

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF BARBER OIL, INC.
FOR SALT WATER DISPOSAL,
EDDY COUNTY, NEW MEXICO.

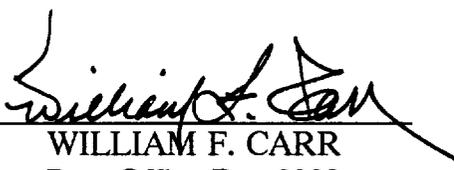
CASE NO. 10772
ORDER NO. R-10032

APPLICATION FOR HEARING DE NOVO

BARBER OIL INC., a party of record adversely affected by the decision of the Oil Conservation Division herein, hereby applies for a hearing De Novo before the full Commission, pursuant to N.M.Stat. Ann. § 70-2-13 (1987 Repl.).

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 

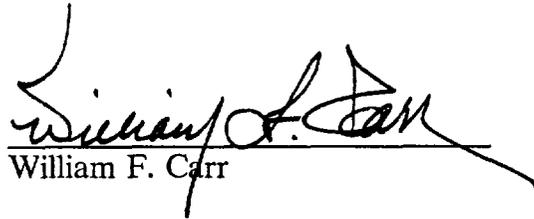
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR BARBER
OIL INC.

CERTIFICATE OF MAILING

I hereby certify that on this 10th day of December, 1993, I have caused to be mailed a copy of our Application for Hearing De Novo in the above-captioned case to:

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504


William F. Carr

CAMPBELL, CARR, BERGE

& SHERIDAN, P.A.

LAWYERS

MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY

PATRICIA A. MATTHEWS
MICHAEL H. FELDEWERT
DAVID B. LAWRENZ
TANYA M. TRUJILLO

JACK M. CAMPBELL
OF COUNSEL

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

January 26, 1994

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

JAN 26 1994

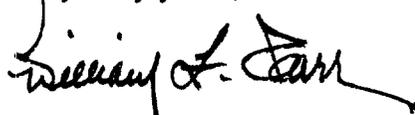
Re: Oil Conservation Division Case No. 10772:
Application of Barber Oil Inc., for salt water disposal, Eddy County, New
Mexico

Dear Mr. LeMay:

Barber Oil Inc., hereby requests that its application for hearing *De Novo* in the above-captioned case be dismissed.

Your attention to this matter is appreciated.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR BARBER OIL INC.

WFC:mlh

cc: Mike Garringer

W. Thomas Kellahin, Esq.
Kellahin & Kellahin
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

January 19, 1994

Michael D. Garringer, President
Barber Oil, Inc.
P.O. Box 1658
Carlsbad, NM 88220

Case 10772

Re: Barber Oil, Inc., Stovall-Wood #5
Salt Water Disposal Well

Dear Mr. Garringer:

The Division understands the problems posed by your not being able to use the above well for disposal of production from the Barber field. Under the Federal Underground Injection Control Program rules the Division had no choice but to prohibit further disposal into this well.

We will certainly work with any operator to develop a sound disposal method for the produced water. Those options could include either drilling an approved disposal well or transporting the water to an approved facility.

We cannot grant an extension of time for the plugging of the well, and we are not sure how that would help. Any operator acquiring the property would do so with the knowledge that the well had to be plugged. This well appears to be a liability in any proposed sale rather than an asset. Under the rules and the order, the sooner the well is plugged, the better for all concerned.

If you have any further questions, please do not hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay, Director

BARBER OIL, INC.
111 West Mermod
Post Office Box 1658
CARLSBAD, NEW MEXICO 88220
(505) 887-2566

OIL CONSERVATION DIVISION
RECEIVED

'94 JAN 13 AM 7 44

January 10, 1994

Mr. William J. LeMay, Director
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504-2088

**Re: Barber Oil, Inc. Stovall-Wood #5
Salt Water Disposal Well
Unit C, Section 20, T20S, R30E
Eddy County, New Mexico**

Dear Mr. LeMay:

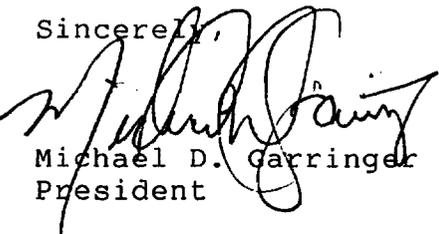
Due to recent actions taken by the Oil Conservation Division concerning the above captioned well and after much consideration of alternative solutions to the disposal of produced water from the Barber field this company has decided to place this property and three others for sale. The financial burden placed upon this company by the decision to "shut-in" the Barber field has placed severe limits on what we can do to solve the problem of water disposal from this property. As a result, a sale of all properties operated by Barber in New Mexico is currently underway.

