

**CASE 10697:** Application of Petroleum Development Corporation for a high angle/horizontal directional drilling pilot project and for special operating rules therefor, Chaves County, New Mexico. Applicant seeks authority to initiate a short-radius high angle/horizontal directional drilling pilot project in the SE/4 NE/4 of Section 6, Township 8 South, Range 31 East, being a standard 40-acre oil spacing and proration unit in the Cato-San Andres Pool. The applicant proposes to utilize the previously plugged and abandoned Exxon Corporation Wattam Federal Well No. 4 located 2060 feet from the North line and 598 feet from the East line (Unit H) of said Section 6 by kick-off from vertical, build angle to approximately 90 degrees with a short radius curve and continue with a horizontal drainhole in said pool. Applicant further seeks special rules and provisions within the project area including the designation of a prescribed area limiting the horizontal displacement of the well's producing interval within 100 feet to the outer boundary of said 40-acre unit. Said project area is located approximately 13.5 miles south by west of Kenna, New Mexico.

**CASE 10698:** Application of Petroleum Development Corporation for a high angle/horizontal directional drilling pilot project, special operating rules therefor, and a non-standard oil proration unit, Chaves County, New Mexico. Applicant seeks authority to initiate a short-radius high angle/horizontal directional drilling pilot project in Lot 4 (NW/4 NW/4 equivalent) of irregular Section 6, Township 8 South, Range 31 East, being a non-standard 44.30-acre oil spacing and proration unit in the Cato-San Andres Pool. The applicant proposes to utilize its existing Wattam Federal Well No. 7 located 660 feet from the North and West lines (Unit D) of said Section 6 by kick-off from vertical, build angle to approximately 90 degrees with a short radius curve and continue with a horizontal drainhole in said pool. Applicant further seeks special rules and provisions within the project area including the designation of a prescribed area limiting the horizontal displacement of the well's producing interval within 100 feet to the outer boundary of said spacing unit. Said project area is located approximately 13.5 miles south by west of Kenna, New Mexico.

**CASE 10676:** (Continued from March 18, 1993, Examiner Hearing.)

Application of Mitchell Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pennsylvanian formation underlying the following described areas in Section 35, Township 24 South, Range 29 East, and in the following manner: the N/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent; the NW/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; the E/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 within said vertical extent; and the SE/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. Said units are to be dedicated to a single well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs 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 16 miles southeast of Carlsbad, New Mexico.

**CASE 10684:** (Continued from March 18, 1993, Examiner Hearing.)

Application of SDX Resources, Inc. for approval of a waterflood project, Eddy County, New Mexico. Applicant seeks authority to institute a waterflood project on its proposed Leonard Federal and Leonard B Federal Lease area located in portions of Section 33, Township 17 South, Range 29 East, by the injection of produced water into the Grayburg and San Andres formations through the Leonard B Federal Well No. 1 and the Leonard Federal Well No. 3, which are to be converted from producing oil wells. Said project area is located approximately 1/2 mile southeast of Bishop, New Mexico.

**CASE 10699:** Application of Meridian Oil Inc. for downhole commingling and a non-standard spacing unit, San Juan County, New Mexico. Applicant seeks approval to downhole commingle Blanco-Pictured Cliffs Pool and Basin-Fruitland Coal Gas Pool production within the wellbore of its proposed San Juan 29-7 Unit Well No. 583 to be drilled at a standard gas well location 1850 feet from the South line and 790 feet from the West line (Unit L) of Section 6, Township 29 North, Range 7 West. Said well is to be dedicated to a previously approved non-standard 215.22-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool being the W/2 equivalent of Section 6 and to a non-standard 110.66-acre gas spacing unit for the Blanco-Pictured Cliffs Pool being the SW/4 equivalent of said Section 6. The well is located approximately 1 mile west of Navaio City, New Mexico.

