO DOME AREA WELL"
- "640-ACRE TEMPORARY SPACING APPLICATION AREA"
- WEST BRAVO DOME AREA WELL WITH ISOCRONAL TESTS
- WEST BRAVO DOME AREA WELL WITH EXTENDED FLOW TEST
- AMOCO BDCDGU WELLS WITH LONG TERM FLOW TESTS

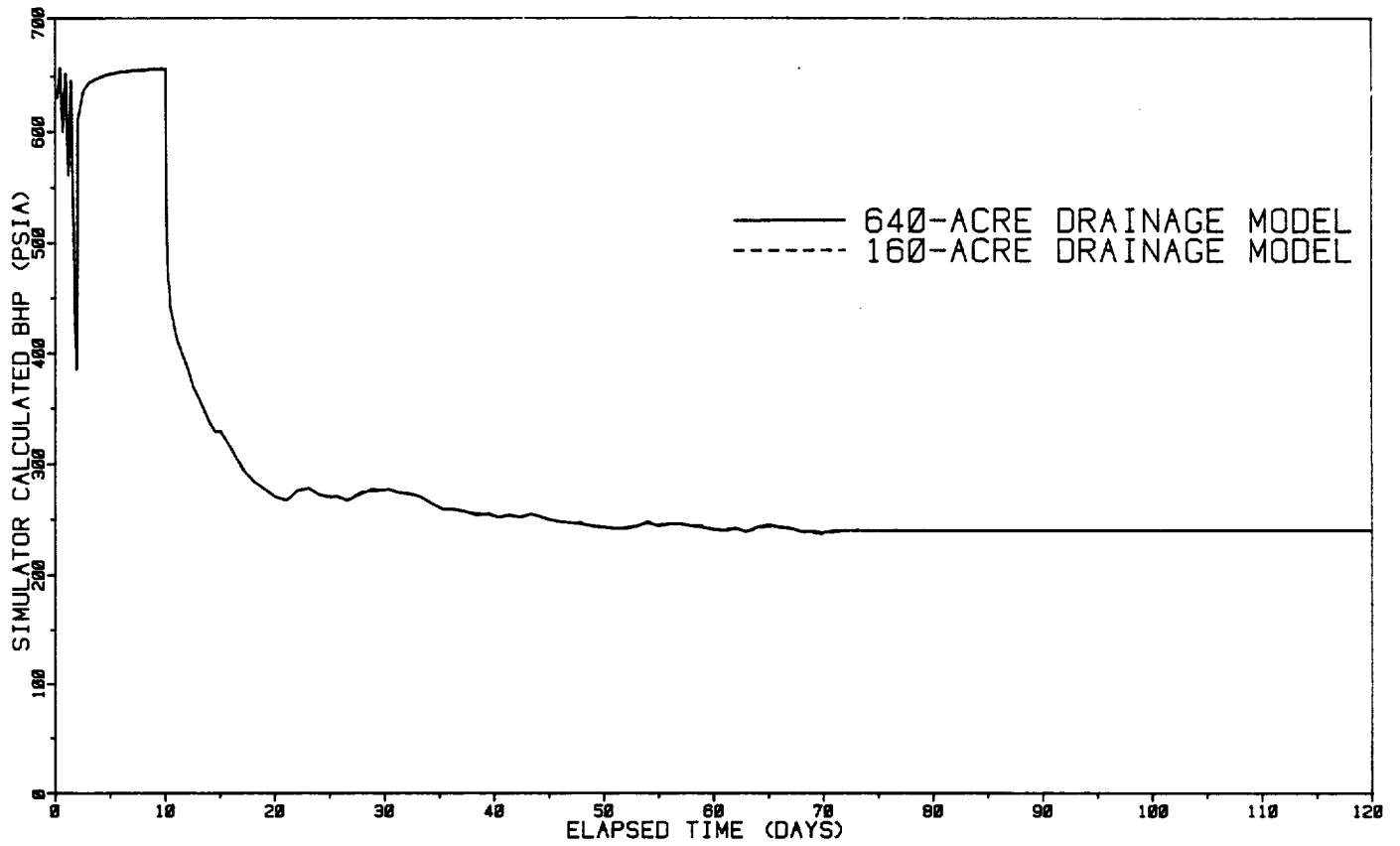
**BRAVO DOME AREA
HARDING, QUAY, AND UNION COUNTIES
NEW MEXICO**

REBECCA EGG DATE: SEPT., 1984

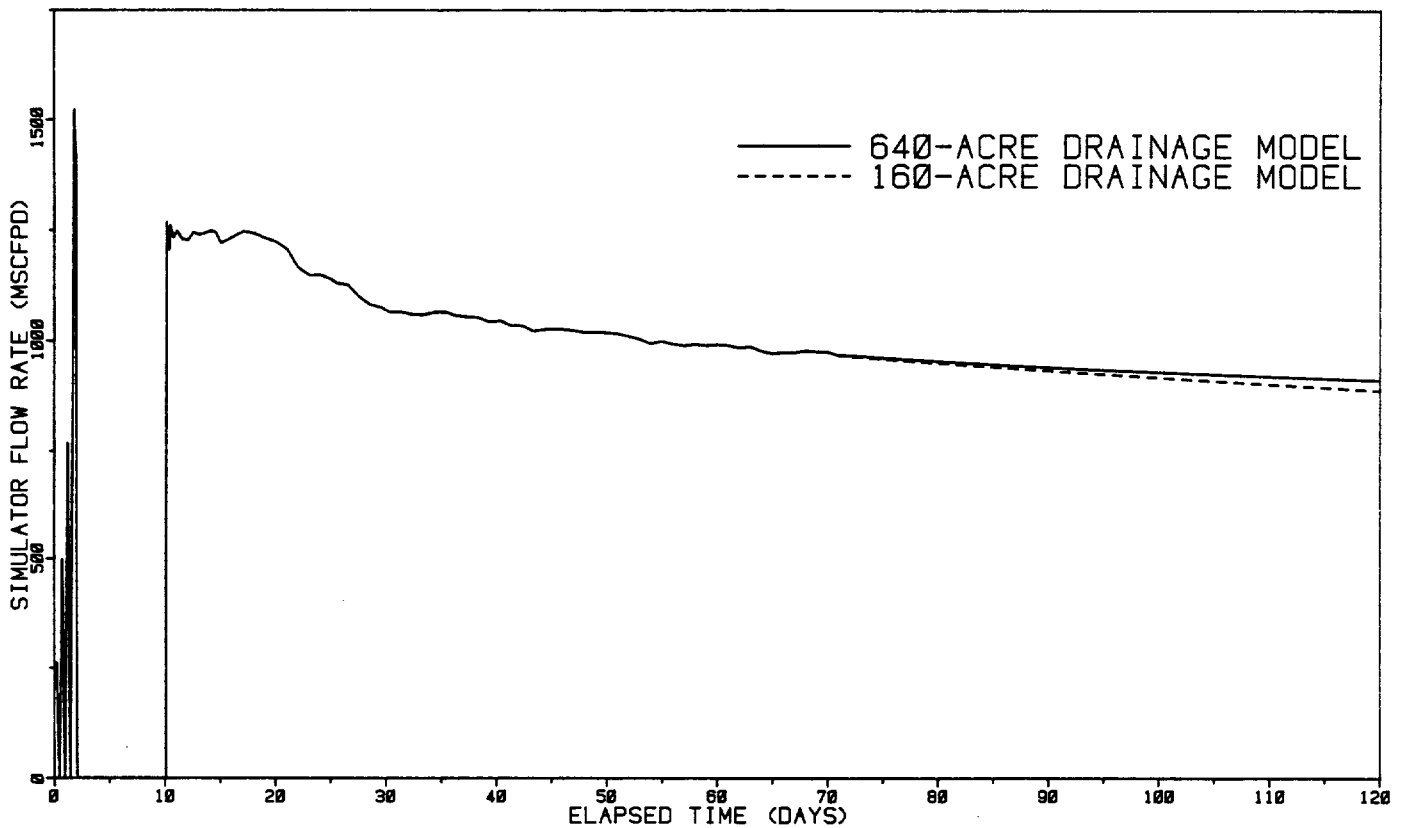
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MILE



EXTENDED FLOW TEST - SIMULATED PRESSURES



EXTENDED FLOW TEST - SIMULATED FLOW RATES



CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
J. SCOTT HALL
PETER N. IVES
RUTH S. MUSGRAVE
LOURDES A. MARTINEZ

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

October 24, 1984

HAND DELIVERED

Mr. R. L. Stamets
Acting Director
Oil Conservation Division
New Mexico Department of
Energy and Minerals
State Land Office Building
Santa Fe, New Mexico 87501

RECEIVED
OCT 24 1984
OIL CONSERVATION DIVISION

Re: New Mexico Oil Conservation Commission Case 8352
Application of Cities Service Oil & Gas Corporation
for Temporary 640-acre Spacing Rules in the West
Bravo Dome Area, Harding County, New Mexico.

Dear Mr. Stamets:

On October 2, 1984, we wrote you on behalf of Amoco Production Company concerning the above-referenced case. Now that we have had an opportunity to review the proposed Order submitted by Cities, we have several additional concerns and therefore submit the following comments for your consideration in preparing the final order.