Mr. LeMay, would it be possible to obtain a letter from your office stating that you would be willing to work with the new operator to find a logical and reasonable solution to the disposal problem at Barber? You might even suggest some solutions in your letter that would be acceptable to the State of New Mexico. This letter might be of some help in disposing of the properties.

Also, would it be possible to obtain an extension of the time period for plugging the above captioned well. In the Order, we were given 60 days or about the 8th of February, 1994. Could we have an extension to June 8, 1994 in order to give the new operator time to take over operations prior to plugging the well?

Thank you for considering these requests.

Sincerely,


Michael D. Garringer
President

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF BARBER OIL, INC.
FOR SALT WATER DISPOSAL,
EDDY COUNTY, NEW MEXICO.

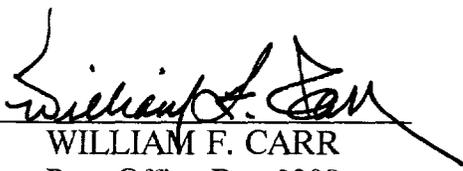
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Respectfully submitted,

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& SHERIDAN, P.A.

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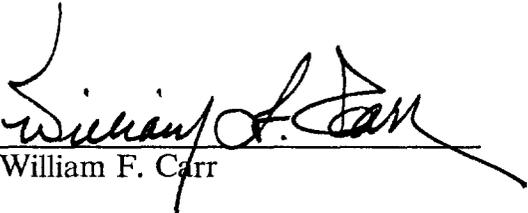
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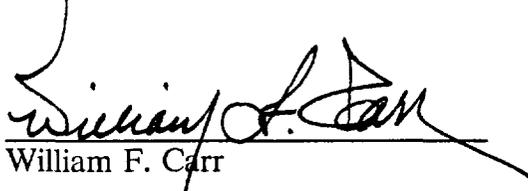
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Santa Fe, New Mexico 87504


William F. Carr

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 6, 1994
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 3-94 and 4-94 are tentatively set for January 20, 1994 and February 3, 1994. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 10812: (Continued from October 21, 1993, Examiner Hearing.)

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 10888: (Continued from December 16, 1993, Examiner Hearing.)

Application of Merrion Oil & Gas Corporation for compulsory pooling and a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in the Basin Dakota Pool underlying Lots 1 through 8 (N/2 equivalent) of Section 24, Township 27 North, Range 7 West, being a non-standard 352.07 acre gas spacing and proration unit presently dedicated to a well located 1720 feet from the North line and 1000 feet from the East line (Unit H) of said Section 24. The applicant proposes to drill an infill well at a standard gas well location in Lot 3 (NE/4 NW/4 equivalent) of said Section 24 in which said unit is also to be simultaneously dedicated. Also to be considered will be the cost of drilling and completing said infill 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 infill well. Said area is located approximately 20 miles southeast by east of Blanco, New Mexico.

CASE 10890: Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks authority to drill its Kachina 5 Fed. Well No. 7 at an unorthodox oil well location 2130 feet from the North line and 990 feet from the West line (Unit E) of Section 5, Township 18 South, Range 33 East, to test the Wolfcamp formation (South Corbin-Wolfcamp Pool). The S/2 NW/4 of said Section 5 is to be dedicated to said well. Said well is located approximately 5 1/2 miles southeast of Maljamar, New Mexico.

CASE 10829: (Readvertised - Continued from December 2, 1993, Examiner Hearing.)

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 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; 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; 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 spacing within said vertical extent. Said unit is to be dedicated to the applicant's Larica 32 St. Well No. 1, to be drilled at an orthodox 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 the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 3 miles west of the intersection of State Highway 529 and 8.

