

Dockets Nos. 36-91 and 1-92 are tentatively set for December 19, 1991 and January 9, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 5, 1991**

**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:

**Application of Samuel Gary, Jr. and Associates for a horizontal directional drilling pilot project, special operating rules therefor, an unorthodox surface oil well location, an exception to the pool's gas/oil ratio limitation factor, simultaneous dedication and possibly a non-standard oil proration unit, Sandoval County, New Mexico.** Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Rio Puerco-Mancos Oil Pool by drilling vertically from an unorthodox surface location 330 feet from the South line and 1650 feet from the West line (Unit N) of Section 4, Township 20 North, Range 2 West, to a depth of approximately 3250 feet, kick-off in a northerly direction, build angle to approximately 83 degrees and then drill horizontally for approximately 3850 feet. The applicant is proposing to establish a window in the W/2 equivalent of said Section 4 whereby a horizontal displacement of said well's producing interval will be no closer than 660 feet from the W/2 outer boundary. Further, the applicant seeks the adoption of special operating provisions within the pilot project area including a special Gas-Oil Ratio of 1000 to 1 and the flexibility to dedicate up to the 597.28 acres comprising all of said Section 4. Also to be included is the simultaneous dedication of the proposed well with the existing Johnson "4" Well No. 14 located 860 feet from the South line and 1650 feet from the West line (Unit N) which has dedicated to it the S/2 of said Section 4. The subject area is located approximately 5.5 miles west-southwest of Cuba, New Mexico.

**CASE 10416: Application of Presidio Exploration, Inc. for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an exception to Division General Rule 104.C. (2) to allow for the simultaneous dedication of East Burton Flat-Strawn Gas Pool production from the Superior Federal Well No. 9 located at a standard gas well location 1830 feet from the North line and 1980 feet from the East line (Unit G) of Section 1, Township 20 South, Range 29 East, and to a well to be drilled at an unorthodox gas well location 1300 feet from the North and West lines (Unit D) of said Section 1. Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of said Section 1 is to be the designated spacing unit for both wells comprising 321.20 acres. Said unit is located 15 miles southeast of Loco Hills, New Mexico.

**CASE 10417: Application of Coquina Oil Corporation for an unorthodox gas well location, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 990 feet from the North and East lines (Unit A) of Section 34, Township 19 South, Range 25 East, the N/2 of said Section 34 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for any and all formations from the surface to the base of the Morrow formation spaced on 320 acres, which presently includes but is not necessarily limited to the Undesignated Dagger Draw-Strawn Gas Pool, North Cemetery Atoka Gas Pool and Cemetery-Morrow Gas Pool.

**CASE 10399: (Continued from November 7, 1991, Examiner Hearing.)**

**Application of Meridian Oil, Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, non-standard oil proration unit, special project allowable and increase in gas-oil ratio, Sandoval County, New Mexico.** Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Rio Puerco-Mancos Oil Pool by commencing its San Isidro Wash Well No. 1 at a standard surface oil well location tentatively selected in the NW/4 NW/4 (Unit D) of Section 21, Township 20 North, Range 3 West, drill vertically to a depth of approximately 3,000 feet, kick-off in a southeasterly direction, build angle up to approximately 80 degrees and then drill horizontally for approximately 4,000 feet. Applicant, further seeks the adoption of special operating provisions and rules within the pilot project area including a special project allowable of up to 640 BOPD with a GOR of 1,000 to 1, and an unorthodox well location exception. Applicant further seeks the flexibility to dedicate the N/2 of said Section 21 to the well as a standard 320-acre spacing unit or, in the alternative, the approval of all of Section 21 as a 640-acre non-standard spacing unit. Applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 660 foot setback from the outer sides of the assigned spacing unit. Said unit is located approximately 12 miles west-southwest of Cuba, New Mexico.