Finding No. 2 of the proposed order references a one-mile buffer zone sought by Cities. While this point is not expressly addressed in the order paragraphs, it must be called to the Commission's attention that a buffer zone would effect additional acreage within the outer boundaries of the Bravo Dome Carbon Dioxide Gas Unit. Since the proposed rules, if adopted, would permit only one well on each 640-acre tract, the flexibility that Amoco believes is necessary to carry out operations within the unit, would be further limited. Amoco's ability to protect correlative rights, which we discussed in our October 2 letter, would also be limited by this proposal should additional drilling be undertaken by Amerigas or subsequent owners of the Amerigas acreage and the need arise for more than one well per 640-acre tract to offset this new development.

R. L. Stamets
October 24, 1984
Page Two

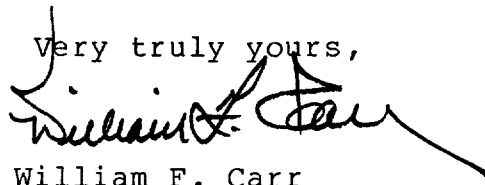
Proposed Finding No. 7 is correct in stating that Amoco supports the creation of a West Bravo Dome Carbon Dioxide Gas Area with 640-acre spacing and proration units. Amoco opposes, however, the adoption of new rules governing lands within the Bravo Dome Carbon Dioxide Gas Unit which are inconsistent with the Special Pool Rules for the Bravo Dome 640-Acre Area adopted by the Commission following the May 15 hearing, for this will create confusion and make administration of the unit more difficult. Furthermore, Amoco hopes to come before the Oil Conservation Commission in three years seeking permanent rules for the Bravo Dome Carbon Dioxide Gas Unit Area and does not want its support of 640-acre spacing in this case to be confused at a later date as support for limiting development to one well per section.

The provision in proposed Finding No. 4 that states " ... that any subsequent wells drilled on a unit shall be located no closer than 3,300 feet from any existing well drilling to or capable of producing from the same pool" effectively precludes the drilling of a second well on a 640-acre tract. Amoco objects to this rule if it applies to any lands within the Bravo Dome Carbon Dioxide Gas Unit Area.

We therefore request that the Commission enter an order approving 640-acre spacing within the West Bravo Dome Carbon Dioxide Gas Unit Area, but ask that such order promulgate rules within the Bravo Dome Carbon Dioxide Gas Unit Area which are consistent with those adopted by the Commission for the Bravo Dome 640-Acre Area.

Your attention to this request is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr", with a long, sweeping horizontal line extending to the right.

William F. Carr

WFC/cv

cc: W. Thomas Kellahin, Esq.
Mr. Clyde Mote
Mr. Stephen Sheffler

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

October 16, 1984

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OCT 17 1984

Mr. Richard L. Stamets
Acting Chairman
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

OIL CONSERVATION DIVISION

"Hand Delivered"

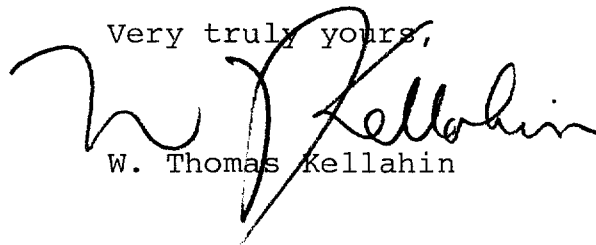
Re: NMOCC Case 8352; Application of
Cities Service Oil & Gas Corporation
for Temporary 640-acre Spacing Rules
in West Bravo Dome Area, Harding
County, New Mexico

Dear Mr. Stamets:

On behalf of Cities Service Oil & Gas Corporation,
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218 Montezuma Avenue
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William F. Carr
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Santa Fe, New Mex. 87501

E. F. Motter
Cities Service Company
P. O. Box 1919
Midland, Texas 79702

Gerald Barnes, Esq.
Cities Service Company
P. O. Box 300
Tulsa, Oklahoma 74102

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION COMMISSION

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

CASE: 8352
ORDER R-

APPLICATION OF CITIES SERVICE OIL
& GAS CORPORATION FOR TEMPORARY
SPECIAL SPACING RULES IN THE WEST
BRAVO DOME CARBON DIOXIDE GAS AREA,
HARDING COUNTY, NEW MEXICO.

CITIES SERVICE OIL & GAS CORPORATION'S
PROPOSED
ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on September 26, 1984, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this _____ day of October, 1984, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Cities Service Oil & Gas Corporation, hereinafter referred to as "Cities Service", a substantial operator in the area, seeks the promulgation of temporary spacing rules for the West Bravo Dome Carbon Dioxide Gas Area and for a distance of one mile outside the Area, including a provision for 640-acre spacing and proration units and specified well locations.

(3) That the West Bravo Dome Carbon Dioxide Gas Area which Cities Service proposes to space on 640-acre spacing is described on Exhibit "A" attached hereto.

(4) That Cities Service is forming the West Bravo Dome Carbon Dioxide Gas Unit for production of carbon dioxide in a portion of the West Bravo Dome Carbon Dioxide Gas Area.

(5) That Amoco Production Company has formed the Bravo Dome CO2 Gas Unit, a portion of which is included in the West Bravo Dome Unit Carbon Dioxide Gas Area.

(6) That the Bravo Dome Carbon Dioxide Gas Area was spaced on 640-acre temporary spacing pursuant to Commission Order R-7556.

(7) That Amoco Production Company supports the creation of a West Bravo Dome Carbon Dioxide Gas Area spacing on 640-acre spacing and proration units.

(8) That in support of its application for 640-acre spacing in the West Bravo Dome Carbon Dioxide Gas Area, Cities Service offered substantial evidence concerning geological and engineering data relating to the quantity and quality of the pay, long-term flow tests and well economics.

(9) That Cities Service long term flow tests and isochronal tests was evidence that was not available prior to June 1, 1984.

(10) That Cities Service's evidence established that the Tubb Formation constitutes a common source of supply in the West Bravo Dome Carbon Dioxide Gas Area.

(11) That Cities Service's evidence established that the Tubb Formation has good geological continuity within the entire West Bravo Dome Carbon Dioxide Gas Area.

Case 8352
Order R-

(12) With the exception of the thickness of the net pay, that the carbon dioxide reservoir in the West Bravo Dome Carbon Dioxide Gas Area has reservoir parameters and quality similiar to those in the Bravo Dome Carbon Dioxide Gas Area.

(13) That the difference in the thickness of the net pay between the Bravo Dome Carbon Dioxide Gas Area and the West Bravo Dome Carbon Dioxide Gas Area is not an adequate basis upon which to space wells differently in each area.

(14) That the only reservoir parameter that affects the ability of a well to drain and develop a given number of acres is the permeability.

(15) That the range of permeabilities in the Bravo Dome Carbon Dioxide Gas Area and the West Bravo Dome Carbon Dioxide Gas Area are comparable.

(16) That the average permeability in the West Bravo Dome Carbon Dioxide Gas Area is 10 millidarcies which is adequate for a well to have the capacity to drain 640-acres.

(17) That the only opposition to the approval of 640-acre spacing for a temporary period within the West Bravo Dome Carbon Dioxide Gas Area was from Ameri-Gas.

(18) That AmeriGas operates twelve wells within the West Bravo Dome Carbon Dioxide Gas Area spaced on 640-acres per well with the exceptions of Section 5, T18N, R30E, and Sections 20 and 29, T19N, R30E, each of which has more than one well.

(19) That AmeriGas presented no evidence in support of its opposition to 640-acre spacing.

(20) That AmeriGas presented no evidence to demonstrate that its correlative rights would be impaired with temporary 640-acre spacing.

(21) That the evidence established that the producing capacity of the existing AmeriGas carbon dioxide wells exceeded its current and projected market demands.

(22) That the evidence established that AmeriGas does not have a need for carbon dioxide gas that would be produced from wells drilled on its acreage using 640-acre spacing, much less four wells to 640-acres.

Case 8352
Order R-

(23) That the currently available information indicates that one well in the West Bravo Dome Carbon Dioxide Gas Area should be able to effectively and efficiently drain 640 acres.

(24) That in order to prevent the economic loss caused by the drilling of unnecessary wells, to prevent the reduced recovery of carbon dioxide which might result from the drilling of too many wells, and to otherwise prevent waste and protect correlative rights, the West Bravo Dome Carbon Dioxide Gas Area, as described on Exhibit "A" should be created with temporary Special Rules providing for 640-acres spacing.

(25) That the vertical limits of the West Bravo Dome Carbon Dioxide Gas Area should be defined as the Tubb Formation between the depths above sea level of 2563 feet and 2417 feet as found in the Cities Service DC #1 Well, located in Unit F of Section 36, T19N, R29E, NMPM, Harding County, New Mexico.

(26) That to protect the correlative rights of the interested parties in the West Bravo Dome Carbon Dioxide Gas Area, it is necessary to adopt a restriction requiring that no more than one well be completed in any section in the West Bravo Dome Carbon Dioxide Area and shall be no closer than 1650 feet to the outer boundary of any Section and no closer than 330 feet to any governmental quarter-quarter section.

(27) That the said Temporary Special Rules and Regulations should be established for a three-year period in order to allow the operators in the West Bravo Dome Carbon Dioxide Gas Area to gather reservoir information to establish whether the temporary rules should be made permanent.

(28) That the effective date of the Special Rules and Regulations promulgated for the West Bravo Dome Carbon Dioxide Gas Area should be more than sixty days from the date of this order in order to allow the operators time to amend their existing proration and spacing units to conform to the new spacing and proration rules.

IT IS THEREFORE ORDERED:

(1) That the application of Cities Service for the promulgation of temporary special spacing rules for the West Bravo Dome Carbon Dioxide Area to provide for 640-acre spacing and specified well locations is hereby granted.

