

Dockets Nos. 20-92 and 21-92 are tentatively set for July 9, 1992 and July 23, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - THURSDAY - JUNE 25, 1992**

**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 10493:** Application of Maralo, Inc. for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Little Bear Unit Agreement for an area comprising 638.72 acres, more or less, of State lands comprising all of Section 18, Township 24 South, Range 25 East, which is approximately 4.5 miles northwest of White City, New Mexico.

**CASE 10494:** Application of Union Oil Company of California d/b/a UNOCAL for pool contraction, pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Red Hills-Pennsylvanian Gas Pool, which is currently comprised of Sections 31, 32, and 33, Township 25 South, Range 33 East, and Sections 4, 5, and 6, Township 26 South, Range 33 East, to include only the interval from the top of the lower "Atoka lime" to the base of the Morrow formation. Further, the applicant seeks the creation of a new pool for the production of gas from the "Upper Atoka" formation underlying all of Section 5, Township 26 South, Range 33 East, and the promulgation of special pool rules therefor, including provisions for 640-acre spacing and proration units and designated well location requirements. Said area is located approximately 23 miles west by south of Jal, New Mexico.

**CASE 10323:** (Continued from May 14, 1992, Examiner Hearing.)

Application of Collins & Ware, Inc. for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation or to a depth of 15,100 feet, whichever is deeper, underlying Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 31, Township 21 South, Range 32 East, forming a non-standard 334.72-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated Red Tank-Atoka Gas Pool and Undesignated Bilbrey-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 32.75 miles west of Eunice, New Mexico.

**CASE 10479:** (Continued from June 11, 1992, Examiner Hearing.)

Application of Bird Creek Resources, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NW/4 NE/4 (Unit B) of Section 22, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent which presently includes but is not necessarily limited to the East Loving-Delaware Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 1.75 miles east-northeast of Loving, New Mexico.

**CASE 10495:** Application of Beach Exploration Inc. for amendment of Division Order No. R-9453 to increase the injection pressure limitation in its Red Lake Unit Penrose Waterflood Project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order increasing the surface injection limitation pressure to 1500 psi in each of the fourteen existing injection wells located in Sections 24, 25, 35 and 36, Township 16 South, Range 28 East, NMPM. Said project is located approximately 16 miles east-northeast of Artesia, New Mexico.

**CASE 10496:** Application of Southland Royalty Company for an unorthodox gas well location, downhole commingling, and to amend Division Administrative Order No. NWU-80, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle gas production from the Fulcher Kutz-Pictured Cliffs Pool and the Basin Fruitland Coal (Gas) Pool within the wellbore of its proposed Aztec Well No. 700 to be drilled at an unorthodox well location for both producing horizons 2280 feet from the South line and 1500 feet from the West line (Unit K) of Section 14, Township 28 North, Range 11 West. The S/2 of said Section 14 forming a standard 320-acre gas spacing and proration unit for the Basin Fruitland Coal (Gas) Pool is to be dedicated to said well. Further, Division Administrative Order NWU-80, dated May 20, 1955, which authorized a non-standard 160-acre gas spacing and proration unit in the Fulcher Kutz-Pictured Cliffs Pool comprising the W/2 NW/4 and N/2 SW/4 of said Section 14 is to be amended to show that the proposed Aztec Well No. 700 is to replace the existing Aztec Well No. 3 located in Unit E as the unit's only producing well. Said area is located approximately 4 miles south by east of Bloomfield, New Mexico.

**CASE 10480:** (Continued from June 11, 1992, Examiner Hearing.)

**Application of Marathon Oil Company for compulsory pooling, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Lea-Wolfcamp Pool underlying the S/2 of Section 1, Township 20 South, Range 35 East, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to the plugged and abandoned Amoco Production Company Selby Well No. 1 located at a standard gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 1. Also to be considered will be the cost of re-entering and recompleting said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in re-entering and recompleting said well. Said well is located approximately 9 miles west by south of Monument, New Mexico.

**CASE 10486:** (Continued from June 11, 1992, Examiner Hearing.)

Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, a special project oil allowable, and special GOR assignment, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in an area that includes all of Section 20, Township 30 North, Range 15 West, Undesignated Horseshoe-Gallup Oil Pool. Within said area the applicant seeks to dedicate up to 320 acres to a horizontal well to be drilled from an unorthodox surface oil well location in the SE/4 SW/4 (Unit N) of said Section 20. Special rules and provisions would be promulgated for the area including the designation of a prescribed area limiting the horizontal displacement of the producing interval of the wellbore, special allowable considerations, and the adoption of a special gas/oil ratio of 4500 to 1. Said pilot project area is located approximately 4.75 miles northwest by north of Fruitland, New Mexico.