**CASE 10413:** (Continued from November 21, 1991, Examiner Hearing.)

**Application of Merrion Oil & Gas Corporation to revise the special rules and regulations for the Snake Eyes-Dakota "D" Gas Pool and for an unorthodox gas well location, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks to amend Division Order No. R-4343, which authorized 320-acre spacing units and limited well location requirements in the Snake Eyes-Dakota "D" Gas Pool, by either permitting the drilling of an optional second well on an existing 320-acre spacing unit without notice and hearing, provided that the second well would not be drilled in the quarter section of the unit which does not contain a well OR, IN THE ALTERNATIVE, to reestablish 160-acre spacing in said pool. In either instance the applicant further seeks to allow well locations to be no closer than 330 feet from the outer boundary of a spacing unit nor 330 feet from any quarter/quarter section line or subdivision inner boundary. Said pool is comprised of Sections 17 and 20, Township 21 South, Range 8 West, which is located approximately 15 miles south by east of Nageesi, New Mexico. In conjunction to the proposed rule changes the applicant seeks approval for an unorthodox gas well location for the existing Santa Fe "20" Well No. 3 located 2220 feet from the North line and 990 feet from the East line (Unit H) of said Section 20.

**CASE 10418:** **Application of Amoco Production Company for an exception to Rule 303-A and 309-A, surface commingling of condensate, Rio Arriba County, New Mexico.** Applicant, in the above-styled cause, seeks an exception to Division General Rules 303-A and 309-A for the surface commingling of condensate production from gas wells completed in the Pictured Cliffs formation, Blanco-Mesaverde Pool, Otero-Chacra Pool, and Basin-Dakota Pool in the San Juan 28-7 Unit located in all or portions of Townships 27 and 28 North, Range 7 West, which is located approximately 16 miles east-southeast of Blanco, New Mexico.

**CASE 10419:** **Application of BTA Oil Producers for an unorthodox gas well location and a non-standard gas proration unit, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Undesignated White City-Pennsylvanian Gas Pool for a well to be drilled 1150 feet from the South line and 1650 feet from the East line (Unit O) of Section 4, Township 24 South, Range 26 East, which is located approximately 3.5 miles northwest of Black River Village, New Mexico. All of said Section 4 is to be dedicated to the well forming a non-standard 637.12-acre gas spacing and proration unit for said pool.

**CASE 10420:** **Application of Union Oil Company of California d/b/a UNOCAL, for designation of a tight formation, Rio Arriba County, New Mexico.** Applicant, in the above-styled cause, seeks the designation of the Basin-Dakota Pool underlying portions of Townships 26 and 27 North, Ranges 6 and 7 West, containing 20,642.7 acres, more or less, as a "Tight Formation" pursuant to Section 107 of the Natural Gas Policy Act of 1978 and 18 C.F.R. Section 271.701-705. Said area is located 22 miles southeast by east of Blanco, New Mexico.

**CASE 10421:** **Application of Union Oil Company of California d/b/a UNOCAL for designation of a tight formation, Rio Arriba County, New Mexico.** Applicant, in the above-styled cause, seeks the designation of the Blanco-Mesaverde Pool underlying portions of Townships 26 and 27 North, Ranges 6 and 7 West, containing 20,642.7 acres, more or less, as a "Tight Formation" pursuant to Section 107 of the Natural Gas Policy Act of 1978 and 18 C.F.R. Section 271.701-705. Said area is located 22 miles southeast by east of Blanco, New Mexico.

**CASE 10422:** **Application of Yates Petroleum 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 Canyon formation underlying the SE/4 of Section 8, Township 19 South, Range 25 East, forming a standard 160-acre gas spacing and proration unit for any and all formations spaced on 160-acre spacing within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location in the NW/4 SE/4 (Unit J) of said Section 8. 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 southwest by west of Dayton, New Mexico.