Case 8352

Order R-

(2) That the said West Bravo Dome Carbon Dioxide Gas 640-acre Area is hereby established comprising those lands defined in Exhibit "A" attached hereto and made a part hereof.

(3) That the West Bravo Dome Carbon Dioxide Gas Area is hereby deleted from the "Bravo Dome 160-acre Area" as established in Commission Order R-7556.

(4) That the vertical limits of the West Bravo Dome Carbon Dioxide Gas 640-acre Area shall be the Tubb formation (from the base of the Cimarron Anhydrite to the top of the Granite).

(5) That 640-acre spacing and proration units and limited well locations, being no closer than 1,650 feet to the outer boundary of the unit and no closer than 330 feet to any governmental quarter-quarter section line, are hereby established for the West Bravo Dome Carbon Dioxide Gas 640-acre Area for a period not to exceed three years from date of entry of this Order.

(6) That any well presently producing from the West Bravo Dome Carbon Dioxide Gas 640-acre Area which does not have a standard 640-acre spacing and proration unit, an approved non-standard proration unit, or which does not have a pending application for a hearing for a standard or non-standard proration unit by January 1, 1985, shall be shut-in until a standard or non-standard unit is assigned the well.

(7) That effective January 1, 1985, special rules and regulations for the West Bravo Dome Carbon Dioxide Gas 640-acre Area in Harding County, New Mexico, as more fully described in Exhibit "A" attached to this Order and made a part hereof, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
WEST BRAVO DOME CARBON DIOXIDE GAS 640-ACRE AREA

RULE 1. Each well completed or recompleted in the West Bravo Dome Carbon Dioxide Gas 640-acre Area shall be spaced, drilled, and operated in accordance with the Special Rules and Regulations hereinafter set forth, that these rules shall be applicable to the Tubb Formation.

RULE 2. Each well shall be located on a standard unit containing 640 acres, more or less, consisting of a governmental section.

Case 8352
Order R-

RULE 3. That no more than one well shall be completed on 640-acres in the West Bravo Dome Carbon Dioxide Gas 640-acre Area.

RULE 4. Each well shall be located no closer than 1,650 feet to the outer boundary of the section and no closer than 330 feet to any governmental quarter-quarter section line; provided however, that any subsequent wells drilled on a unit shall be located no closer than 3,300 feet from any existing well drilling to or capable of producing from the same pool, and provided, further, that in the case of a 640-acre unit offset by a spacing and proration unit of 160 acres or less in an area spaced on 160 acres which has thereon a well completed in and capable of producing from the equivalent vertical limits of the West Bravo Dome Carbon Dioxide Gas 640-acre Area, the 640-acre unit well may be located equidistant from the common line between the units as the well on the lesser sized unit.

IT IS FURTHER ORDERED:

(1) That this case shall be reopened in November, 1987, at which time the applicant herein or other interested parties may appear and show cause why the West Bravo Dome Carbon Dioxide Gas 640-acre Area should not be developed on less than 640-acre spacing and proration units.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EXHIBIT "A"
West Bravo Dome Carbon Dioxide Gas Area

Township 20 North, Range 29 East, NMPM

All of Sections 31, 32, and 33

Township 19 North, Range 29 East, NMPM

All of Sections 1 through 36

Township 18 North, Range 29 East, NMPM

All of Sections 1 through 36

Township 17 North, Range 29 East, NMPM

All of Sections 1 through 12
All of Sections 14 through 22
All of Sections 28, 29, and 30

Township 18 North, Range 30 East, NMPM

All of Sections 1 through 36

Township 19 North, Range 30 East, NMPM

All of Sections 19 through 36

Township 18 North, Range 31 East, NMPM

All of Section 1 through 36

Township 19 North, Range 31 East, NMPM

All of Section 19 through 36

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

October 13, 1987

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 3352
ORDER NO. R-3524

Applicant:

OCD (Cities Service Oil & Gas
Company)

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Sincerely,

Florene Davidson -

FLORENE DAVIDSON
OC Staff Specialist -

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other Peter Heckel

LEWIS C. COX
PAUL W. EATON
CONRAD E. COFFIELD
HAROLD L. HENSLEY JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY JR.
OWEN M. LOPEZ
DOUGLAS L. LUNSFORD
PAUL M. BOHANNON
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD*
JOHN S. NELSON
RICHARD E. OLSON
RICHARD A. SIMMS
DEBORAH NORWOOD*

JAMES H. ISBELL*
ANDERSON CARTER, II
STEVEN D. ARNOLD

JEFFREY L. BOWMAN
JOHN C. HARRISON
JAMES J. WECHSLER
NANCY S. CUSACK
DAVID L. SPOEDE
JEFFREY D. HEWETT*
JAMES BRUCE
MICHELE A. DREXLER
DAVID G. REYNOLDS
T. MARK TISDALE*
THOMAS D. HAINES, JR.
THOMAS M. HNASKO
MICHAEL F. MILLERICK
STEVEN S. MICHEL
GREGORY J. NIBERT
JUDY K. MOORE*
DAVID T. MARLETTE*
RALPH O. DUNN

HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

218 MONTEZUMA

POST OFFICE BOX 2068

SANTA FE, NEW MEXICO 87504-2068

(505) 982-4554

October 29, 1984

200 BLANKS BUILDING
POST OFFICE BOX 3580
MIDLAND, TEXAS 79702
(915) 683-4691

1700 TEXAS AMERICAN BANK BUILDING
POST OFFICE BOX 12118
AMARILLO, TEXAS 79101
(806) 372-5569

700 UNITED BANK PLAZA
POST OFFICE BOX 10
ROSWELL, NEW MEXICO 88201
(505) 622-6510

OF COUNSEL
CLARENCE E. HINKLE
ROY C. SNODGRASS, JR.
O. M. CALHOUN

W. E. BONDURANT, JR. (1913-1973)
ROBERT A. STONE (1905-1981)

*NOT LICENSED IN NEW MEXICO

HAND-DELIVERED

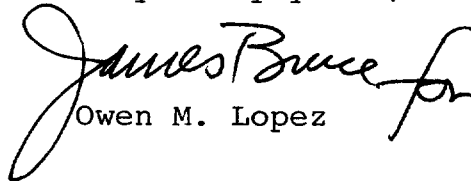
Mr. R. L. Stamets
Acting Director
Oil Conservation Commission
New Mexico Department of
Energy and Minerals
Land Office Building
Santa Fe, New Mexico 87503

Re: Application of Cities Service Oil & Gas Corporation
for Special Pool Rules, Harding and San Miguel
Counties, New Mexico; Case No. 8352

Dear Mr. Stamets:

Enclosed is the proposed Order of Amerigas in Case No.
8352.

Very truly yours,


Owen M. Lopez

OML/mg
Enclosure

cc: William F. Carr, Esq. (w/encls.)
W. Thomas Kellahin, Esq. (w/encls.)

RECEIVED

OCT 31 1984

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF CITIES SERVICE OIL & GAS
CORPORATION FOR 640-ACRE SPACING
IN THE WEST BRAVO DOME AREA,
HARDING COUNTY, NEW MEXICO.

Case No. 8352 (?)

BRIEF OF AMERIGAS
IN SUPPORT OF MOTION
TO DISMISS

FACTS

Cities Service Oil & Gas Corporation ("Cities Service") has filed an Application to establish 640-acre spacing in the West Bravo Dome Area in Harding County, New Mexico. The Application encompasses the following land:

TOWNSHIP 20 North, RANGE 29 EAST, N.M.P.M.
Sections 31, 32 and 33: All

TOWNSHIP 19 NORTH, RANGE 29 EAST, N.M.P.M.
Sections 1 through 36: All

TOWNSHIP 18 NORTH, RANGE 29 EAST, N.M.P.M.
Sections 1 through 36: All

TOWNSHIP 17 NORTH, RANGE 29 EAST, N.M.P.M.
Sections 1 through 12, 14 through 22,
and 28 through 31: All

TOWNSHIP 19 NORTH, RANGE 30 EAST, N.M.P.M.
Sections 30, 31, and 32: All

TOWNSHIP 18 NORTH, RANGE 30 EAST, N.M.P.M.
Sections 1 through 36: All

TOWNSHIP 18 NORTH, RANGE 31 EAST, N.M.P.M.
Sections 1 through 36: All

TOWNSHIP 19 NORTH, RANGE 31 EAST, N.M.P.M.
Sections 19 through 36: All

[The Application also lists Sections 19 through 36 of Township 19 North, Range 30 East; We believe this is a typographical error.]

On May 15, 1984, Amoco Production Company ("Amoco") presented evidence in Case No. 8190, seeking to establish temporary 640-acre spacing rules in the Bravo Dome Unit Area. Several interested parties appeared in that case and objected to 640-acre spacing for portions of the Western and Southwestern Bravo Dome Area. In Order No. R-7556 (attached hereto as Exhibit 1), the Commission made a number of findings, including the following:

- (15) That no evidence was presented at the hearing to support Amoco's contention that one well will efficiently and economically drain 640 acres in the Western and Southwestern portion of the unit.
- (17) That the application for 640-acre spacing in the Western and Southwestern portion of the Bravo Dome Carbon Dioxide Gas Unit Area should be denied, and such denial should be applicable to those lands lying in the area in which the reservoir characteristics are not conducive to good drainage.

Based on the findings, the Commission ordered:

- (2) That the "Bravo Dome 160-acre Area" is hereby established comprising those lands defined in Exhibit "A" attached hereto and made a part hereof.
- (3) That said Bravo Dome 160-acre Area shall be spaced, drilled, and operated in accordance with the Division Rules and Regulations, particularly with respect to those rules governing 160-acre gas well spacing.