**CASE 10487:** (Continued from June 11, 1992, Examiner Hearing.)

Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, a special project oil allowable, and special GOR assignment, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in an area that includes the N/2 and SW/4 of Section 17 and Lots 1 and 2, E/2, and E/2 NW/4 of Section 18, both in Township 30 North, Range 15 West, designated and Undesignated Horseshoe-Gallup Oil Pool. Within said area the applicant seeks to dedicate up to 320 acres to a horizontal well to be drilled from an unorthodox surface oil well location in the NW/4 NW/4 (Unit D) of said Section 17. Special rules and provisions would be promulgated for the area including the designation of a prescribed area limiting the horizontal displacement of the producing interval of the wellbore, special allowable considerations, and the adoption of a special gas/oil ratio of 4500 to 1. Said pilot project area is located approximately 6 miles northwest by north of Fruitland, New Mexico.

**CASE 10488:** (Continued from June 11, 1992, Examiner Hearing.)

**Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, a special project oil allowable, and special GOR assignment, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks the formation of a 160-acre non-standard oil spacing and proration unit in the Gallup formation comprising the SW/4 of Section 24, Township 32 North, Range 13 West, for the purpose of initiating a high angle/horizontal directional drilling pilot project. The applicant proposes to utilize its existing USA Well No. 2 located 930 feet from the South line and 1050 feet from the West line (Unit M) of said Section 24, by sidetracking and drilling a lateral borehole within said project area. Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the horizontal displacement of the wellbore such that its producing interval be no closer than 330 feet from the subject area. Also to be considered will be special allowable provisions for a spacing unit larger than the statewide accepted 40-acre oil proration unit. The project area is located approximately 3.25 miles northeast by north of La Plata, New Mexico.

**CASE 10485: (Readvertised)**

**Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described area in Section 15, Township 18 South, Range 28 East, and in the following manner: the W/2 forming a standard 320-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, Undesignated Palmillo Draw-Atoka Gas Pool, and North Illinois Camp-Morrow Gas Pool; the NW/4 forming a standard 160-acre gas spacing and proration unit for any and all formations developed on 160-acre spacing within said vertical extent; either the W/2 NW/4 or S/2 NW/4 forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing which presently includes only the Undesignated Travis-Upper Pennsylvanian Pool; and the SW/4 NW/4 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Artesia Queen-Grayburg San Andres Pool. Said units are to be dedicated to a single well to be drilled in Unit E and considered standard for all zones. 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 the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 12 miles west-southwest of Loco Hills, New Mexico.

**CASE 10497:** **Application of Mewbourne Oil Company for two secondary recovery pilot projects, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authorization to institute two secondary recovery pilot projects in the Querecho Plains-Upper Bone Spring Pool by the injection of water into the perforated interval from approximately 8501 feet to 8530 feet in the Federal "E" Well No. 10 located 2310 feet from the North and East lines (Unit G) of Section 27 and from approximately 8454 feet to 8515 feet in the Government "K" Well No. 2 located 1950 feet from the South line and 1980 feet from the West line (Unit K) of Section 23, both in Township 18 South, Range 32 East. Said pool is centered approximately 9 miles south by east of Maljamar, New Mexico.

**CASE 10498:** **Application of Charles Gillespie for compulsory pooling and a non-standard oil spacing and proration unit, 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 Strawn formation underlying Lot 3 of Section 1, Township 16 South, Range 35 East, forming a non-standard 51.08-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately one mile north of the Lovington-Lea County Airport.

**CASE 10145: (Continued from May 14, 1992, Examiner Hearing.)**

In the matter of Case 10145 being reopened pursuant to the provisions of Division Order No. R-6368-B, which order promulgated a temporary gas-oil ratio limitation of 4,000 to 1 for the Avalon-Delaware Pool in Eddy County, New Mexico. Operators may appear and present evidence and show cause why the foregoing temporary gas-oil ratio limitation should remain in effect.

**CASE 10460: (Reopened and Readvertised)**

**Application of Yates Petroleum Corporation for directional drilling and a non-standard oil proration unit, Eddy and Lea Counties, New Mexico.** Applicant, in the above-styled cause, seeks approval to directionally drill its proposed Bonneville "AKK" Federal Well No. 3, to be located at a surface location at or around a point 810 feet from the South line and 200 feet from the East line (Unit P) of Section 24, Township 21 South, Range 31 East, in Eddy County, in such a manner as to bottom the well in the Undesignated Lost Tank-Delaware Pool at a standard oil well location in Lot 3 (NW/4 SW/4 equivalent), of Section 19, Township 21 South, Range 32 East, Lea County, being a non-standard 43.39-acre oil spacing and proration unit for said pool. Said unit is located approximately 15 miles north of State Highway 128 at the Lea/Eddy County line. IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.