CASE 10870: (Continued from December 16, 1993, Examiner Hearing.)

Application of Pogo Producing Company for special pool rules for the Los Medanos-Delaware and West Sand Dunes-Delaware Pools, Eddy County, New Mexico. Applicant seeks the promulgation of special pool rules for both the Los Medanos-Delaware and West Sand Dunes-Delaware Pools including a provision for a gas-oil ratio limitation of 8,000 cubic feet of gas per barrel of oil. The Los Medanos-Delaware Pool covers all or parts of Sections 9, 16, and 17 and the West Sand Dunes-Delaware Pool covers all or parts of Sections 20, 21, 28, 29, 32, and 33, all in Township 23 South, Range 31 East. Said area is located approximately at mile marker 15 on State Highway 128.

CASE 10856: (Continued from December 16, 1993, Examiner Hearing.)

Application of Hanson Operating Company, Inc., for a high angle/horizontal directional drilling pilot project and for special operating rules therefore, Roosevelt County, New Mexico. Applicant seeks authority to initiate a short-radius high angle/horizontal directional drilling pilot project in the NW/4 SE/4 of Section 17, Township 8 South, Range 37 East, being a standard 40-acre oil spacing and proration unit in the Undesignated North Allison-San Andres Pool. Applicant proposes to utilize its existing Tuxedo Federal Well No. 1 located 1990 feet from the South line and 2004 feet from the East line (Unit J) of said Section 17 by kicking-off from vertical at an approximate depth of 4825 feet, 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 any drainhole in said project area to within 330 feet of the outer boundary of said 40-acre unit. Said project area is located approximately 9.75 miles south by east of Milnesand, New Mexico.

CASE 10839: (Readvertised)

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Morrow formation underlying all of Section 28, Township 18 South, Range 34 East, forming a standard 640-acre gas spacing and proration unit for any Morrow Pools within said vertical extent which presently includes the Undesignated West La Rica-Morrow Gas Pool. Said unit is to be dedicated to its Ekay 28 State Well No. 1, to be drilled at an orthodox location within Unit J, 1980 feet from the South and East lines of said Section 28. 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 unit is located approximately 12 miles southeast of Maljamar, New Mexico.

CASE 10891: **Application of Southland Royalty Company for approval of a waterflood project and qualification for the recovered oil tax rate, Lea County, New Mexico.** Applicant seeks authority to institute its State "DS" Leasehold Waterflood Project by the injection of water into the San Andres formation, Spencer-San Andres Pool, a new project area consisting of 280 acres, more or less, being the SW/4, W/2 SE/4, and SE/4 SE/4 of Section 24, Township 17 South, Range 36 East. The applicant further seeks to qualify this project for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said project is centered approximately 5 1/2 miles northwest of Humble city, New Mexico.

CASE 10858: (Readvertised - Continued from December 2, 1993, Examiner Hearing.)

Application of Mitchell Energy Corporation for a waiver of the salt protection string requirements of Order No. R-111-P for certain wells, Lea County, New Mexico. Applicant seeks authority to delete the salt protection string requirements of Order No. R-111-P from ten wells to be located in Section 4, Township 20 South, Range 33 East, and to be drilled to test for production in the West Teas Yates-Seven Rivers Pool. The subject wells are located north of Highway 180 some 4.75 miles northeast of the intersection of Highways 176 and 180 and are approximately 2.75 miles northeast of Laguna Gatuna, New Mexico.

CASE 10521: (Reopened - Continued from November 4, 1993, Examiner Hearing.)

In the matter of Case No. 10521 being reopened pursuant to the provisions of Order No. R-8170-L which order promulgated special rules and regulations for the South Blanco-Pictured Cliffs Pool establishing a minimum gas allowable for said pool. Operators in the subject pool should be prepared to appear and present evidence and testimony should it become apparent that continuation of a minimum gas allowable will not serve to prevent waste and protect correlative rights. This cause will be continued to a January 1994 docket.

CASE 10036: (Reopened - Continued from November 4, 1993, Examiner Hearing.)