**CASE 10412:** (Continued from November 21, 1991, Examiner Hearing.)

**Application of MW Petroleum Corporation/Apache Corporation to amend Division Order No. R-9487-A, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks to amend Division Order No. R-9487-A, dated, which authorized the drilling of a well at an unorthodox gas well location 2049 feet from the North line and 480 feet from the West line (Unit E) of Section 12, Township 22 South, Range 23 East, NMPM, Indian Basin-Upper Pennsylvanian Gas Pool. Applicant specifically seeks to amend the gas allowable acreage factor assigned to the well by said order. All of Section 12 is dedicated to the subject well forming a standard 640-acre gas spacing and proration unit for said pool. Said unit is located approximately 20 miles West of Carlsbad, New Mexico.

**CASE 10427:** Application of Mewbourne Oil Company for compulsory pooling, an unorthodox gas well location and non-standard gas proration units, 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 area in Section 6, Township 18 South, Range 28 East, and in the following manner: Lots 3 through 7, SE/4 NW/4 and E/2 SW/4 (W/2 equivalent) forming a non-standard 334.98-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Empire Pennsylvanian Gas Pool and the Undesignated North-Illinois Camp-Morrow Gas Pool and Lots 6 and 7 and the E/2 SW/4 (SW/4 equivalent) forming a non-standard 167.36-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within said vertical extent. Said units are to be dedicated to a single well to be drilled 990 feet from the South line and 730 feet from the West line (Unit M) of said Section 6 which is a standard location for zones spaced on 160 acres but unorthodox for zones spaced on 320 acres. 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 5 miles north of the Old Illinois Field Camp.

**CASE 10415:** (Continued from December 5, 1991, Examiner Hearing.)

Application of Samuel Gary, Jr. and Associates for a horizontal directional drilling pilot project, special operating rules therefor, an unorthodox surface oil well location, an exception to the pool's gas/oil ratio limitation factor, simultaneous dedication and possibly a non-standard oil proration unit, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Rio Puerco-Mancos Oil Pool by drilling vertically from an unorthodox surface location 330 feet from the South line and 1650 feet from the West line (Unit N) of Section 4, Township 20 North, Range 2 West, to a depth of approximately 3250 feet, kick-off in a northerly direction, build angle to approximately 83 degrees and then drill horizontally for approximately 3850 feet. The applicant is proposing to establish a window in the W/2 equivalent of said Section 4 whereby a horizontal displacement of said well's producing interval will be no closer than 660 feet from the W/2 outer boundary. Further, the applicant seeks the adoption of special operating provisions within the pilot project area including a special Gas-Oil Ratio of 1000 to 1 and the flexibility to dedicate up to the 597.28 acres comprising all of said Section 4. Also to be included is the simultaneous dedication of the proposed well with the existing Johnson "4" Well No. 14 located 860 feet from the South line and 1650 feet from the West line (Unit N) which has dedicated to it the S/2 of said Section 4. The subject area is located approximately 5.5 miles west-southwest of Cuba, New Mexico.

**CASE 10416:** (Continued from December 5, 1991, Examiner Hearing.)

Application of Presidio Exploration, Inc. for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Division General Rule 104.C. (2) to allow for the simultaneous dedication of East Burton Flat-Strawn Gas Pool production from the Superior Federal Well No. 9 located at a standard gas well location 1830 feet from the North line and 1980 feet from the East line (Unit G) of Section 1, Township 20 South, Range 29 East, and to a well to be drilled at an unorthodox gas well location 1300 feet from the North and West lines (Unit D) of said Section 1. Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of said Section 1 is to be the designated spacing unit for both wells comprising 321.20 acres. Said unit is located 15 miles southeast of Loco Hills, New Mexico.

**CASE 10429:** Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to deepen its existing Albert "AJH" Well No. 1 located 660 feet from the North and East lines (Unit A) of Section 21, Township 20 South, Range 24 East, and complete said well as an unorthodox gas well location in the Foster Ranch-Morrow Gas Pool. The E/2 of said Section 21 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said well is located approximately 10 miles west by south of Seven Rivers, New Mexico.