**CASE 10491: (Readvertised)**

In the matter of hearing called by the Oil Conservation Division on its own motion for an order creating, contracting and extending certain pools in Chaves, Eddy, Lea and Roosevelt Counties, New Mexico.

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the ARAB-C-San Andres Pool. The discovery well is the Yates Petroleum Corporation Edison Ranch Unit Well No. 1 located in Unit Q of Section 5, Township 16 South, Range 33 East, NMPM. Said pool would comprise:

**TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM**

Section 5: SE/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the South Baum-Wolfcamp Pool. The discovery well is the Coastal States oil & Gas Corporation State 32 Well No. 1 located in Unit L of Section 32, Township 13 South, Range 33 East, NMPM. Said pool would comprise:

**TOWNSHIP 13 SOUTH, RANGE 33 EAST, NMPM**

Section 32: SW/4

- (c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the Bootleg Ridge-Delaware Pool. The discovery well is the T. H. McElvain Oil & Gas Properties Bootleg Ridge 19 State Well No. 1 located in Unit D of Section 19, Township 22 South, Range 33 East, NMPM. Said pool would comprise:

**TOWNSHIP 22 SOUTH, RANGE 33 EAST, NMPM**

Section 19: NW/4

- (d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Dios Mano-Bone Spring Pool. The discovery well is the Harvey E. Yates Company EKay 28 State Well No. 2 located in Unit P of Section 28, Township 18 South, Range 34 East, NMPM. Said pool would comprise:

**TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM**

Section 28: SE/4

- (e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the South Pearl-Bone Spring Pool. The discovery well is the Mitchell Energy Corporation Merit-Record 35 Well No. 1 located in Unit P of Section 35, Township 19 South, Range 35 East, NMPM. Said pool would comprise:

**TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM**

Section 35: SE/4

- (f) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the South Pearl-Wolfcamp Pool. The discovery well is the Mitchell Energy Corporation Merit-Record 35 Well No. 1 located in Unit P of Section 35, Township 19 South, Range 35 East, NMPM. Said pool would comprise:

**TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM**

Section 35: SE/4

- (g) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the Salt Lake-Delaware Pool. The discovery well is the Yates Petroleum Corporation Belco AIA Federal Well No. 1 located in Unit J of Section 14, Township 20 South, Range 32 East, NMPM. Said pool would comprise:

**TOWNSHIP 20 SOUTH, RANGE 32 EAST, NMPM**

Section 14: SE/4

- (h) CONTRACT the horizontal limits of the Cata-San Andres Pool in Chaves County, New Mexico, by the deletion of the following:

**TOWNSHIP 9 SOUTH, RANGE 30 EAST, NMPM**

Section 7: SW/4

- (i) EXTEND the Many Gates-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 30 EAST, NMPM

Section 7: SW/4

- (j) EXTEND the Allison-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM

Section 36: NE/4

TOWNSHIP 8 SOUTH, RANGE 37 EAST, NMPM

Section 31: NW/4

- (k) EXTEND the West Corbin-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 14: SW/4

Section 15: SE/4

- (l) EXTEND the South Corbin-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 30: NW/4

- (m) EXTEND the Cuerno Largo-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM

Section 25: NW/4

- (n) EXTEND the Diamondtail-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM

Section 14: NW/4

- (o) EXTEND the East Gem-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM

Section 14: SW/4

- (p) EXTEND the Geromino-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM

Section 25: SE/4

Section 36: NE/4

- (q) EXTEND the Hat Mesa-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 33 EAST, NMPM

Section 17: N/2

Section 18: N/2

- (r) EXTEND the Southwest House Yates-Seven Rivers Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 14: NW/4

- (s) EXTEND the Southeast Knowles-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 38 EAST, NMPM

Section 24: NE/4

- (t) EXTEND the Lea-Wolfcamp Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM

Section 11: S/2

- (u) EXTEND the East Livingston Ridge-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 15: SW/4

Section 16: S/2

Section 17: SE/4

- (v) EXTEND the Lost Tank-Delaware Pool in Eddy and Lea Counties, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM

Section 31: NW/4

- (w) EXTEND the East Lusk-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 35: SE/4

