

**DOCKET: EXAMINER HEARING - THURSDAY - JULY 15, 1993
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO**

Dockets Nos. 22-93 and 23-93 are tentatively set for July 29, 1993 and August 12, 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 10750: (Readvertised)

Application of Yates Petroleum Corporation for a unit agreement, Eddy County, New Mexico. Applicant seeks approval of the Wagon Unit Agreement for an area comprising 4,844.60 acres of the State and Fee lands in portions of Townships 22 and 23 South, Ranges 22 and 23 East, which is centered approximately at the H-Bar-Y Ranch.

CASE 10751: (Readvertised)

Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Beartooth State Unit Agreement for an area comprising 2,468.72 acres, more or less, of State and Fee lands in Sections 22, 23, 26, 27, 34, and 35 of Township 26 South, Range 36 East, which is centered approximately 4 miles southwest of Bennett, New Mexico.

CASE 10763: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Sanmal Queen Unit Agreement for an area comprising 440 acres, more or less, of State land in Sections 1 and 12, Township 17 South, Range 33 East, which is centered approximately 3 miles north of Buckeye, New Mexico.

CASE 10764: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Saffron Unit Agreement for an area comprising 1,396.01 acres, more or less, of Federal and State lands in Sections 1, 2 and 3 of Township 23 South, Range 32 East, which is located approximately 24 miles west of Eunice, New Mexico.

CASE 10742: (Continued from July 1, 1993, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill to Sunflower "AHW" Federal Well No. 2 at a unorthodox location 660 feet from the North and East lines (Unit A) of Section 31, Township 19 South, Range 24 East. The N/2 of said Section 31 is to be dedicated to the well. Applicant further requests approval of the unorthodox location as to all prospective pools of formations including but not limited to the Abo, Wolfcamp, Cisco, Canyon, Strawn, Atoka and Morrow spaced on 320-acres. Said well is located approximately 8 miles south by southeast of Antelope Sink.

CASE 10747: (Readvertised)

Application of Nearburg Producing Company for salt water disposal, Eddy County, New Mexico. Applicant seeks authority to convert its M.H. Federal Well No. 1-1N located 660 feet from the South line and 1650 feet from the West line (Unit N) of Section 1, Township 22 South, Range 24 East, and utilize said well to dispose of produced salt water into the Cisco Canyon formation through the perforated interval from approximately 8219 feet to 8380 feet. Said well is located 1 mile east of Little Walt Spring.

CASE 10746: (Readvertised)

Application of Devon Energy Corporation for special pool rules, Eddy County, New Mexico. Applicant seeks the promulgation of special rules for the East Catclaw Draw-Delaware Pool located in Section 9, Township 21 South, Range 26 East, including a provision for a gas-oil ratio limitation of 6000 cubic feet of gas per barrel of oil. Said area is located approximately 3 miles east of Avalon Reservoir.

CASE 10541: (Reopened - Continued from July 1, 1993, Examiner Hearing.)

In the matter of Case 10541 being reopened pursuant to the provisions of Division Order No. R-9773, which order promulgated special pool rules and regulations for the East Herradura Bend-Delaware Pool in Eddy County. Operators in said pool may appear and present evidence and show cause why the foregoing Special Rules and Regulations should remain in effect.

CASE 10765: Application of Blackwood & Nichols Co., a Limited Partnership, for directional drilling and an unorthodox bottomhole Fruitland-Coal Gas Well location, Rio Arriba County, New Mexico. Applicant seeks authority to directionally drill its proposed Northeast Blanco Unit Well No. 479-R from a surface location 1170 feet from the North line and 2280 feet from the West line (Unit C) of Section 20, Township 30 North, Range 7 West, in such a manner as to bottom the well in the Basin-Fruitland Coal Gas Pool, at an unorthodox subsurface Coal Gas Well location within 50 feet of a point 100 feet from the North line and 590 feet from the West line (Unit D) of said Section 20. The W/2 of said Section 20 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 45 miles east of Farmington, New Mexico.