Exhibit "A" to Order No. R-7556 describes certain lands, including the following:

TOWNSHIP 19 NORTH, RANGE 29 EAST, N.M.P.M.
Section 1: NE1/4, E1/2NW1/4

TOWNSHIP 19 NORTH, RANGE 30 EAST, N.M.P.M.
Section 32: NE1/4NE1/4

TOWNSHIP 18 NORTH, RANGE 30 EAST, N.M.P.M.
Sections 1 and 2: All
Section 3: E/2E/2, SW/4SE/4

Section 10: E/2NE/4
Section 11: N/2
Sections 12 through 14: All
Section 23: E/2, E/2W/2
Section 24: All
Section 25: E/2, E/2W/2, W/2NW/4, NW/4SW/4
Section 26: NE/4, E/2NW/4, N/2S/2
Section 36: All

TOWNSHIP 18 NORTH, RANGE 31 EAST, N.M.P.M.
Sections 1 through 36: All

TOWNSHIP 19 NORTH, RANGE 31 EAST, N.M.P.M.
Sections 19 through 36: All

All in Harding County, New Mexico.

The lands described immediately above, included in the "Bravo Dome 160-acre Area" under Order No. R-7556, are also included within the Cities Service Application for 640-acre spacing (hereafter called "the area of overlap").

AmeriGas contends that the area of overlap should be dismissed from the present case for the following reasons:

1. The Commission established the "Bravo Dome 160-acre Area" in Order No. R-7556. Cities Service participated in Case No. 8190, and to preserve its right to establish 640-acre spacing in the area of overlap the proper method was to appeal Order No. R-7556. This was not done, and the Order became final. Therefore, Order No. R-7556 is not subject to collateral attack, and the doctrine of collateral estoppel applies.
2. Alternatively, the proper procedure to establish 640-acre spacing in the area of overlap is by a Motion to Amend Order No. R-7556. Since no such Motion has been filed, the area of overlap should not be considered in this proceeding.

ARGUMENTS

1. Cities Service Having Participated in Case No. 8190, Is Barred From Attacking Order No. R-7556 By The Doctrine of Collateral Estoppel: Cities Service also entered an appearance in Case No. 8190, and sought at that time to "bootstrap" its application for 640-acre spacing in the West and Southwestern Bravo Dome Area to the Application of Amoco. Cities Service's attempt to "bootstrap" was denied. Nonetheless, Cities Service was an interested party in the proceeding and participated in it. It knew that other interested parties opposed Amoco's 640-acre spacing proposal and that 160-acre spacing was favored by the interested parties. The Commission, in Order No. R-7556, delineated a 160-acre spacing area in the West and Southwestern Bravo Dome Area, including the area of overlap. Since Cities Service was an interested party, it should have preserved its rights to establish 640-acre spacing in the area of overlap by appealing the Order of the Commission pursuant to N. Mex. Stat. Ann. § 70-2-25 (1978). Id.

If Cities Service believed that the Commission made a wrongful spacing determination based on the facts, its remedy was to directly appeal Order No. R-7556 as provided by statute. Nelson v. Oro Loma Sanitary Dist. of Alameda County, 225 P.2d 573 (Cal. Dist. Ct. App. 1950). An appeal was not taken nor was a rehearing sought pursuant to statute, and Order No. R-7556 became

final. Unless fraud by or lack of jurisdiction in the Commission can be shown in the promulgation of Order No. R-7556, it is not subject to collateral attack in the present hearing. Id.

The doctrine of collateral estoppel is applicable to a determination made by an administrative body. F.T.C. v. Texaco, Inc., 170 U.S. App. D.C. 323, 517 F.2d 137 (1975), reh. denied en banc 180 U.S. App. D.C. 390, 555 F. 2d 862 (), cert. denied Standard Oil Co. of California v. F.T.C., 431 U.S. 974 (), and Mobil Oil Corp. v. F.T. C., 431 U.S. 974 (), reh. denied _____ U.S. ____ (). This is especially true where no appeal is taken from the administrative decision. See City of Philadelphia v. Lindy, 71 Pa. Cmwlth. 515, 455 A. 2d 278 (1983).

The key factors in determining whether an administrative decision constitutes collateral estoppel are: whether the agency is acting in a judicial or adjudicatory capacity to resolve disputed issues of fact properly before it; whether the parties had an adequate opportunity to litigate in a full and fair argument each side's version of the facts; and an opportunity for review of the agency's decision. Moore v. Allied Chemical Corp., 480 F. Supp. 377 (E.D. Va. 1979). In Case No. 8190, the Commission was acting in an adjudicatory capacity to determine disputed issues of fact concerning per-well drainage in the Bravo Dome Area. All parties interested in Case No. 8190 were given a full and fair opportunity to present evidence and testimony in the case. Finally, as noted in Point 1 above, there was an opportunity to review the decision within the administrative agency and, if necessary, before a court. See N. Mex. Stat. Ann.

65 70-2-25,26 (1978). Therefore collateral estoppel should be applied in the present case to bar Cities Service from attempting to establish 640-acre spacing in the area of overlap.

Furthermore, Cities Service participated in Case No. 8190. The Commission has expertise on the factual issues determined therein, and Case No. 8190 was conducted as an adversarial event where third parties participated at all steps. These conditions require that collateral estoppel be applied to Cities Service in this case in the area of overlap. F.T.C. v. Texaco, Inc., supra.

2. The Proper Procedure To Establish 640-acre Spacing In The Area Of Overlap Is By A Motion To Amend Order No. R-7556: As noted above, Order No. R-7556 was not appealed and is a final order of the Commission. It establishes 160-acre spacing in the area of overlap. If there is a proper method to establish 640-acre spacing in the area of overlap, it is by a Motion to Amend Order No. R-7556. Such a Motion has never been filed.

If the Commission in the present case promulgates an Order establishing 640-acre spacing in the area of overlap, such Order will be in direct conflict with Order No. R-7556. Such a situation would subject producers to conflicting requirements and duties, which they could not hope to fulfill.

Therefore, a Motion to Amend Order No. R-7556 is the proper method to attempt to establish 640-acre spacing in the area of overlap. Since no such motion was filed and the present Application was not advertised as such, it would be unfair and inequitable to proceed at this time to redetermine spacing in the

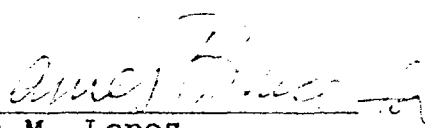
area of overlap. Furthermore, it has been only three months since Order No. R-7556 was promulgated. The Commission's Order should not be modified after such a short time period, in order to assure continuity and stability.

CONCLUSION

For the reasons stated above, the area of overlap should be dismissed from this case.

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By


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(505) 982-4554

Attorneys for AmeriGas

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF CITIES SERVICE OIL & GAS
CORPORATION FOR 640-ACRE
SPACING IN THE WEST BRAVO
DOME AREA, HARDING COUNTY,
NEW MEXICO.

Case No. 8352

MOTION

AmeriGas, by its undersigned attorneys, hereby moves the
Commission for an Order dismissing from this case the following
lands:

TOWNSHIP 19 NORTH, RANGE 29 EAST, N.M.P.M.
Section 1: NE1/4, E1/2NW1/4

TOWNSHIP 19 NORTH, RANGE 30 EAST, N.M.P.M.
Section 32: NE1/4NE1/4 *add sections 19 thru 36*

TOWNSHIP 18 NORTH, RANGE 30 EAST, N.M.P.M.
Sections 1 and 2: All
Section 3: E/2E/2, SW/4SE/4
Section 10: E/2NE/4
Section 11: N/2
Sections 12 through 14: All
Section 23: E/2, E/2W/2
Section 24: All
Section 25: E/2, E/2W/2, W/2NW/4, NW/4SW/4
Section 26: NE/4, E/2NW/4, N/2S/2
Section 36: All.

TOWNSHIP 18 NORTH, RANGE 31 EAST, N.M.P.M.
Section 1 through 36: All

TOWNSHIP 19 NORTH, RANGE 31 EAST, N.M.P.M.
Section 19 through 36: All

All in Harding County, New Mexico

As grounds for this Motion, AmeriGas states:

1. In OCC Case No. 8190, Order No. R-7556, 640-Acre spacing on the above described lands was denied, and 160-acre spacing was mandated.

2. The proper method to obtain 640-acre spacing on such lands, or to preserve Applicant's right to establish 640-acre spacing on the above described lands, was through an appeal of the decision in Case No. 8190, or a Motion to Amend Order No. R-7556.

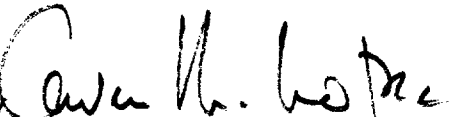
3. Applicant is barred by the doctrine of collateral estoppel from attempting to establish 640-acre spacing on the above described land.

This Motion is supported by The Brief of AmeriGas filed herewith.

WHEREFORE, AmeriGas respectfully requests the Commission to dismiss the above described land from this case.

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By



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(505) 982-4554

Attorneys for AmeriGas

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF CITIES SERVICE OIL & GAS
CORPORATION FOR 640-ACRE SPACING
IN THE WEST BRAVO DOME AREA,
HARDING COUNTY, NEW MEXICO.