- (x) EXTEND the Paddock Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM

Section 19: NE/4

Section 20: NW/4

- (y) EXTEND the North Querecho Plains-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 24: SE/4

- (z) EXTEND the Sanmal-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM

Section 28: SW/4

- aa. EXTEND the Weir-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 14: N/2

Dockets Nos. 22-92 and 23-92 are tentatively set for July 23, 1992 and August 6, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - THURSDAY - JULY 9, 1992**

**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 10499:** **Application of Mitchell Energy Corporation for a unit agreement, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval of the Comanche State Unit Agreement for an area comprising 2556.56 acres, more or less, of State lands in all or portions of Sections 3, 4, 9, and 10 of Township 21 South, Range 33 East, which is centered approximately 1.5 miles south of State Highway No. 176 at mile marker 19.

**CASE 10500:** **Application of Giant Exploration and Production Company for a cooperative lease secondary recovery pilot project, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks to initiate a secondary recovery pilot project in the Bisti-Lower Gallup Oil Pool by the injection of water into the perforated interval from approximately 4747 feet to 4757 feet in the Colleen Simpson Well No. 1 located 330 feet from the South line and 1650 feet from the East line (Unit O) of Section 25, Township 25 North, Range 12 West. The proposed project area is to consist of two or more of the applicant's leases in Sections 25 and 36 of Township 25 North, Range 12 West, which is located approximately 7 miles south-southwest of the B.I.A. Huerfano Community School.

**CASE 10497:** **(Readvertised)**

**Application of Mewbourne Oil Company for two secondary recovery pilot projects, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authorization to institute two secondary recovery pilot projects in the Querecho Plains-Upper Bone Spring Pool within Township 18 South, Range 32 East, on its Government "K" Lease by the injection of water from approximately 8454 feet to 8515 feet in Well No. 2 located 1950 feet from the South line and 1980 feet from the West line (Unit K) of Section 23 and on its Federal "E" Lease by the injection of water into the perforated interval from approximately 8501 feet to 8530 feet in Well No. 10 located 2310 feet from the North and East lines (Unit G) and from approximately 8360 feet to 8486 feet in Well No. 11 located 660 feet from the North line and 530 feet from the East line (Unit A) both in Section 27. Said pool is centered approximately 9 miles south by east of Maljamar, New Mexico.

**CASE 10501:** **Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 23, Township 19 South, Range 27 East, and in the following manner: the S/2 forming a standard 320-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 McMillan-Atoka Gas Pool, Undesignated Angell Ranch-Atoka Morrow Gas Pool, Undesignated North McMillan-Morrow Gas Pool, and Undesignated South Millman-Morrow Gas Pool; the SE/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within said vertical extent; and the NW/4 SE/4 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Millman-Grayburg Pool and Undesignated West Millman-Grayburg Pool. Said units are to be dedicated to a single well to be drilled at a standard location in Unit J. 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 the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 7 miles east by north of Lakewood, New Mexico.

**CASE 10502:** **(This Case will be continued to August 6, 1992.)**

**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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the NW/4 NW/4 (Unit D) of Section 23, Township 22 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6.25 miles north-northwest of the junction of State Highway No. 128 and the Delaware Basin Road.

**CASE 10503:** (This Case will be continued to August 6, 1992.)

**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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the SW/4 NW/4 (Unit E) of Section 23, Township 22 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles north-northwest of the junction of State Highway No. 128 and the Delaware Basin Road.

**CASE 10504:** (This Case will be continued to August 6, 1992.)

**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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the NW/4 SW/4 (Unit L) of Section 24, Township 22 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5.5 miles north by west of the junction of State Highway No. 128 and the Delaware Basin Road.

**CASE 10458:** (Continued from April 2, 1992, Examiner Hearing.)

**Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard gas-oil proration unit, an unorthodox well location and a special project allowable, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Angel Peak-Gallup Associated Pool underlying all of Section 35, Township 27 North, Range 10 West, thereby creating a non-standard 640-acre gas or oil spacing and proration unit for said pool. The applicant proposes to drill its Huerfano Unit Well No. 306 from a tentative unorthodox surface location 1455 feet from the South line and 1550 feet from the West line (Unit K) of Section 35, Township 27 North, Range 10 West, kick-off from vertical in a southeasterly direction until an angle of approximately 90 degrees is achieved and continue drilling horizontally for approximately 3015 feet. Applicant, further seeks the adoption of special operating provisions and rules within the pilot project area including the designation of a target window for said horizontal wellbore described as a rectangle 790 feet from the South, East, and West lines and 3430 feet from the North line of said Section 35 and for a special project allowable. Said unit is centered a mile south of the U.S. Bureau of Land Management's Angel Peak Recreational Area Campground.