CASE 10670: (Reopened)

In the matter of Case 10670 being reopened upon the application of Maralo, Inc. to set an effective date for the temporary special rules and regulations for the Northeast Jenkins-Devonian Pool promulgated by Division Order No. R-9912. Division Order No. R-9912, issued in Case 10670 and dated June 15, 1993, granted the application of Maralo, Inc. for the creation of a new Devonian Pool and the promulgation of temporary special rules and regulations therefor including provisions for 80-acre spacing and special well location requirements. At this time, Maralo, Inc. requests the Division enter an order reopening Case 10670 and establishing an effective date of March 1, 1993 for the temporary special rules and regulations for this pool. IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.

CASE 10766: Application of David H. Arrington Oil & Gas Inc. for an unorthodox gas well location and non-standard gas spacing unit, Lea County, New Mexico. Applicant seeks authorization to drill a well at an unorthodox location 1980 feet from the North line and 1650 feet from the West line (Unit F) of Section 11, Township 21 South, Range 36 East, Eumont Gas Pool. Applicant also seeks authority to dedicate a non-standard spacing unit comprised of the SE/4 NW/4, S/2 NE/4 and the NW/4 SE/4 of said Section 11 to said well. Said unit is located approximately 1 mile east of Oil Center, New Mexico.

CASE 10556: (Reopened)

In the matter of Case 10556 being reopened pursuant to the provisions of Division Order R-9759, which order promulgated special pool rules and regulations for the Old Millman Ranch-Bone Spring Pool in Eddy County, New Mexico. In addition, Chi Energy Inc. seeks the designation of the subject pool as an "associated" oil and gas pool with Order No. R-9759 to be superseded by Order No. R-5353 (the Associated Oil and Gas Pool Rules) and amended to provide for 160-acre gas well spacing and 80-acre oil well spacing.

CASE 10767: Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation underlying all of Section 5, Township 22 South, Range 24 East, forming a standard 640-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre spacing within said vertical extent. Said unit is to be dedicated to its reentry of the Discovery Operating Walt Canyon 5 Fed Well No. 1 at a standard location in said Section 5. Also to be considered will be the cost of reentering 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 reentering and completing said well. Said well is located approximately 2 miles south of the Tepee.

CASE 10768: Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling and an unorthodox well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation underlying all of Section 8, Township 22 South, Range 24 East, forming a standard 640-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre spacing unit within said vertical extent. Said unit is to be dedicated to its reentry of the Amoco Fed. Azotea Mesa Well No. 1-8 located 743 feet from the North line and 1055 feet from the West line of said Section 8. Also to be considered will be the cost of reentering 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 reentering and completing said well. Said well is located approximately 3 miles south of the Tepee.

CASE 10793: Application of Yates Petroleum Corporation for a pilot gas enhanced recovery project, Chaves County, New Mexico. Applicant seeks authority to implement a pilot project within portions of the Pecos Slope Abo-Gas Pool in which it may drill an additional well on certain 160-acre spacing units to determine if additional development is necessary to effectively and efficiently drain the Abo formation. The pilot project area shall be limited to the following tracts:

TOWNSHIP 6 SOUTH, RANGE 25 EAST, NMPM

Section 1: NW/4
Section 8: NE/4
Section 11: E/2
Section 15: SW/4
Section 24: SW/4
Section 26: NE/4
Section 35: NE/4

Said area is located approximately 12 miles west of Haystack Butte.

CASE 10794: Application of Yates Petroleum Corporation for approval of a waterflood project, Lea County, New Mexico. Applicant seeks approval of its Sanmal Unit Waterflood Project by injection of water into the Queen formation through three (3) injection wells located in the following described area:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM

Section 1: SW/4, S/2 NE/4, N/2 SE/4, SW/4 SE/4
Section 12: N/2 NW/4

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said waterflood operations. Applicant further seeks to qualify this project for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Said area of interest is located 3 miles north of Buckeye, New Mexico.