Case No. _____

BRIEF OF AMERIGAS
IN SUPPORT OF MOTION
TO DISMISS

FACTS

Cities Service Oil & Gas Corporation ("Cities Service") has filed an Application to establish 640-acre spacing in the West Bravo Dome Area in Harding County, New Mexico. The Application encompasses the following land:

TOWNSHIP 20 North, RANGE 29 EAST, N.M.P.M.
Sections 31, 32 and 33: All

TOWNSHIP 19 NORTH, RANGE 29 EAST, N.M.P.M.
Sections 1 through 36: All

TOWNSHIP 18 NORTH, RANGE 29 EAST, N.M.P.M.
Sections 1 through 36: All

TOWNSHIP 17 NORTH, RANGE 29 EAST, N.M.P.M.
Sections 1 through 12, 14 through 22,
and 28 through 31: All

TOWNSHIP 19 NORTH, RANGE 30 EAST, N.M.P.M.
Sections 30, 31, and 32: All

TOWNSHIP 18 NORTH, RANGE 30 EAST, N.M.P.M.
Sections 1 through 36: All

TOWNSHIP 18 NORTH, RANGE 31 EAST, N.M.P.M.
Sections 1 through 36: All

TOWNSHIP 19 NORTH, RANGE 31 EAST, N.M.P.M.
Sections 19 through 36: All

[The Application also lists Sections 19 through 36 of Township 19 North, Range 30 East; We believe this is a typographical error.]

On May 15, 1984, Amoco Production Company ("Amoco") presented evidence in Case No. 8190, seeking to establish temporary 640-acre spacing rules in the Bravo Dome Unit Area. Several interested parties appeared in that case and objected to 640-acre spacing for portions of the Western and Southwestern Bravo Dome Area. In Order No. R-7556 (attached hereto as Exhibit 1), the Commission made a number of findings, including the following:

- (15) That no evidence was presented at the hearing to support Amoco's contention that one well will efficiently and economically drain 640 acres in the Western and Southwestern portion of the unit.
- (17) That the application for 640-acre spacing in the Western and Southwestern portion of the Bravo Dome Carbon Dioxide Gas Unit Area should be denied, and such denial should be applicable to those lands lying in the area in which the reservoir characteristics are not conducive to good drainage.

Based on the findings, the Commission ordered:

- (2) That the "Bravo Dome 160-acre Area" is hereby established comprising those lands defined in Exhibit "A" attached hereto and made a part hereof.
- (3) That said Bravo Dome 160-acre Area shall be spaced, drilled, and operated in accordance with the Division Rules and Regulations, particularly with respect to those rules governing 160-acre gas well spacing.

Exhibit "A" to Order No. R-7556 describes certain lands, including the following:

TOWNSHIP 19 NORTH, RANGE 29 EAST, N.M.P.M.
Section 1: NE1/4, E1/2NW1/4

TOWNSHIP 19 NORTH, RANGE 30 EAST, N.M.P.M.
Section 32: NE1/4NE1/4

TOWNSHIP 18 NORTH, RANGE 30 EAST, N.M.P.M.
Sections 1 and 2: All
Section 3: E/2E/2, SW/4SE/4

Section 10: E/2NE/4
Section 11: N/2
Sections 12 through 14: All
Section 23: E/2, E/2W/2
Section 24: All
Section 25: E/2, E/2W/2, W/2NW/4, NW/4SW/4
Section 26: NE/4, E/2NW/4, N/2S/2
Section 36: All

TOWNSHIP 18 NORTH, RANGE 31 EAST, N.M.P.M.
Sections 1 through 36: All

TOWNSHIP 19 NORTH, RANGE 31 EAST, N.M.P.M.
Sections 19 through 36: All

All in Harding County, New Mexico.

The lands described immediately above, included in the "Bravo Dome 160-acre Area" under Order No. R-7556, are also included within the Cities Service Application for 640-acre spacing (hereafter called "the area of overlap").

AmeriGas contends that the area of overlap should be dismissed from the present case for the following reasons:

1. The Commission established the "Bravo Dome 160-acre Area" in Order No. R-7556. Cities Service participated in Case No. 8190, and to preserve its right to establish 640-acre spacing in the area of overlap the proper method was to appeal Order No. R-7556. This was not done, and the Order became final. Therefore, Order No. R-7556 is not subject to collateral attack, and the doctrine of collateral estoppel applies.
2. Alternatively, the proper procedure to establish 640-acre spacing in the area of overlap is by a Motion to Amend Order No. R-7556. Since no such Motion has been filed, the area of overlap should not be considered in this proceeding.

ARGUMENTS

1. Cities Service Having Participated in Case No. 8190, Is Barred From Attacking Order No. R-7556 By The Doctrine of Collateral Estoppel: Cities Service also entered an appearance in Case No. 8190, and sought at that time to "bootstrap" its application for 640-acre spacing in the West and Southwestern Bravo Dome Area to the Application of Amoco. Cities Service's attempt to "bootstrap" was denied. Nonetheless, Cities Service was an interested party in the proceeding and participated in it. It knew that other interested parties opposed Amoco's 640-acre spacing proposal and that 160-acre spacing was favored by the interested parties. The Commission, in Order No. R-7556, delineated a 160-acre spacing area in the West and Southwestern Bravo Dome Area, including the area of overlap. Since Cities Service was an interested party, it should have preserved its rights to establish 640-acre spacing in the area of overlap by appealing the Order of the Commission pursuant to N. Mex. Stat. Ann. § 70-2-25 (1978). Id.

If Cities Service believed that the Commission made a wrongful spacing determination based on the facts, its remedy was to directly appeal Order No. R-7556 as provided by statute. Nelson v. Oro Loma Sanitary Dist. of Alameda County, 225 P.2d 573 (Cal. Dist. Ct. App. 1950). An appeal was not taken nor was a rehearing sought pursuant to statute, and Order No. R-7556 became

final. Unless fraud by or lack of jurisdiction in the Commission can be shown in the promulgation of Order No. R-7556, It is not subject to collateral attack in the present hearing. Id.

The doctrine of collateral estoppel is applicable to a determination made by an administrative body. F.T.C. v. Texaco, Inc., 170 U.S. App. D.C. 323, 517 F.2d 137 (1975), reh. denied en banc 180 U.S. App. D.C. 390, 555 F. 2d 862 (), cert. denied Standard Oil Co. of California v. F.T.C., 431 U.S. 974 (), and Mobil Oil Corp. v. F.T. C., 431 U.S. 974 (), reh. denied _____ U.S. ____ (). This is especially true where no appeal is taken from the administrative decision. See City of Philadelphia v. Lindy, 71 Pa. Cmwlth. 515, 455 A. 2d 278 (1983).

The key factors in determining whether an administrative decision constitutes collateral estoppel are: whether the agency is acting in a judicial or adjudicatory capacity to resolve disputed issues of fact properly before it; whether the parties had an adequate opportunity to litigate in a full and fair argument each side's version of the facts; and an opportunity for review of the agency's decision. Moore v. Allied Chemical Corp., 480 F. Supp. 377 (E.D. Va. 1979). In Case No. 8190, the Commission was acting in an adjudicatory capacity to determine disputed issues of fact concerning per-well drainage in the Bravo Dome Area. All parties interested in Case No. 8190 were given a full and fair opportunity to present evidence and testimony in the case. Finally, as noted in Point 1 above, there was an opportunity to review the decision within the administrative agency and, if necessary, before a court. See N. Mex. Stat. Ann.

§§ 70-2-25,26 (1978). Therefore collateral estoppel should be applied in the present case to bar Cities Service from attempting to establish 640-acre spacing in the area of overlap.

Furthermore, Cities Service participated in Case No. 8190. The Commission has expertise on the factual issues determined therein, and Case No. 8190 was conducted as an adversarial event where third parties participated at all steps. These conditions require that collateral estoppel be applied to Cities Service in this case in the area of overlap. F.T.C. v. Texaco, Inc., supra.

2. The Proper Procedure To Establish 640-acre Spacing In The Area Of Overlap Is By A Motion To Amend Order No. R-7556: As noted above, Order No. R-7556 was not appealed and is a final order of the Commission. It establishes 160-acre spacing in the area of overlap. If there is a proper method to establish 640-acre spacing in the area of overlap, it is by a Motion to Amend Order No. R-7556. Such a Motion has never been filed.

If the Commission in the present case promulgates an Order establishing 640-acre spacing in the area of overlap, such Order will be in direct conflict with Order No. R-7556. Such a situation would subject producers to conflicting requirements and duties, which they could not hope to fulfill.

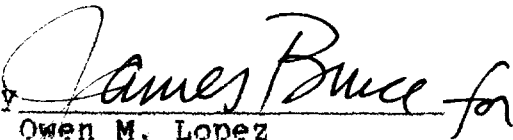
Therefore, a Motion to Amend Order No. R-7556 is the proper method to attempt to establish 640-acre spacing in the area of overlap. Since no such motion was filed and the present Application was not advertised as such, it would be unfair and inequitable to proceed at this time to redetermine spacing in the

area of overlap. Furthermore, it has been only three months since Order No. R-7556 was promulgated. The Commission's Order should not be modified after such a short time period, in order to assure continuity and stability.

CONCLUSION

For the reasons stated above, the area of overlap should be dismissed from this case.