In the matter of Case No. 10036 being reopened pursuant to the provisions of Order No. R-8170-G which order promulgated special rules and regulations for the Eumont Gas Pool, establishing a minimum gas allowable for said pool. Operators in the subject pool should be prepared to appear and present evidence and testimony relevant to the continuation of a minimum gas allowable in the Eumont Gas Pool. This cause will be continued to a January 1994 docket.

CASE 10111: (Reopened - Continued from December 2, 1993, Examiner Hearing.)

In the matter of Case 10111 being reopened pursuant to the provisions of Division Order No. R-8170-J, as amended, which order established minimum gas allowables in the Jalmat Gas Pool in Lea County. Operators in said pool may appear and present evidence and testimony relevant to the continuation of a minimum gas allowable in the Jalmat Gas Pool. This case will be continued to the January 6, 1994, hearing.

CASE 10866: (Readvertised - Continued from December 16, 1993, Examiner Hearing.)

Application of OXY USA, Inc. to amend Division Order No. R-2901 and to either institute a new waterflood project or for waterflood expansion, Lea County, New Mexico. Applicant seeks to renew its authority, originally granted by Division Order No. R-2901, dated May 4, 1965, to inject water into the Eumont (Yates-Seven Rivers-Queen) Gas Pool within a portion of its East Eumont Unit located in Sections 33 and 34, Township 18 South, Range 37 East and in Sections 3, 4, 9, 10, 15 and 16, Township 19 South, Range 37 East, through 21 certain wells to be converted and one to be drilled. That portion of said Unit Area is covered in this application is located approximately 2 miles west of the Hobbs-Lea County, New Mexico.

CASE 10867: (Continued from December 16, 1993, Examiner Hearing.)

Application of OXY USA Inc. for Enhanced Oil Recovery Project Qualification for the recovered oil tax rate for the East Eumont Unit, 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 the north portion of the East Eumont Unit for the Recovered Oil Tax Rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). The portion of the East Eumont Unit to be included in the project area is as follows: Portions of Sections 33 and 34, Township 18 South, Range 37 East; portions of Sections 3, 4, 9, 10, 15, and 16, Township 19 South, Range 37 East. Said project is located south of Hobbs, New Mexico.

CASE 10882: (Continued from December 16, 1993, Examiner Hearing.)

Application of James C. Brown, Trustee, and Bayshore Production Co., Limited Partnership, to vacate and void Division Administrative Orders NSP-1632(L)(SD) and NSP-1633(L), Lea County, New Mexico. Applicants seeks approval of an order from the Division vacating and voiding Administrative Order NSP-1633(L) covering the N/2 N/2 (equivalent) and Administrative Order NSP-1632(L) (SD) covering the S/2 N/2 (equivalent) of Section 7, Township 23 South, Range 37 East, Jalmat Gas Pool. The said units are located approximately 8 miles south-southwest of Eunice, New Mexico.

DOCKET: COMMISSION HEARING - THURSDAY - JANUARY 13, 1994
9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO
The Land Commissioner's designee for this hearing will be Jami Bailey and Gary Carlson

CASE 10719: (De Novo - Continued from November 10, 1993, Commission Hearing.)

Application of Anadarko Petroleum Corporation for directional drilling and an unorthodox bottomhole gas well location, Eddy County, New Mexico. Applicant seeks authority to directionally drill its proposed Power Federal Com Well No. 2 from a surface location 1400 feet from the South line and 660 feet from the East line (Unit D) of Section 26, Township 17 South, Range 30 East, in such a manner as to bottom the well in the Cedar Lake-Morrow Gas Pool at an unorthodox subsurface gas well location within 75 feet of a point 660 feet from the South and East lines (Unit P) of said Section 26. The E/2 of said Section 26 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 3 miles east-southeast of Loco Hills, New Mexico. Upon application of Anadarko Petroleum Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10771: (De Novo - Continued from November 10, 1993, Commission Hearing.)