CASE 10772: (Continued from July 15, 1993, Examiner Hearing.)

Application of Barber Oil Inc. for salt water disposal, Eddy County, New Mexico. Applicant seeks authority to utilize its Stovall-Wood Well No. 5 located 880 feet from the North line and 1580 feet from the West line (Unit C) of Section 20, Township 20 South, Range 30 East, to dispose of produced salt water into the Rustler Lime formation through the perforated interval from approximately 195 feet to 255 feet. Said well is located 2 miles northeast of the National Potash Company Mine.

CASE 10766: (Continued from July 15, 1993, Examiner Hearing.)

Application of David H. Arrington Oil & Gas Inc. for an unorthodox gas well location and non-standard gas spacing unit, Lea County, New Mexico. Applicant seeks authorization to drill a well at an unorthodox location 1980 feet from the North line and 1650 feet from the West line (Unit F) of Section 11, Township 21 South, Range 36 East, Eumont Gas Pool. Applicant also seeks authority to dedicate a non-standard spacing unit comprised of the SE/4 NW/4, S/2 NE/4 and the NW/4 SE/4 of said Section 11 to said well. Said unit is located approximately 1 mile east of Oil Center, New Mexico.

CASE 10795: Application of David H. Arrington Oil & Gas Inc. for an unorthodox gas well location and a non-standard spacing unit, Lea County, New Mexico. Applicant seeks authorization to drill its Foster Well No. 3 in the Eumont Gas Pool at an unorthodox gas well location 330 feet from the South and East lines (Unit P) of Section 34, Township 19 South, Range 36 East, to be dedicated to a non-standard 160-acre gas proration unit comprising the S/2 S/2 of said Section 34. Said area is approximately 1 mile northwest of the Warren Gas Co. Compressor Station.

CASE 10796: Application of Manzano Oil Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval of an unorthodox location in the Wolfcamp formation, Osudo-Wolfcamp Pool, for its Neuhaus Federal Well No. 2 which has been drilled 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 14, Township 20 South, Range 35 East. Applicant further requests approval of the unorthodox location as to all prospective pools or formations including but not limited to the Wolfcamp, spaced on 320 acres. Said well is located approximately 17 miles southwest of Hobbs, New Mexico.

CASE 10797: Application of Collins and Ware, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval to drill its Kaiser State Well No. 43 at an unorthodox gas well location 1000 feet from the South line and 400 feet from the West line (Unit M) of Section 13, Township 21 South, Range 34 East. The SW/4 of said Section 13 is to be dedicated to the well. Applicant further requests approval of the unorthodox location as to all prospective pools or formations including but not limited to the Wilson Yates-Seven Rivers Associated Pool, Yates-Seven Rivers formation which are spaced on 160 acres. Said well is located approximately 9 miles west of the Intersection of State Highway 8 and 176.

CASE 10777: (Continued from July 29, 1993, Examiner Hearing.)

Application of Texaco Exploration and Production, Inc. for special pool rules, Lea County, New Mexico. Applicant seeks the promulgation of special rules and regulations for the North Teague-Ellenburger Pool including a provision for a special depth bracket allowable of 700 barrels of oil per day. Said pool is located in Township 23 South, Range 37 East, located 1 1/2 miles northeast of the United Carbon Co. Harkness Plant.

CASE 10798: Application of Texaco Exploration and Production, Inc. to authorize the expansion of a portion of its Cooper Jal Unit Waterflood Project, and qualify said expansion for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act", Jalmat and Langlie-Mattix Pools, Lea County, New Mexico. Applicant seeks an order pursuant to the rules and procedures for Qualification of Enhanced Oil Recovery Project and Certification for the Recovery Oil Tax Rate, as promulgated by Division Order No. R-9708, qualifying a portion of its Cooper Jal Unit Waterflood Project for the Recovered Oil Tax Rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections I through 5). The portion of the Cooper Jal Unit to be included in the project area is as follows:

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM

Section 13: S/2
Section 18: SW/4 SW/4
Section 23: S/2 SE/4
Section 24: All
Section 25: N/2
Section 26: NE/4 NE/4

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 19: W/2
Section 30: NW/4

comprising 1920 acres, more or less. Applicant further seeks authority to expand a portion of said project by means of a significant change in process including conversion to 40-acre five spot injection patterns. Said project is located approximately 5 miles north of Jal, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 9, 1993
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 27-93 and 28-93 are tentatively set for September 23, 1993 and October 7, 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 10811: (This case will be continued to September 23, 1993.)

Application of Giant Exploration & Production Company for an unorthodox oil well location, Santa Fe County, New Mexico. Applicant seeks approval of an unorthodox oil well location 1300 feet from the South line and 1000 feet from the West line (Unit M) of Section 10, Township 20 North, Range 9 East, to test the Pennsylvanian formation. The SW/4 SW/4 of said Section 10 is to be dedicated to said well. Said well is located approximately 2 miles southwest of El Patrero, New Mexico.

CASE 10812: (This case will be continued to September 23, 1993.)

Application of Giant Exploration & Production 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 Basin-Fruitland Coal Gas Pool, underlying the N/2 of Section 33, Township 26 North, Range 11 West, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes only the Basin Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon in 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 the operator of the well, and a charge for risk involved in drilling said well. Said unit is located near the Huerfano Boarding School.

CASE 10800: (Continued from August 26, 1993, Examiner Hearing.)

Application of Merrion Oil & Gas Corporation for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Basin-Fruitland Coal (Gas) formation, underlying the E/2 of Section 26, Township 26 North, Range 13 West, forming a standard 320-acre coal gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to its Serendipity Well No. 1 to be recompleted at a standard coal gas well location 1650 feet from the South line and 2310 feet from the East line of said Section 26. Also to be considered will be the cost of recompleting 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 recompleting said well. Said well is located approximately 3 miles southeast of the Chaco Gas Plant.

CASE 10813: Application of Arco Oil & Gas Company for approval of the conversion of sixteen wells in the Empire Abo Unit to injection, Eddy County, New Mexico. Applicant seeks approval to convert sixteen wells to injection in the Empire Abo Unit which is located in portions of Townships 17 and 18 South, Ranges 27, 28 and 29 East. This unit is located approximately 6 to 12 miles east of Artesia, New Mexico,

CASE 10711: (Reopened)

In the matter of Case No. 10711 being reopened upon the application of Yates Petroleum Corporation for new injection well locations in the waterflood project approved for its Creek "AL" Federal Lease by Division Order No. R-9896, issued in Case 10711 on May 18, 1993. The Creek "AL" Federal Lease is located in the E/2 SE/4 of Section 23, the NW/4 SW/4 and S/2 S/2 of Section 24 and the NW/4 and E/2 NE/4 of Section 25, Township 18 South, Range 30 East, which is located approximately 6 miles east of Walters Lake.

CASE 10805: (Continued from August 26, 1993, Examiner Hearing.)

Application of Collins & Ware, Inc. for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant seeks approval of an unorthodox gas well location 710 feet from the South and East lines (Unit P) of Section 25, Township 23 South, Range 28 East, South Culebra Bluff-Atoka Gas Pool. In addition, the applicant seeks an exception to Division General Rule 104(c)(2) to allow the existing 320-acre gas spacing and proration unit comprising the S/2 of said Section 25 to be simultaneously dedicated in this pool to the proposed well and to the existing Ray "25" Well No. 1 located at a standard gas well location 897 feet from the South line and 1980 feet from the West line (Unit N) of said Section 25. Said unit is located approximately 3.5 miles east by southeast of Loving, New Mexico.