HINKLE, COX, EATON,
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By  for
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Attorneys for AmeriGas

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION COMMISSION

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

CASE NO. 8190
Order No. R-7556

APPLICATION OF AMOCO PRODUCTION
COMPANY FOR TEMPORARY SPECIAL
SPACING RULES, UNION, HARDING, AND
QUAY COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on May 15, 1984, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 19th day of June, 1984, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Amoco Production Company, hereinafter referred to as "Amoco", as unit operator for the Bravo Dome Carbon Dioxide Gas Unit Area, hereinafter referred to as the "Unit", seeks the promulgation of temporary spacing rules for the Unit and for a distance of one mile outside the Unit, including a provision for 640-acre spacing and proration units and specified well locations.

(3) That the Unit, the outer boundaries of which encompass some one million acres, more or less, lies within all or portions of Township 16 North, Ranges 34 and 35 East, Townships 17 and 18 North, Ranges 30 through 37 East, Township 19 North, Ranges 29 through 36 East, Townships 20 and 21 North, Ranges 29 through 35 East, and Township 24 North, Ranges 31 through 34 East, NMPM, Union, Harding, and Quay Counties, New Mexico.

EXHIBIT 1

(4) That with the exception of certain areas in the Western and Southwestern portion of the Unit, a high percentage of the owners have ratified the Unit Agreement, and their lands are committed to the Unit.

✓ (5) That in the Western and Southwestern portion of the unit, specifically in Townships 17 and 18 North, Ranges 30 and 31 East, Townships 19 and 20 North, Ranges 29, 30, and 31 East, and Township 21 North, Range 29 East, NMPM, Harding County, New Mexico, a large percentage of the owners have not ratified the Unit Agreement, and their lands are not committed to the Unit.

(6) That in support of its application for 640-acre spacing, Amoco offered certain geological, engineering, and economic data relating to quantity and quality of pay, long-term flow tests, and well economics.

✓ (7) That a large portion of the data presented was developed from analysis of wells drilled in the Eastern part of the Unit, where the Bravo Dome carbon dioxide reservoir(s) are of superior quality to the carbon dioxide reservoir(s) in the Western and Southwestern portion of the Unit.

✓ (8) That the owners of lands in the Western and Southwestern portion of the Unit appeared at the hearing and objected to the adoption of temporary 640-acre spacing and specified well locations.

(9) That some of said owners have drilled and produced carbon dioxide wells and have built and operated carbon dioxide processing plants in the area for many years, while others of said owners are currently engaged in drilling wells and designing plants for the purpose of carbon dioxide gas production and processing in the near future.

✓ (10) That all of the aforesaid well drilling, plant construction, and plant design has been in good faith reliance upon the 160-acre spacing rules now in existence.

✓ (11) That to change the spacing of wells in the Western and Southwestern portion of the Unit would impair the correlative rights of those owners who have invested in and planned for the development of their properties in reliance upon the existing 160-acre spacing rules, and would force the cancellation of certain plans for the drilling and development of carbon dioxide reserves and for plant construction, thereby causing waste and imposing an unjustified economic hardship upon said owners.

✓ (12) That the evidence presented at the hearing establishes that the quantity and quality of the pay deteriorates from East to West.

(13) That the quantity and quality of the pay is considerably better in the area in which Amoco has drilled the vast majority of its wells, and in which the interference tests and long-term flow tests were conducted.

✓ (14) That the quantity and quality of the pay is considerably poorer in the Western and Southwestern portion of the Unit where the protestant owners have drilled wells and have built and are planning to build carbon dioxide gas processing plants.

✓ (15) That no evidence was presented at the hearing to support Amoco's contention that one well will efficiently and economically drain 640 acres in the Western and Southwestern portion of the Unit.

(16) That while the geological, engineering, and economic evidence presented by Amoco may justify the adoption of 640-acre spacing throughout certain portions of the Unit Area on a temporary basis, said evidence does not support -- even on a temporary basis -- any geological, engineering or economic, or other valid and compelling justification within the jurisdiction of the Commission, for such spacing in the Western and Southwestern portion of the Unit Area.

(17) That the application for 640-acre spacing in the Western and Southwestern portion of the Bravo Dome Carbon Dioxide Gas Unit Area should be denied, and such denial should be applicable to those lands lying in the area in which the reservoir characteristics are not conducive to good drainage.

(18) That such lands as described in Finding No. 17 above in which the application should be denied and which should continue to be spaced in accordance with Rule 104 of the Division Rules and Regulations are those lands within the Unit Area in Townships 17 and 18 North, Ranges 30 and 31 East, Townships 19 and 20 North, Ranges 29, 30, and 31 East, NMPM, Harding County, New Mexico, and as more specifically defined in Exhibit "A" attached hereto and made a part hereof, and said lands should be known as the "Bravo Dome 160-acre Area".

(19) That the geological and engineering evidence presented at the hearing justifies the approval of 640-acre spacing on a temporary basis for those remaining lands in the Unit Area, and outside the Unit Area but within one mile

thereof and defined in Exhibit "A" attached hereto, but not within the lands described in Finding No. (18) above.

(20) That approval of the application for said lands, will prevent waste, protect correlative rights, will permit the more rapid development and evaluation of said lands, expedite evaluation of said lands, and expedite the gathering of reservoir data in the area.

(21) That the area approved for temporary 640-acre spacing should be known as the "Bravo Dome 640-acre Area," and should comprise those lands defined in Exhibit "B" attached hereto and made a part hereof, as well as those lands outside the Unit Area but within one mile thereof but not within the 160-acre area (the lands defined in Exhibit "A" attached hereto).

(22) That Special Rules and Regulations for the Bravo Dome 640-acre Area should be promulgated, and said rules should provide for 640-acre spacing with the spacing and proration units to comprise a single governmental section; further that the rules should specify that wells be located no nearer than 1,650 feet to the outer boundary of the spacing and proration unit nor nearer than 330 feet to any governmental quarter-quarter section line.

(23) That the vertical limits of the Bravo Dome 640-acre Area should be the Tubb formation (from the base of the Cimarron Anhydrite to the top of the Granite).

(24) That the Special Rules and Regulations for the Bravo Dome 640-acre Area should remain in effect for a period of three years from date of entry of this Order.

(25) That Amoco Production Company should be required to submit a plan, which plan should include extensive shut-in periods for one or more Unit wells, to demonstrate the drainage efficiency of wells located on 640-acre spacing units.

(26) That this case should be reopened at a hearing in June, 1987, at which time Amoco and other interested parties should appear and show cause why the Bravo Dome 640-acre Area should not be developed on less than 640-acre spacing and proration units.

(27) That that portion of Order No. R-6645 relating to denial of 640-acre spacing should be superseded but that portion of said Order relating to administrative approval for the reinjection of carbon dioxide gas for the purpose of testing wells and production facilities should remain in effect.

IT IS THEREFORE ORDERED:

(1) That the application of Amoco Production Company for the promulgation of temporary special spacing rules for the Bravo Dome Carbon Dioxide Gas Unit Area to provide for 640-acre spacing and specified well locations within said Unit Area and outside the Unit Area but within one mile thereof is hereby denied.

✓ (2) That the "Bravo Dome 160-acre Area" is hereby established comprising those lands defined in Exhibit "A" attached hereto and made a part hereof.

✓ (3) That said Bravo Dome 160-acre Area shall be spaced, drilled, and operated in accordance with the Division Rules and Regulations, particularly with respect to those rules governing 160-acre gas well spacing.

(4) That the "Bravo Dome 640-acre Area" is hereby established comprising those lands defined in Exhibit "B" attached hereto and made a part hereof.

(5) That the vertical limits of the Bravo Dome 640-acre Area shall be the Tubb formation (from the base of the Cimarron Anhydrite to the top of the Granite).

(6) That 640-acre spacing and proration units and limited well locations, being no closer than 1,650 feet to the outer boundary of the unit and no closer than 330 feet to any governmental quarter-quarter section line, are hereby established for the Bravo Dome 640-acre Area for a period not to exceed three years from date of entry of this Order.

(7) That effective July 1, 1984, special rules and regulations for the Bravo Dome 640-acre Area in Union, Harding, and Quay Counties, New Mexico, as more fully described in Exhibit "B" attached to this Order and made a part hereof, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
BRAVO DOME 640-ACRE AREA

RULE 1. Each well completed or recompleted in the Bravo Dome 640-acre Area shall be spaced, drilled, and operated in accordance with the Special Rules and Regulations hereinafter set forth, that these rules shall be applicable to the Tubb formation outside the Bravo Dome 640-acre Area but not within the Bravo Dome 160-acre Area.

RULE 2. Each well shall be located on a standard unit containing 640 acres, more or less, consisting of a governmental section; provided, however, that nothing contained herein shall be construed as prohibiting the drilling of a well on each of the quarter sections in the unit.

RULE 3. The Director of the Oil Conservation Division may grant an exception to the requirements of Rule 2 without notice and hearing when an application has been filed for a non-standard unit and the unorthodox size or shape of the unit is necessitated by a variation in the legal subdivision of the United States Public Land Surveys, or the following facts exist and the following provisions are complied with:

- (a) The non-standard unit consists of quarter-quarter section or lots that are contiguous by a common bordering side.
- (b) The non-standard unit lies wholly within a governmental section and contains less acreage than a standard unit.
- (c) The applicant presents written consent in the form of waivers from all offset operators and from all operators owning lands in the section in which the non-standard unit is situated which lands are not included in said non-standard unit.
- (d) In lieu of Paragraph (c) of this rule, the applicant may furnish proof of the fact that all of the aforesaid operators were notified by registered or certified mail of his intent to form such non-standard unit. The Director may approve the application if no such operator has entered an objection to the formation of such non-standard unit within 30 days after the Director has received the applications.