**CASE 10422:** (Continued from December 5, 1991, Examiner Hearing.)

Application of Yates Petroleum 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 Canyon formation underlying the SE/4 of Section 8, Township 19 South, Range 25 East, forming a standard 160-acre gas spacing and proration unit for any and all formations spaced on 160-acre spacing within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location in the NW/4 SE/4 (Unit J) of said Section 8. 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 southwest by west of Dayton, New Mexico.

Dockets Nos. 1-92 and 2-92 are tentatively set for January 9, 1992 and January 23, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 19, 1991**

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

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

**CASE 10407:** (Continued from November 21, 1991, Examiner Hearing. This case will be continued to January 23, 1991.)

Application of Great Lakes Chemical Corporation for an exception to Division Order No. R-333-I and the Reassignment of Retroactive Gas Allowables, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the retroactive reassignment of gas allowables to the following six wells located in Township 27 North, Range 8 West, Blanco-Mesaverde Pool, said allowable for each well to be based on delinquent deliverability tests. The applicant further requests an exception to the provisions of Division Order No. R-333-I whereby each well would be exempt from any late penalties on allowables caused by failure to submit deliverability well test data in a specified time:

- Graham Well No. 1 (Unit A) Section 4
- Graham Well No. 1A (Unit P) Section 4
- Graham Well No. 3 (Unit J) Section 3
- Hammond Well No. 5 (Unit F) Section 35
- Hammond Well No. 55 (Unit B) Section 26
- Hammond Well No. 55 A (Unit D) Section 26

**CASE 10417:** (Continued from December 5, 1991, Examiner Hearing.)

Application of Coquina Oil Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 990 feet from the North and East lines (Unit A) of Section 34, Township 19 South, Range 25 East, the N/2 of said Section 34 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for any and all formations from the surface to the base of the Morrow formation spaced on 320 acres, which presently includes but is not necessarily limited to the Undesignated Dagger Draw-Strawn Gas Pool, North Cemetery Atoka Gas Pool and Cemetery-Morrow Gas Pool.

**CASE 10424:** Application of Citation Oil & Gas Corporation for downhole commingling, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle oil production from the South Hospah Upper Sand Oil Pool and the South Hospah Lower Sand Oil Pool within the wellbores of those wells located in the N/2 and N/2 S/2 of Section 12 and the SE/4 NE/4 and NE/4 SE/4 of Section 11, Township 17 North, Range 9 West. Said area is located 6 miles south of Whitehorse, New Mexico.

**CASE 10372:** (Continued from November 21, 1991, Examiner Hearing.)

Application of Parker & Parsley Development Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the S/2 equivalent of Section 33, Township 31 North, Range 4 West, forming a standard 320-acre, more or less, spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes only the Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard coal gas well location in the SW/4 of said Section 33. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 15 miles west-southwest of Dulce, New Mexico.

**CASE 10426:** Application of BTA Oil Producers for simultaneous dedication and to amend Division Order No. R-9009, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-9009 whereby the Maxus "B" 8026 JV-P Well No. 2 located at a standard gas well location 990 feet from the South line and 1980 feet from the West line (Unit N) of Section 34, Township 22 South, Range 34 East, would be allowed to produce at a restricted flow rate from the Antelope Ridge-Atoka Gas Pool. Further, the applicant seeks an exception to Division General Rule 104.C(2) to allow for the simultaneous dedication of the existing 320-acre gas spacing and proration unit comprising the S/2 of said Section 34 to the No. 2 well and to the Maxus "B" 8026 JV-P Well No. 1 located at a previously approved unorthodox gas well location (Division Order No. R-8331) 660 feet from the South and East lines (Unit P) of said Section 34. Said unit is located approximately 20 miles west southwest of Eunice, New Mexico.