CASE 10814: Application of Collins & Ware, Inc. for a high angle/horizontal directional drilling pilot project and special operating rules therefor, Lea County, New Mexico. Applicant seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool, underlying the SW/4 SE/4 of Section 26, Township 14 South, Range 37 East. Applicant proposes to re-enter its S. & J. Operating T.D. Pope Well No. 14 at an orthodox surface location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 26, kick-off from vertical in a southeasterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of the proration unit, and for a special project allowable. Said project is located near Prairieview.

CASE 10815: Application of Collins & Ware, Inc. for a high angle/horizontal directional drilling pilot project and special operating rules therefor, Lea County, New Mexico. Applicant seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool, underlying the NE/4 NE/4 of Section 35, Township 14 South, Range 37 East. Applicant proposes to re-enter its S. & J. Operating, J.D. Pope Well No. 21 at an orthodox surface location 660 feet from the North and East lines (Unit A) of said Section 35, kick-off from vertical in a northeasterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of the proration unit, and for a special project allowable. Said project is located approximately 2 miles southeast of Prairieview.

CASE 10816: Application of Collins & Ware, Inc. for a high angle/horizontal directional drilling pilot project and special operating rules therefor, Lea County, New Mexico. Applicant seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool, underlying the NW/4 NW/4 of Section 36, Township 14 South, Range 37 East. Applicant proposes to re-enter its Polaris Pope Well No. 6 at an orthodox surface location 660 feet from the North line and 330 feet from the West line (Unit D) of said Section 36, kick-off from vertical in a southeasterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of the proration unit, and for a special project allowable. Said project is located approximately 2 miles southeast of Prairieview.

CASE 10772: (Continued from August 26, 1993, Examiner Hearing.)

Application of Barber Oil Inc. for salt water disposal, Eddy County, New Mexico. Applicant seeks authority to utilize its Stovall-Wood Well No. 5 located 880 feet from the North line and 1580 feet from the West line (Unit C) of Section 20, Township 20 South, Range 30 East, to dispose of produced salt water into the Rustler Lime formation through the perforated interval from approximately 195 feet to 255 feet. Said well is located 2 miles northeast of the National Potash Company Mine.

CASE 10766: (Continued from August 26, 1993, Examiner Hearing.)

Application of David H. Arrington Oil & Gas Inc. for an unorthodox gas well location and non-standard gas spacing unit, Lea County, New Mexico. Applicant seeks authorization to drill a well at an unorthodox location 1980 feet from the North line and 1650 feet from the West line (Unit F) of Section 11, Township 21 South, Range 36 East, Eumont Gas Pool. Applicant also seeks authority to dedicate a non-standard spacing unit comprised of the SE/4 NW/4, S/2 NE/4 and the NW/4 SE/4 of said Section 11 to said well. Said unit is located approximately 1 mile east of Oil Center, New Mexico.

CASE 10795: (Continued from August 26, 1993, Examiner Hearing.)

Application of David H. Arrington Oil & Gas Inc. for an unorthodox gas well location and a non-standard spacing unit, Lea County, New Mexico. Applicant seeks authorization to drill its Foster Well No. 3 in the Eumont Gas Pool at an unorthodox gas well location 330 feet from the South and East lines (Unit P) of Section 34, Township 19 South, Range 36 East, to be dedicated to a non-standard 160-acre gas proration unit comprising the S/2 S/2 of said Section 34. Said area is approximately 1 mile northwest of the Warren Gas Co. Compressor Station.

CASE 10806: Application of Kinlaw Oil Corporation for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, an unorthodox well location, and a special project oil allowable, Lea County, New Mexico. Applicant seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool, underlying the NE/4 SE/4 of Section 35 and the NW/4 SW/4 of Section 36, Township 15 South, Range 37 East, thereby creating a non-standard 80-acre oil spacing and proration unit for said pool. Applicant proposes to re-enter its Magnolia Petroleum New Mexico "M" Well No. 1 which is at an orthodox location 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 36, kick-off from vertical in a southwesterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of the proration unit, and for a special project allowable. Said project is located approximately 9 miles east by northeast of Lovington, New Mexico.