**CASE 10479:** (Continued from June 25, 1992, Examiner Hearing.)

**Application of Bird Creek Resources, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NW/4 NE/4 (Unit B) of Section 22, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent which presently includes but is not necessarily limited to the East Loving-Delaware Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 1.75 miles east-northeast of Loving, New Mexico.

**CASE 10505:** **Application of United Gas Search, Inc. for a credit for enhanced oil recovery, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks a credit for enhanced oil recovery covering the following leases: Glenn-Ryan (Leonard Federal) Lease comprising all of Section 11 and the S/2 of Section 14, Township 26 South, Range 37 East, save and except as to depths below 3600 feet subsurface in the SE/4 SE/4 of said Section 11 and as to depths between the surface and 3600 feet subsurface in the SW/4 SW/4 of said Section 14; Glenn-Ryan (Leonard Brothers) Lease comprising all of Section 13 and the N/2 of Section 14, Township 26 South, Range 37 East, save and except as to the Queen formation in the SE/4 SW/4 of said Section 13; and the Leonard Brothers "A" Lease comprising the N/2 N/2, SE/4 NW/4, and the SW/4 NE/4 of Section 23, Township 26 South, Range 37 East, save and except as to the Queen formation in the NE/4 NE/4 of said Section 23. Said leases are located approximately 5 miles east-southeast of Bennett, New Mexico.



**CASE 10506:** **Application of American Hunter Exploration, Ltd. for an exception to the provisions of the Division's No-Flare Rule 306; cancellation of overproduction or, in the alternative, special provisions governing overproduction; and the adoption of special operating procedures, Rio Arriba County, New Mexico.** Applicant, in the above-styled cause, seeks an order permitting the Jicarilla "3F" Well No. 1, surface location being 1845 feet from the North line and 1900 feet from the West line (Unit F) of Section 3, Township 27 North, Range 1 West, (which is approximately 24 miles south of Dulce, New Mexico), to continue to produce at a rate no higher than that which corresponds to the 800 barrels of oil per day and associated GOR of 2,000 to 1 which is established by the Special Pool Rules and Regulations for the West Puerco Chiquito-Mancos Oil Pool; granting an exception to the No-Flare Provisions of Division General Rule 306; canceling the current overproduction for the Jicarilla "3F" Well No. 1 or, in the alternative, adopting special provisions governing how this overproduction shall be calculated and made up; and adopting special operating procedures which will permit the Jicarilla "3F" Well No. 1 to be produced in accordance with a Division approved program for the effective production and development of the Mancos Formation in this area; and granting such other relief as the Division deems appropriate.

**CASE 10507:** **Application of C & C Landfarm Inc. for a commercial surface waste disposal facility, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authorization to construct and operate a commercial landfarm facility for remediation of non-hazardous hydrocarbon-contaminated soils using an enhanced biodegradation process. Said area is to be located in the SW/4 NE/4 (Unit G) of Section 3, Township 20 South, Range 37 East, which is approximately 2 miles southeast of Monument, New Mexico. This application has been administratively determined to be approvable, and this hearing is scheduled to allow parties the opportunity to present technical evidence why the application should not be approved pursuant to the rules of the Division. In the absence of objection, this application will be taken under advisement.

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DOCKET 21-92

**DOCKET: COMMISSION HEARING - THURSDAY - JULY 16, 1992**  
**9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING,**  
**SANTA FE, NEW MEXICO**

**The Land Commissioner's designee for this hearing will be Gary Carlson**

**CASE 10508:** In the matter of Case 10508 being called by the Oil Conservation Commission on its own motion pursuant to the provisions of Division Order No. R-6446-B which approved the Bravo Dome Carbon Dioxide Gas Unit Agreement in Harding, Union and Quay Counties, New Mexico, to permit Amoco Production Company, the operator of said unit, to review operations and demonstrate to the Commission that its operations within the unit are resulting in the prevention of waste and the protection of correlative rights on a continuing basis.

**CASE 10462:** (De Novo)

**Application of Marathon Oil Company for termination of oil prorationing in the Vacuum-Glorieta Pool, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an exception to Division General Rule 505 for the Vacuum-Glorieta Pool, located in portions of Townships 17 and 18 South, Ranges 34 and 35 East, whereby the allowable for each well producing from said pool would equal its producing capability. Said pool is centered approximately 11 miles east of Buckeye, New Mexico. Upon application of Marathon Oil Company this case will be heard De Novo pursuant to the provisions of Rule 1220.