- CASE 10700:** Application of Meridian Oil Inc. for downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle Fulcher-Kutz Pictured Cliffs Pool and the Basin-Fruitland Coal Gas Pool production within the wellbore of its Shiotani Federal Com Well No. 400 which was drilled at a standard gas well location 1630 feet from the South line and 870 feet from the West line (Unit L) Section 8, Township 29 North, Range 12 West. Said well is to be dedicated to a standard 325.77-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool being the W/2 of Section 8 and is to be dedicated to a standard 164.44-acre gas spacing unit for the Fulcher-Kutz Pictured Cliffs Gas Pool being the SW/4 of Section 8. The well is located approximately 3 miles east of Farmington, New Mexico.
- CASE 10701:** Application of Meridian Oil Inc. for downhole commingling and for an administrative downhole commingling procedure within the Huerfanito Unit Area, San Juan County, New Mexico. Applicant seeks approval to commingle gas production from the Blanco-Mesaverde Gas Pool and the Basin-Dakota Coal Gas Pool within the wellbore of its existing Huerfanito Unit Well No. 71 located in Unit A in the E/2 of Section 3, Township 26 North, Range 9 West and Well No. 104 located in Unit M in the W/2 of Section 27, Township 27 North, Range 9 West, and within the wellbore to be drilled for Unit Well 78M, located in Unit I in the E/2 of Section 36, Unit Well 79M, located in Unit J in the E/2 of Section 26, Unit Well 82M located in Unit D in the W/2 of Section 25, and Unit Well 98M located in Unit O in the E/2 of Section 35, all in Township 27 North, Range 9 West, with the identified 320-acre spacing and proration unit for both zones to be dedicated to each said well as indicated above. In addition, the applicant seeks the adoption of an administrative procedure for authorizing the downhole commingling of Mesaverde and Dakota production in the wellbores of existing and subsequently drilled wells within the Huerfanito Unit area without hearing and without the requirement of notice to any offsetting operator and without the requirement that each interest owner in the Mesaverde and Dakota Participating Area be notified of such commingling. The Huerfanito Unit is located in portions of Sections 1-4, 10-12, Township 26 North, Range 9 West and portions of Sections 22-28 and 33-36, Township 27 North, Range 9 West. Said unit is located approximately 18 miles northwest by north of Nageezi, New Mexico or 12 miles northeast by north of Huerfano Trading Post.
- CASE 10702:** Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, an unorthodox gas well location, and a non-standard oil proration unit, San Juan County, New Mexico. Applicant seeks authority to initiate a high angle/horizontal directional drilling pilot project in the Barker Creek Paradox (Pennsylvanian) Pool for all of Sections 15 and 16, Township 32 North, Range 14 West, including a non-standard 1280-acre spacing unit for said pool. The applicant proposes to re-enter its Ute Well No. 8 at its existing unorthodox surface location 1750 feet from the South line and 950 feet from the West line (Unit L) of said Section 15 and drill a high angle-horizontal well such that the bottom hole terminus of the well shall be at an unorthodox bottomhole location not closer than 990 feet from the North line and not closer than 550 feet from the East line of Section 16. Applicant further seeks special rules and provisions within the pilot project area limiting the horizontal displacement of the wellbore such that its producing interval be no closer than 1650 feet to the south, west and east outer boundaries of the spacing unit and no closer than 990 feet to the north outer boundary of the spacing unit. Said project area is located approximately 8 miles Northwest of La Plata, New Mexico.
- CASE 10703:** Application of Marathon Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its proposed Indian Hills Well No. 5 at an unorthodox gas well location, in the Undesignated Cemetery-Morrow Gas Pool, 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 36, Township 20 South, Range 24 East. Said well is to be dedicated to a 320-acre spacing unit consisting of the S/2 of said Section 36. Said well is located approximately 9 miles west-southwest of Seven Rivers, New Mexico.
- CASE 10704:** Application of Marathon Oil Company to amend Division Order No. R-9503 to increase the vertical limits authorized for injection in certain injection wells in a waterflood project, Lea County, New Mexico. Applicant seeks an amendment to Division Order No. R-9503 to authorize an increase in the upper limits of the waterflood injection interval to correspond to the entire vertical limits of the South Eunice Seven Rivers-Queen Pool in the McDonald State A/C-1 Lease Waterflood Project for its injection wells Nos. 33, 34 and 40 located in Units H, H and I, respectively, Section 16, Township 22 South, Range 36 East. Said project area is located approximately 7 miles south of Oil Center, New Mexico.
- CASE 10705:** Application of Union Oil Company of California d/b/a Unocal for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks authorization to recomplete in the Devonian formation, Red Hills-Devonian Gas Pool, its Red Hills Unit Well No. 1 which was drilled to the Wolfcamp formation at an unorthodox location 330 feet from the South line and 2310 feet from the East line (Unit O) of Section 32, Township 25 South, Range 33 East. Said Section 32 is to be dedicated to said well forming a standard 640-acre gas spacing and proration unit. Said unit is located approximately 4 miles northeast of the Paduca Breaks.