CASE 10807: Application of Kinlaw Oil Corporation for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, an unorthodox well location, and a special project oil allowable, Lea County, New Mexico. Applicant seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool underlying the SE/4 SE/4 of Section 35 and the SW/4 SW/4 of Section 36, Township 15 South, Range 37 East, thereby creating a non-standard 80-acre oil spacing and proration unit for said pool. Applicant proposes to re-enter its Shell Oil Company State "SDA" Well No. 1 which is at an orthodox location 660 feet from the South and West lines (Unit M) of said Section 36, kick-off from vertical in a northwesterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of the proration unit, and for a special project allowable. Said project is located approximately 9 miles east by northeast of Lovington, New Mexico.

CASE 10808: Application of Kinlaw Oil Corporation for a high angle/horizontal directional drilling pilot project and special operating rules therefor, Lea County, New Mexico. Applicant seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool, underlying the SE/4 SW/4 of Section 36, Township 15 South, Range 37 East. Applicant proposes to re-enter its Shell Oil Company State "SDA" Well No. 2 which is at an orthodox location 660 feet from the South line and 1650 feet from the West line (Unit N) of said Section 36, kick-off from vertical in a southwesterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of the proration unit, and for a special project allowable. Said project is located approximately 10 miles east by northeast of Lovington, New Mexico.

CASE 10809: Application of Kinlaw Oil Corporation for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, an unorthodox well location, and a special project oil allowable, Lea County, New Mexico. Applicant seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool, underlying the E/2 NE/4 of Section 5, Township 16 South, Range 38 East, thereby creating a non-standard 80-acre oil spacing and proration unit for said pool. Applicant proposes to re-enter its V.F. Petroleum Huber State Well No. 1 which is at an unorthodox surface location 330 feet from the North line and 1150 feet from the East line (Unit A) of said Section 5, kick-off from vertical in a southeasterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of the proration unit, and for a special project allowable. Said project is located approximately 2 miles east of Hobbs Army Airfield Aux. #1.

CASE 10717: (Continued from July 29, 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 10749: (Continued from July 29, 1993, Examiner Hearing.)

Application of Devon Energy Corporation for pool creation and special pool rules, Eddy County, New Mexico. Applicant seeks the promulgation of special rules for the Ingle Wells-Delaware Pool located in portions of Sections 26 and 35 of Township 23 South, Range 31 East and in a portion of Section 2, Township 24 South, Range 31 East, including a provision for a gas-oil limitation of 5000 cubic feet of gas per barrel of oil. Said area is located approximately 2 miles west of mile marker 19 on highway 128.

CASE 10810: **Application of Marbob Energy Corporation for statutory unitization, Eddy County, New Mexico.** Applicant seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the Grayburg-Jackson Pool, Seven Rivers, Queen, Grayburg and San Andres formations, underlying 5149.44 acres, more or less, of federal land comprising portions of Township 17 South, Ranges 29 and 30 East, to be designated the Burch-Keely Unit Area. To be considered will be those matters required by the New Mexico Statutory Unitization Act, Subsection 70-7-1 et seq., N.M.S.A. 1978, and other provisions of the unit agreement and unit operating agreement. Said unit area is located near Loco Hills, New Mexico.

CASE 10513: (Continued from July 15, 1993, Examiner Hearing.)

Application of Hanley Petroleum Inc. for determination of reasonable well costs, Lea County, New Mexico. Applicant, in the above-styled cause, as a working interest owner in the Santa Fe Energy Operating Partners, L.P. Kachina "8" Federal Well No. 2 located 1830 feet from the North line and 660 feet from the West line (Unit E) of Section 8, Township 18 South, Range 33 East, South Corbin-Wolfcamp Pool, which was drilled pursuant to the compulsory pooling provisions of Division Order Nos. R-9480, R-9480-A, and R-9480-B, all entered in Case Nos. 10211 and 10219, and to which is dedicated the W/2 NW/4 (Units D and E) of said Section 8, seeks an order ascertaining the reasonableness of actual well costs for the subject well. Said unit is located approximately 7.5 miles southeast by south of Maljamar, New Mexico.