RULE 4. Each well shall be located no nearer than 1,650 feet to the outer boundary of the section and no nearer than 330 feet to any governmental quarter-quarter section line; provided, however, that any subsequent wells drilled on a unit shall be located no nearer than 1,320 feet from any existing well drilling to or capable of producing from the Bravo Dome 640-acre Area, and provided, further, that in the case of a 640-acre unit offset by a spacing and proration unit of 160 acres or less in an area spaced on 160 acres which has thereon a well completed in and capable of producing from the

equivalent vertical limits of the Bravo Dome 640-acre Area, the 640-acre unit well may be located equidistant from the common line between the units as the well on the lesser sized unit.

RULE 5. The Director may grant an exception to the requirements of Rule 4 without notice and hearing when an application has been filed for an unorthodox location necessitated by topographical conditions. All operators offsetting the spacing and proration unit shall be notified of the application by registered or certified mail, and the application shall state that such notice has been furnished. The Director may approve the application upon receipt of written waivers from all operators offsetting the spacing and proration unit or if no objection to the unorthodox location has been entered within 20 days after the Director has received the application.

IT IS FURTHER ORDERED:

(1) That within 60 days following entry of this Order, Amoco Production Company shall submit a plan, acceptable to the Director of the Oil Conservation Division, to demonstrate the drainage efficiency of wells located on 640-acre spacing units which plan should include extensive shut-in periods for one or more Unit wells.

(2) That this case shall be reopened in June, 1987, at which time the applicant herein or other interested parties may appear and show cause why the Bravo Dome 640-acre Area should not be developed on less than 640-acre spacing and proration units.

(3) That that portion of Order No. R-6645 relating to spacing is hereby superseded but that portion of said Order relating to the reinjection of gas for test purposes shall remain in full force and effect.

(4) That the locations of all wells presently drilling to or completed in the Bravo Dome 640-acre Area are hereby approved; that the operator of any well having an unorthodox location shall notify the Santa Fe District Office of the Division in writing of the name and location of the well on or before August 1, 1984.

(5) That, pursuant to Paragraph A. of Section 70-2-18, NMSA 1978, contained in Chapter 271, Laws of 1969, existing wells in the Bravo Dome 640-acre Area shall have dedicated thereto 640 acres in accordance with the foregoing pool rules, or, pursuant to Paragraph C. of said Section 70-2-18, existing

wells may have non-standard spacing or proration units established by the Division and dedicated thereto.

(6) That failure to file new Forms C-102 with the Division dedicating 640 acres to a well or to obtain a non-standard unit approved by the Division within 60 days from the date of this Order shall subject the well to being shut-in. Until said Form C-102 has been filed or until a non-standard unit has been approved, and subject to the 60-day limitation, each well presently drilling to or completed in the Bravo Dome 640-acre Area shall receive no approved Form C-104, provided, however, that no further approval shall be required for any non-standard spacing and proration unit comprising less than 160 acres or for any 160-acre unit consisting of other than a single governmental quarter section, provided such unit has previously been approved by order of the Division.

(7) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

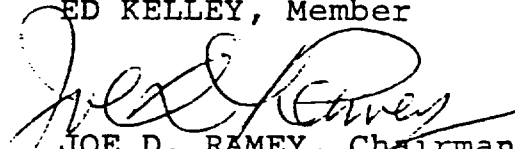
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JIM BACA, Member



ED KELLEY, Member



JOE D. RAMEY, Chairman and
Secretary

S E A L

HARDING COUNTY

TOWNSHIP 17 NORTH, RANGE 30 EAST, NMPM

Section 1: N/2, SE/4 and E/2 SW/4
Section 11: SE/4 and E/2 SW/4
Section 12: E/2, SW/4 and E/2 NW/4
Section 13: All
Section 14: E/2, E/2 W/2 and SW/4 NW/4
Section 15: SE/4 NE/4
Section 22: SE/4 SE/4
Sections 23 through 25: All
Section 26: NE/4 and E/2 NW/4
Section 27: NE/4 NE/4
Section 35: SE/4
Section 36: All

TOWNSHIP 17 NORTH, RANGE 31 EAST, NMPM

Sections 1 through 36: All

TOWNSHIP 18 NORTH, RANGE 30 EAST, NMPM

Sections 1 and 2: All
Section 3: E/2 E/2 and SW/4 SE/4
Section 10: E/2 NE/4
Section 11: N/2
Sections 12 through 14: All
Section 23: E/2 and E/2 W/2
Section 24: All
Section 25: E/2, E/2 W/2, W/2 NW/4 and NW/4 SW/4
Section 26: NE/4, E/2 NW/4 and N/2 S/2
Section 36: All

TOWNSHIP 18 NORTH, RANGE 31 EAST, NMPM

Sections 1 through 36: All

TOWNSHIP 19 NORTH, RANGE 29 EAST, NMPM

Section 1: NE/4 and E/2 NW/4

TOWNSHIP 19 NORTH, RANGE 30 EAST, NMPM

Sections 1 through 4: All
Section 5: E/2
Section 6: E/2 SE/4, NW/4 SE/4 and NE/4 SW/4
Section 7: NE/4 NE/4, E/2 SE/4, SW/4 SE/4 and
SE/4 SW/4
Sections 8 through 16: All
Section 17: N/2 and SE/4
Section 18: NE/4 NE/4
Section 20: W/2 NE/4 and S/2 SE/4

ORDER NO. R-7556

Exhibit "A"

Page 1 of 2

Section 29: NE/4
Section 32: NE/4 NE/4
Section 33: NW/4, W/2 NE/4, NE/4 NE/4,
NW/4 SE/4 and NE/4 SW/4
Section 34: N/2 and E/2 SE/4
Sections 35 and 36: All

TOWNSHIP 19 NORTH, RANGE 31 EAST, NMPM
Sections 1 through 36: All

TOWNSHIP 20 NORTH, RANGE 29 EAST, NMPM
Sections 1 and 2: All
Section 3: E/2, SW/4, S/2 NW/4 and Lot 3
Section 4: Lot 4, SE/4 NE/4 and E/2 SE/4
Section 5: SW/4 and SW/4 SE/4
Section 6: Lots 1, 2, and 3, SE/4 NW/4,
S/2 NE/4, SE/4 and NE/4 SW/4
Section 7: Lots 2 and 3, NE/4 SW/4 and N/2 SE/4
Section 8: NW/4 NW/4 and W/2 SW/4
Section 9: NE/4 NW/4, NE/4 and E/2 E/2
Sections 10 through 15: All
Section 16: E/2, NE/4 NW/4, S/2 SW/4 and
NW/4 SW/4
Section 17: S/2, SW/4 NE/4, S/2 NW/4 and
NW/4 NW/4
Section 18: Lots 1 through 4, SE/4 NW/4,
E/2 SW/4 and E/2
Section 19: Lots 1 and 2, E/2 W/2 and E/2
Section 20: All
Section 21: W/2 NW/4, NW/4 SW/4, NE/4 and
NE/4 SE/4
Sections 22 through 26: All
Section 27: N/2, SE/4, and NE/4 SW/4
Section 28: NE/4 NE/4
Section 29: N/2
Section 30: N/2 NE/4 and SE/4 NE/4
Section 34: NE/4 NE/4
Section 35: N/2 and SE/4
Section 36: All

TOWNSHIP 20 NORTH, RANGE 30 EAST, NMPM
Sections 1 through 36: All

TOWNSHIP 20 NORTH, RANGE 31 EAST, NMPM
Sections 1 through 36: All



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

November 20, 1984

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. Thomas Kellahin
Kellahin & Kellahin
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico

Re: CASE NO. 8352
ORDER NO. R-7737

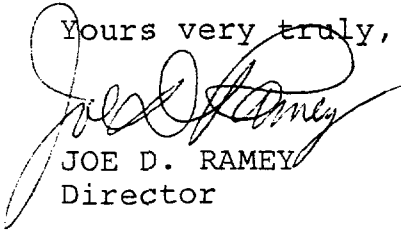
Applicant:

Cities Service Oil & Gas Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Commission order recently entered in the subject case.

Yours very truly,



JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other Owen Lopez, William F. Carr

CASE 8352 (REOPENED AND READVERTISED)

m.s.

IN THE MATTER OF CASE 8352 BEING REOPENED
PURSUANT TO THE PROVISIONS OF DIVISION ORDER NO.
R-7737-A, WHICH ORDER ESTABLISHED TEMPORARY SPECIAL
POOL RULES AND REGULATIONS FOR THE WEST BRAVO DOME
CARBON DIOXIDE GAS AREA IN HARRING COUNTY, INCLUDING
A PROVISION FOR ~~20~~ 640-ACRE SPACING UNITS, ~~XXXXXX~~

BECAUSE PRODUCTION HISTORY FROM WELLS IN THE SUBJECT
AREA IS STILL NOT AVAILABLE AND SINCE THERE IS NO
APPARENT BASIS FOR MAKING ANY PERMANENT ~~DECISION~~
DECISION ON SAID POOL RULES AT THIS TIME, OXY USA
INC., ~~ENCL. XXXXXX~~ HAS FURTHER REQUESTED, IN THE
ABSENCE OF OBJECTION, THAT THE CURRENT POOL RULES,
INCLUDING 640 ACRE SPACING, BE CONTINUED FOR A
PERIOD OF TWO YEARS FOLLOWING THE DATE OF
~~FIRST~~ FIRST PRODUCTION

KELLAHIN, KELLAHIN AND AUBREY
Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

May 28, 1987

RECEIVED

MAY 28 1987

OIL CONSERVATION DIVISION

Mr. David R. Catanach
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

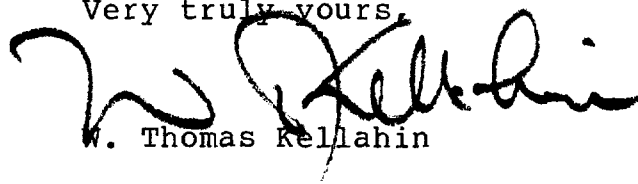
"Hand Delivered"

Re: West Bravo Dome Special Rules
OCD Case 8352

Dear Mr. Catanach:

Our firm represents Cities Service Oil & Gas Corporation who was the original applicant for the special rules and regulations for the West Bravo Dome area. In order for Cities to complete preparation of its exhibits and testimony in support of the continuation of the special rules, we would appreciate you entering my appearance in this case and granting us a continuance to the second Examiner's hearing of July, 1987.