**DOCKET: EXAMINER HEARING - THURSDAY - MAY 20, 1993**

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

**Dockets Nos. 16-93 and 17-93 are tentatively set for June 3, 1993 and June 17, 1993. Applications for hearing must be filed at least 23 days in advance of hearing date.**

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

**CASE 10699: (Reopened)**

**Application of Meridian Oil Inc. to amend Order No. R-9980, Rio Arriba County, New Mexico.** Applicant seeks approval to reopen Division Order No. R-9980 so that all references therein to San Juan County are replaced with Rio Arriba County and the unit letter designation of L is replaced with the unit letter K. This case and its order approved the downhole commingling of Blanco-Pictured Cliffs and Basin-Fruitland Coal Gas Pool production and a non-standard spacing unit for its proposed San Juan 29-7 Unit Well No. 583 to be drilled at a standard gas well location 1850 feet from the South line and 790 feet from the West line of Section 6, Township 29 North, Range 7 West. The well is located approximately 1 mile west of Navajo City, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT AND THE REQUESTED CORRECTION GRANTED.**

**CASE 10729: Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a special project gas allowable and a non-standard spacing and proration unit, Rio Arriba County, New Mexico.** Applicant seeks authority to initiate a high angle/horizontal directional drilling pilot project in the Blanco-Mesayerde Pool, including special operating rules, a well location and producing window, a special project gas allowable and a non-standard 642.52-acre spacing and proration unit consisting of all of Section 3, Township 25 North, Range 6 West, for its Canyon Largo Unit Well No. 388 to be drilled at a standard surface location 2040 feet from the South line and 1625 feet from the West line (Unit K) of said Section 3. Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the surface location and the horizontal displacement of the wellbore such that its surface location and producing interval be no closer than 790 feet to the outer boundaries of the non-standard spacing unit. Said project area is located approximately 18 miles south of Counselors, New Mexico.

**CASE 10728: (Continued from May 6, 1993, Examiner Hearing.)**

**Application of Hallwood Petroleum Inc. for an unorthodox coal gas well location, San Juan County, New Mexico.** Applicant seeks approval to recomplete its F Montoya "27" Well No. 1 for production from the Basin Fruitland Coal Gas Pool at an unorthodox coal gas well location 790 feet from the South and East lines (Unit P) of Section 27, Township 32 North, Range 13 West. The S/2 of said Section 27 is to be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit for said pool. Said well is located approximately 2 miles north of La Plata, New Mexico.

**CASE 10676: (Continued from May 6, 1993, Examiner Hearing.)**

**Application of Mitchell Energy Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Pennsylvanian formation underlying the following described areas in Section 35, Township 24 South, Range 29 East, and in the following manner: the N/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent; the NW/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; the E/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 within said vertical extent; and the SE/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. Said units are to be dedicated to a single well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs 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 16 miles southeast of Carlsbad, New Mexico.

**CASE 10706: (Continued from May 6, 1993, Examiner Hearing.)**

**Application of Richardson Operating Company for compulsory pooling, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying the N/2 of Section 15, Township 29 North, Range 12 West. Said unit is to be dedicated to its Ropco Fee 15-2 FC Well located at a standard location 1845 feet from the North line and 1405 feet from the East line of said Section 15. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 4 miles west of Farmington, New Mexico.

**CASE 10730:** Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks authorization to drill to the Morrow formation, Cemetery-Morrow Gas Pool, its Conoco AGK Federal Well No. 1 at an unorthodox location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 26, Township 19 South, Range 24 East. The E/2 of said Section 26 is to be dedicated to said well forming a standard 320-acre gas spacing unit. Said well is located approximately 7 miles southwest of Seven Rivers, New Mexico.