CASE 10772: (Continued from August 12, 1993, Examiner Hearing.)

Application of Barber Oil Inc. for salt water disposal, Eddy County, New Mexico. Applicant seeks authority to utilize its Stovall-Wood Well No. 5 located 880 feet from the North line and 1580 feet from the West line (Unit C) of Section 20, Township 20 South, Range 30 East, to dispose of produced salt water into the Rustler Lime formation through the perforated interval from approximately 195 feet to 255 feet. Said well is located 2 miles northeast of the National Potash Company Mine.

CASE 10766: (Continued from August 12, 1993, Examiner Hearing.)

Application of David H. Arrington Oil & Gas Inc. for an unorthodox gas well location and non-standard gas spacing unit, Lea County, New Mexico. Applicant seeks authorization to drill a well at an unorthodox location 1980 feet from the North line and 1650 feet from the West line (Unit F) of Section 11, Township 21 South, Range 36 East, Eumont Gas Pool. Applicant also seeks authority to dedicate a non-standard spacing unit comprised of the SE/4 NW/4, S/2 NE/4 and the NW/4 SE/4 of said Section 11 to said well. Said unit is located approximately 1 mile east of Oil Center, New Mexico.

CASE 10795: (Continued from August 12, 1993, Examiner Hearing.)

Application of David H. Arrington Oil & Gas Inc. for an unorthodox gas well location and a non-standard spacing unit, Lea County, New Mexico. Applicant seeks authorization to drill its Foster Well No. 3 in the Eumont Gas Pool at an unorthodox gas well location 330 feet from the South and East lines (Unit P) of Section 34, Township 19 South, Range 36 East, to be dedicated to a non-standard 160-acre gas proration unit comprising the S/2 S/2 of said Section 34. Said area is approximately 1 mile northwest of the Warren Gas Co. Compressor Station.

CASE 10808: (Continued from August 26, 1993, Examiner Hearing.)

Application of Kinlaw Oil Corporation for a high angle/horizontal directional drilling pilot project and special operating rules therefor, Lea County, New Mexico. Applicant seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool, underlying the SE/4 SW/4 of Section 36, Township 15 South, Range 37 East. Applicant proposes to re-enter its Shell Oil Company State "SDA" Well No. 2 which is at an orthodox location 660 feet from the South line and 1650 feet from the West line (Unit N) of said Section 36, kick-off from vertical in a southwesterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of the proration unit, and for a special project allowable. Said project is located approximately 10 miles east by northeast of Lovington, New Mexico.

CASE 10809: (Readvertised)

Application of Kinlaw Oil Corporation for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, an unorthodox well location, and a special project oil allowable, Lea County, New Mexico. Applicant seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool, underlying Lots 1 and 8 of Section 5, Township 16 South, Range 38 East, thereby creating a non-standard 80-acre oil spacing and proration unit for said pool. Applicant proposes to re-enter its V.F. Petroleum Huber State Well No. 1 which is at an unorthodox surface location 330 feet from the North line and 1150 feet from the East line (Unit A) of said Section 5, kick-off from vertical in a southeasterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area, including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of the proration unit, and for a special project allowable. Said project is located approximately 2 miles east of Hobbs Army Airfield Aux. #1.

CASE 10766: (Readvertised)

Application of David H. Arrington Oil & Gas Inc. for an unorthodox gas well location and non-standard spacing unit, Lea County, New Mexico. Applicant seeks authorization to drill a well at an unorthodox location 1980 feet from the North line and 1830 feet from the West line (Unit F) of Section 11, Township 21 South, Range 36 East, Eumont Gas Pool. Applicant also seeks authority to dedicate a non-standard 160-acre spacing unit comprised of the SE/4 NW/4, S/2 NE/4 and the NW/4 SE/4 of said Section 11 to said well. Said unit is located approximately 1 mile east of Oil Center, New Mexico.