Application of OXY USA Inc. to authorize the expansion of a portion of its Skelly Penrose "B" Unit Waterflood Project and qualify said expansion for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act," Lea County, New Mexico. Applicant seeks an order pursuant to the rules and procedures for Qualification of Enhanced Oil Recovery Projects and Certification for the Recovery Oil Tax Rate, as promulgated by Division Order No. R-9708, qualifying a portion of its Skelly Penrose "B" Unit Waterflood Project in Sections 4, 5, and 8 of Township 23 South, Range 37 East, Queen (Penrose) formation of the Langlie Mattix Seven Rivers-Queen-Grayburg Pool, for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). 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 area is located approximately 6 miles south of Eunice, New Mexico. Upon application of OXY USA Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10345: (De Novo - Continued from November 10, 1993, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #390 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

CASE 10346: (De Novo - Continued from November 10, 1993, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #391 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

CASE 10653: (Continued from November 10, 1993, Commission Hearing.)

Application of Armstrong Energy Corporation for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special rules and regulations for the Northeast Lea-Delaware Pool including a provision for a special oil allowable of 300 barrels of oil per day. Said pool is located in portions of Townships 19 and 20 South, Range 34 East, located near the Warren Gas Company Compressor Station.

CASE 10773: (Continued from November 10, 1993, Commission Hearing.)

Application of Armstrong Energy Corporation for pool extension and abolishment, Lea County, New Mexico. Applicant, in the above-styled cause, and in association with De Novo Case No. 10653, seeks to abolish the Quail Ridge-Delaware Pool comprising the SW/4 of Section 3, SE/4 of Section 4, NE/4 of Section 9, N/2 and SW/4 of Section 10, all in Township 20 South, Range 34 East and the concomitant extension of the horizontal limits of the Northeast Lea-Delaware Pool to include all of above-described acreage plus the SE/4 of said Section 3. This area is centered approximately 1.5 miles south of U.S. Highway 62/180 at Milemarker No. 79.

CASE 10831: (DE NOVO)

Application of Robert L. Bayless for downhole commingling, Rio Arriba County, New Mexico. Applicant seeks approval to downhole commingle oil production from the Cabresto-Gallup and East Blanco-Pictured Cliffs fields within the wellbore of the Simms Com Well No. 1, located in Unit J of Section 13, Township 30 North, Range 4 West. Said well is located approximately 7.5 miles east of Ojo Encino Trailer School. Upon application of Robert L. Bayless, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10772: (DE NOVO)

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. Upon application of Barber Oil Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10823: (DE NOVO)

Application of Nearburg Producing Company 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 the W/2 of Section 10, Township 22 South, Range 24 East, forming a standard 320-acre oil and gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Indian Basin-Upper Pennsylvanian Associated Pool. Said unit is to be dedicated to a well to be drilled at an orthodox 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 said well. Said unit is located approximately 12 miles west of Carlsbad, New Mexico. Upon application of Nearburg Producing Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10788: (DE NOVO)

Application of Nearburg Producing Company 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 the E/2 of Section 2, Township 22 South, Range 24 East, forming a standard 320-acre oil spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the undesignated South Indian Basin-Upper Pennsylvanian Pool created in Division Case No. 10748. Said unit is to be dedicated to a well 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 well is located near Little Walt Spring.

CASE 10790: (DE NOVO)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface through the Morrow formation, underlying the S/2 of Section 2, Township 22 South, Range 24 East, 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. Said unit is to be dedicated to its Androcles "AND" State Com Well No. 1 located 1980 feet from the South and East lines of said Section 2. 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 just east of Little Walt Spring. Upon application of Yates Petroleum Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

ms

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

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FACSIMILE COVER SHEET

DATE: December 7, 1993

NUMBER OF PAGES: 2
(including cover sheet)

TIME: .10:00 AM

TO: Michael F. Stogner

FROM: W. Thomas Kellahin, Esq.

OF: Oil Conservation Division

SPECIAL INSTRUCTIONS:

FAX NO: 827-5741

RE: OCD Case 10772

Barber Oil Case

- URGENT
- FOR YOU INFORMATION
- FOR YOUR REVIEW
- FOR YOUR APPROVAL
- FOR YOUR REPLY
- PER YOUR REQUEST

MESSAGE: Mike: Attached is a locator plat. Kelly is gone until
Thursday. I will call him then and verify the
location of the wells.
I had thought 20.30.20.130 well is the fresh water
well at the Rnach house and I have made that note.

Regards,

Tom

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