**CASE 10731:** Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks authorization to drill to the Upper Pennsylvanian formation, North Dagger Draw-Upper Pennsylvanian Pool, its Dagger Draw 31 Federal Well No. 5 at an unorthodox gas well location 660 feet from the North line and 2310 feet from the West line (Unit C) of Section 31, Township 19 South, Range 25 East. The NW/4 of said Section 31 is to be dedicated to said well forming a standard 160-acre gas spacing and proration unit. Said well is located approximately 2 miles southwest of Lakewood, New Mexico.

**CASE 10717:** (Continued from April 22, 1993, Examiner Hearing.)

**Application of Davcro Inc. for salt water disposal, Lea County, New Mexico.** Applicant seeks authority to re-enter the previously plugged and abandoned Cactus Drilling Corporation Sawyer Deep Well No. 1 located 330 feet from the South line and 2310 feet from the West line (Unit N) of Section 19, Township 9 South, Range 38 East, and utilize said well to dispose of produced salt water into the Sawyer-San Andres Associated Pool through the open-hole interval from approximately 5120 feet to 5600 feet. Said well is located approximately 4.5 miles east of Crossroads, New Mexico.

**CASE 10732:** Application of Condor Oil Corporation for eighteen unorthodox oil well locations, San Juan County, New Mexico. Applicant seeks approval for eighteen unorthodox oil well locations in the Northeast Hogback Unit, as follows:

SE/4 NE/4 of Section 10 - 2630 feet from the North line and 1310 feet from the East line;  
NW/4 SW/4 of Section 11 - 1340 feet from the South line and 10 feet from the West line;  
NW/4 SE/4 of Section 10 - 1340 feet from the South line and 1350 feet from the East line;  
NE/4 NE/4 of Section 10 - 1310 feet from the North line and 1310 feet from the East line;  
SW/4 NW/4 of Section 11 - 2630 feet from the North line and 50 feet from the West line;  
NE/4 NE/4 of Section 10 - 1310 feet from the North line and 10 feet from the East line;  
NW/4 NE/4 of Section 10 - 1310 feet from the North line and 2310 feet from the East line;  
NW/4 NE/4 of Section 10 - 330 feet from the North line and 2310 feet from the East line;  
NE/4 NE/4 of Section 10 - 330 feet from the North line and 1310 feet from the East line;  
NW/4 NW/4 of Section 14 - 10 feet from the North line and 1310 feet from the West line;  
NW/4 SW/4 of Section 11 - 1330 feet from the South line and 1310 feet from the West line;  
NE/4 NE/4 of Section 15 - 10 feet from the North line and 10 feet from the East line;  
SW/4 NE/4 of Section 10 - 2630 feet from the North line and 2310 feet from the East line;  
NW/4 SW/4 of Section 11 - 2630 feet from the South line and 1310 feet from the West line;  
SW/4 SE/4 of Section 10 - 1310 feet from the South line and 2010 feet from the East line;  
SW/4 NE/4 of Section 14 - 1500 feet from the North line and 2300 feet from the East line;  
SE/4 SW/4 of Section 11 - 1310 feet from the South line and 2310 feet from the West line;  
NE/4 NW/4 of Section 14 - 1310 feet from the North line and 1330 feet from the West line, all in Township 30 North, Range 16 West.

The above wells are infill wells within a secondary recovery unit which is centered approximately 3 miles northwest of Waterflow, New Mexico.

**CASE 10714:** (Continued from May 6, 1993, Examiner Hearing.)

Application of Gary-Williams Company for a unit agreement and for special operating rules for drilling and producing horizontal/high angle wellbores in the Rio Puerco-Mancos Oil Pool, within said unit area, Sandoval County, New Mexico. Applicant seeks approval of the Ceja Pelon Unit Agreement for an area comprising 25,445.43 acres, more or less, of State, Federal, and fee lands in portions of Townships 20 and 21 North, Ranges 2, 3, and 4 West. Further, the applicant seeks the promulgation of special operating rules and procedures for wells drilled in the Rio Puerco-Mancos Oil Pool within the proposed Unit boundary including provisions for administrative authorization for horizontal/high angle wellbores, the formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, and the assignment of a special oil allowable to units with horizontal wellbores. The center of said Unit area is located approximately nine miles west by north of Cuba, New Mexico.