CASE 10795: (Readvertised)

Application of David H. Arrington Oil & Gas Inc. for an unorthodox gas well location and non-standard spacing unit, Lea County, New Mexico. Applicant seeks authorization to drill its Foster Well No. 3 in the Eumont Gas Pool at an unorthodox gas well location 660 feet from the South line and 330 feet from the East line (Unit P) of Section 34, Township 19 South, Range 36 East, to be dedicated to a non-standard 160-acre spacing unit comprising the S/2 S/2 of said Section 34. Said unit is located approximately one mile northwest of the Warren Gas Co. Compressor Station.

CASE 10824: (Continued from September 9, 1993, Examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its Salt Draw 33 Fed. Well No. 1 at an unorthodox gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 33, Township 24 South, Range 28 East, to test the Atoka formation. The E/2 of said Section 33 will be dedicated to the well. Said well is located approximately 3 miles south of Malaga, New Mexico.

CASE 10828: Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox gas well location and to amend Order No. R-9904, Lea County, New Mexico. Applicant seeks approval to drill its Sinagua "18" Federal Well No. 1 as a gas well at an unorthodox location 2210 feet from the North and East lines (Unit G) of Section 18, Township 20 South, Range 34 East, to test the Morrow formation. The N/2 of said Section 18 will be dedicated to the well. Applicant further requests that Order No. R-9904, a compulsory pooling order, be amended to permit the drilling of a well at said unorthodox location. Said well is located approximately 4 miles southwest of the Warren Gas Co. Compressor Station.

CASE 10687: (Continued from September 9, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 500 feet below the top of the San Andres formation to the base of the Morrow formation underlying the following described areas in Section 17, Township 18 South, Range 28 East, and in the following manner: the E/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; and 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 spacing within said vertical extent. Said unit is to be dedicated to its Illinois Camp "17" State Well No. 2, to be drilled at a standard location within said E/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2 miles north of Illinois Camp.

CASE 10688: (Continued from September 9, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Abo formation to the base of the Morrow formation underlying the following described areas in Section 31, Township 17 South, Range 28 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 spacing within said vertical extent; 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 spacing within said vertical extent; and the SW/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 spacing within said vertical extent. Said unit is to be dedicated to its Chalk Bluff "31" State Well No. 1, to be drilled at a standard location within said S/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1 mile southwest of the Baylor Triangulation Station.

CASE 10829: Application of Mewbourne Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, underlying the following described areas in Section 32, Township 18 South, Range 34 East, and in the following manner: the E/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 SE/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; and the W/2 SE/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, including the EK-Bone Spring Pool. Said unit is to be dedicated to the applicant's Larica 32 State Well No. 1, to be drilled at an orthodox location within said E/2 proration unit. 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 7.5 miles west of Arkansas Junction.

CASE 10760: (Continued from August 26, 1993, Examiner Hearing.)

Application of Breck Operating Corporation for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the W/2 of Section 20, Township 28 North, Range 10 West, forming a standard 320-acre gas spacing and proration unit for said pool developed within said vertical extent. Said unit is to be dedicated to its Kutz-Government Well No. 9, recompleted at an approved unorthodox location within said W/2 proration unit. 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 and completing said well. Said well is located approximately 5 miles southeast of Bloomfield, New Mexico.

CASE 10674: (Reopened)

Application of Exxon Corporation for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant seeks approval of an unorthodox gas well location for its existing John D. Knox Well No. 11 located 2310 feet from the South line and 330 feet from the East line (Unit I) of Section 10, Township 21 South, Range 36 East, Eumont Gas Pool. Said well is to be simultaneously dedicated with the John D. Knox Well Nos. 1 and 13 located in Units J and H, respectively, of said Section 10 to the existing 320-acre Eumont Gas spacing and proration unit comprising the E/2 of said Section 10. Said unit is located approximately one mile southeast of Oil Center, New Mexico.