Very truly yours,



W. Thomas Kellahin

WTK:ca

cc: Mr. Dick Hocker
Cities Service Oil & Gas Corp.
P. O. Box 300
Tulsa, Oklahoma 74102

Mr. Bob Hunt
Cities Service Oil & Gas Corp.
P. O. Box 1919
Midland, Texas 79702

KELLAHIN, KELLAHIN AND AUBREY

Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe

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Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

June 25, 1987

RECEIVED

JUN 29 1987

OIL CONSERVATION DIVISION

Mr. David R. Catanach
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

"Hand Delivered"

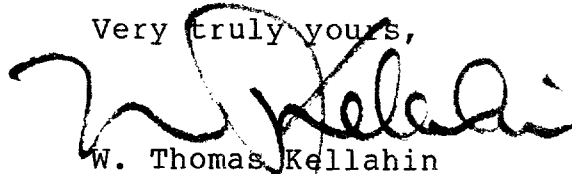
Re: West Bravo Dome Special Rules
OCD Case 8352

Dear Mr. Catanach:

The above referenced case is now set for hearing on the July 15, 1987 Examiner's docket. We would like to request a continuance of the case to the August 26, 1987 docket.

By copy of this letter we are notifying all interested parties that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross examine the witnesses either in support of or in opposition to the application.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: Mr. Dick Hocker
Cities Service Oil & Gas Corp.
P. O. Box 300
Tulsa, Oklahoma 74102

Mr. Bob Hunt
Cities Service Oil & Gas Corp.
P. O. Box 1919
Midland, Texas 79702

W. F. Carr, Esq.
Campbell & Black
P. O. Box 2208
Santa Fe, New Mexico 85704

RECEIVED

JUN 29 1987

OIL CONSERVATION DIVISION

Dockets Nos. 27-87 and 28-87 are tentatively set for September 9 and September 23, 1987. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 26, 1987

8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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

CASE 9187: (Readvertised) (Continued from August 12, 1987, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Evans Production Company, American Motorists Insurance Company and all other interested parties to appear and show cause why the five wells listed below should not be plugged and abandoned in accordance with a Division-approved plugging program:

Inditos Well No. 1 located 2310 feet from the North line and 330 feet from the East line (Unit H) of Section 15, Township 16 North, Range 9 West;
Bullseye Well No. 2 located 540 feet from the South line and 1560 feet from the West line (Unit N) of Section 18, Township 16 North, Range 9 West;
Bullseye Well No. 9 located 330 feet from the South line and 1650 feet from the East line (Unit O) of Section 18, Township 16 North, Range 9 West;
Bullseye Well No. 8 located 330 feet from the North line and 990 feet from the West line (Unit D) of Section 19, Township 16 North, Range 9 West; and,
Bullseye A Well No. 2 located 990 feet from the South and East lines (Unit P) of Section 13, Township 16 North, Range 10 West, all in McKinley County.

These wells are located in an area approximately 14 miles north of Ambrosia Lake, New Mexico.

CASE 9198: Application of Bell, Foy, & Middlebrook, Ltd. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Culp Ranch Unit Area comprising 1919.16 acres, more or less, of State and Federal lands in Sections 2, 11, and 14 of Township 12 South, Range 30 East, said acreage being approximately 11.5 miles southwest from the junction of U.S. 380 and New Mexico 172.

CASE 9190: (Continued from August 12, 1987, Examiner Hearing)

Application of Robert L. Bayless for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle gas production from the Gallup and Pictured Cliffs formations in the wellbore of its Jicarilla 519 Well No. 1 located 790 feet from the South line and 1670 feet from the East line (Unit O) of Section 18, Township 30 North, Range 2 West, Jicarilla Apache Indian Reservation. Said Well is located approximately 2.5 miles west-northwest of Highway Junction US-64 and New Mexico 537.

CASE 9199: Application of Jamar, Inc. for an Oil Treating Plant Permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to construct and operate an oil treating plant for the reclamation and treatment of sediment oil at a site in the NE/4 NE/4 (Unit A) of Section 8, Township 20 South, Range 37 East, which is approximately 2 miles west of Milepost 41 on New Mexico 18.

CASE 8352: (Reopened) (Continued from July 15, 1987, Examiner Hearing)

In the matter of Case 8352 being reopened pursuant to the provisions of Division Order No. R-7737, which order established special rules and regulations for the West Bravo Dome Carbon Dioxide Gas Area in Harding County, including a provision for 640-acre spacing units. Interested parties may appear and show cause why the West Bravo Dome Carbon Dioxide Gas Area should not be developed on less than 640-acre spacing and proration units.

CASE 9191: (Readvertised)

Application of Amerind Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn and Atoka formations underlying the S/2 SE/4 of Section 28, Township 16 South, Range 37 East, Undesignated Casey-Strawn, Undesignated West Casey-Strawn, and Undesignated Northeast Lovington-Pennsylvanian pools, forming a standard 80-acre oil spacing and proration 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 location is approximately 6.5 miles east-southeast of Lovington, New Mexico.

CASE 9171: (Continued from August 12, 1987 Examiner Hearing)

Application of MorOilCo, 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 Yates, Seven Rivers, and Queen formations in the perforated interval from approximately 3951 feet to 3995 feet and in the open hole interval from approximately 4064 feet to 5000 feet in the Atlantic Richfield Company's Mescalero Ridge Unit "MA" Well No. 31 located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 21, Township 19 South, Range 34 East, Undesignated Pearl-Queen Pool and Quail Ridge-Yates Gas Pool, which is approximately 2.5 miles north of N.M. milepost No. 77 on U.S. Highway 62/180.

CASE 9129: (Continued from July 15, 1987, Examiner Hearing)

Application of Virginia P. Uhden, Helen Orbesen, and Carrol O. Holmberg to void and vacate Division Order Nos. R-7588 and R-7588-A, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order vacating Division Order Nos. R-7588 and R-7588-A, which orders promulgated Special Rules and Regulations for the Cedar Hill-Fruitland Basal Coal Pool, including a provision for 320-acre spacing and designated well locations.

CASE 9200: Application of Mobil Producing Texas and New Mexico Inc. for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Upper Pennsylvanian production comprising the NW/4 of Section 6, Township 17 South, Range 36 East, and the promulgation of special rules therefor including a provision for 80-acre spacing and designated well locations. Said area is approximately 5.75 miles south of the Lovington-Lea County Airport.

CASE 9201: Application of Barbara Fasken 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 Devonian formation underlying the NW/4 NW/4 (Unit D) of Section 33, Township 11 South, Range 38 East, forming a statewide 40-acre oil spacing and proration unit 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 location is approximately 5 miles north of Milepost 240 on U.S. Highway 380.

CASE 9202: Application of Meridian Oil Inc. 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 Devonian formation underlying the NE/4 NE/4 (Unit A) of Section 35, Township 18 South, Range 35 East, forming a standard 40-acre oil spacing and proration unit 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 location is approximately one mile north from the junction of New Mexico Highways Nos. 8 and 529.

CASE 9203: Application of Sun Exploration and Production Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Bough "D" member of the Cisco formation (at a depth of approximately 10,500 feet underlying the SW/4 of Section 22, Township 13 South, Range 34 East, to form a 160-acre spacing and proration unit for any and all formations and/or pools within said vertical limits which are developed on 160-acre spacing, 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 approximately 11 miles west of Milepost 88.5 on New Mexico highway No. 18.

CASE 9204: Application of Samedan Oil Corporation for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit comprising the SE/4 SW/4, NE/4 SE/4, and S/2 SE/4 of Section 17, Township 23 South, Range 37 East, Jalmat Gas Pool, to be dedicated to the applicant's Hughes Federal Well No. 3 located 660 feet from the South line and 2080 feet from the West line (Unit N) of said Section 17, which is located approximately 50 yards east of New Mexico State Road 18 at Milepost 21.8.

CASE 9205: Application of Horizontal Recoveries Specialist, Inc. for a horizontal directional drilling pilot project, special operating rules therefor and two unorthodox gas well locations, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling pilot project in the SE/4 of Section 20 and NW/4 of Section 28, Township 32 North, Range 5 West, forming two standard 160-acre gas spacing and proration units in the Fruitland formation. The applicant proposes to drill a well vertically on each of the above-described gas spacing units at unorthodox surface locations and to then drill horizontally therefrom, bottoming each well in the Fruitland formation at a vertical depth of approximately 3050 feet and extending laterally approximately 1500 feet. Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area within each proration unit limiting the extent of its respective wellbore. Said area is approximately 2.75 miles south of Mile Corner No. 238.5 on the New Mexico/Colorado border.