

**DOCKET: EXAMINER HEARING - THURSDAY - APRIL 14, 1994**  
**8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING**  
**SANTA FE, NEW MEXICO**

Dockets Nos. 13-94 and 14-94 are tentatively set for April 28, 1994 and May 12, 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 March 17, 1994, 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 10756:** (Reopened - Continued from March 31, 1994, Examiner Hearing.)

Application of Hal J. Rasmussen Operating, Inc. for unorthodox locations and simultaneous dedication, Lea County, New Mexico. In the matter of Case No. 10756 being reopened upon application of Hal J. Rasmussen Operating, Inc. for authorization to drill its Sholes A Well No. 9 at an unorthodox location 1300 feet from the South line and 660 feet from the East line and its Sholes A Well No. 10 at an unorthodox location 1300 feet from the North line and 660 feet from the East line of Section 24, Township 25 South, Range 36 East, Jalmat Gas Pool. Applicant further proposes to simultaneously dedicate the production from said wells with the production from wells on existing proration units. Said wells are located approximately 1 mile west of Jal, New Mexico.

**CASE 10936:** (Readvertised)

Application of Strata Production Company for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location to be drilled to test the Bone Spring formation 1230 feet from the North line and 1350 feet from the West line (Unit C) of Section 18, Township 23 South, Range 30 East. The NE/4 NW/4 of said Section 18 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said unit is located approximately 10 miles west by north of Loving, New Mexico.

**CASE 10912:** (Continued from March 17, 1994, Examiner Hearing.)

Application of Enron Oil & Gas Company for downhole commingling, Eddy County, New Mexico. Applicant seeks approval to downhole commingle production from the Morrow formation, West Sand Dunes-Morrow Gas Pool, and Atoka formation, West Sand Dunes-Atoka Gas Pool, within the wellbore of its Pure Gold "B" Federal Well No. 2 located 660 feet from the North line and 1980 feet from the East line of Section 20, Township 23 South, Range 31 East. Said area is located near Mile Marker 14 on State Highway 128.

**CASE 10777:** (Reopened)

In the matter of Case 10777 being reopened pursuant to the provisions of Division Order No. R-9775, as amended, which order established a 560 barrels of oil per day temporary oil allowable for the North Teaque-Ellenburger Pool in Lea County. Operators in said pool may appear and show cause why the oil allowable for said North Teaque-Ellenburger Pool should not revert back to 320 barrels of oil per day.

**CASE 10952:** Application of Klabzuba Oil and Gas for two unorthodox oil well locations, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for two unorthodox oil well locations to test the Devonian formation in Section 14, Township 12 South, Range 28 East: (a) the proposed Waller "14" Well No. 1 to be drilled 2593 feet from the North line and 1658 feet from the West line (Unit F) and is to have dedicated a standard 40-acre oil spacing and proration unit comprising the SE/4 NW/4 of the section; and, (b) the Waller "14" Well No. 2 to be drilled 1511 feet from the South line and 1004 feet from the West line (Unit L) and is to have dedicated a standard 40-acre oil spacing and proration unit comprising the NW/4 SW/4 of the section. Said Section 14 is located approximately 12.5 miles east-southeast of the Bottomless Lakes State Park.

**CASE 10948:** (Continued from March 31, 1994, Examiner Hearing.)

Application of Texaco Exploration and Production Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its W. H. Rhodes "B" Federal (NCT-2) Lease located in the SE/4 of Section 28, Township 26 South, Range 37 East, by the injection of water into the Rhodes Yates-Seven Rivers Pool. Said project area is located approximately 7 miles south by east of Jal, New Mexico.

**CASE 10953:** Application of Amoco Production Company for a high angle/horizontal directional drilling pilot project, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Blanco Mesaverde Pool on an existing 320-acre standard gas spacing and proration unit comprising the E/2 of Section 28, Township 30 North, Range 8 West, which is currently dedicated to its Gartner "A" Well Nos. 2 and 2A located in Units "G" and "J", respectively. The applicant proposes to drill its Gartner "A" Well No. 2-R at a standard gas well location in the NE/4 of said Section 28 and to side track off of the vertical wellbore with a medium radius curve. Further the applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 790 foot setback requirements from the outer boundary of said spacing unit. Said unit is located approximately 2 miles south-southwest of the Navajo Lake State Park Airport.

**CASE 10954:** Application of Amoco Production Company for a nitrogen injection pilot project, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a nitrogen gas injection pilot project within Amoco's San Juan 28-7 Unit in an area comprising portions of Sections 14, 22, and 23, Township 28 North, Range 7 West, by the injection of nitrogen into the Basin Fruitland Coal (Gas) Pool through three certain wells to be drilled. Said project area is located approximately 17 miles east-southeast of Blanco, New Mexico.

**CASE 10839:** (Continued from March 31, 1994, Examiner Hearing.)

**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 10955:** Application of Consolidated Oil & Gas Inc. to amend Division Order No. R-9033, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-9033 which designated Richmond Petroleum Inc. as operator and compulsory pooled Lots 1 and 2, the S/2 NE/4 and the SE/4 (E/2 equivalent) of Section 9, Township 32 North, Range 6 West for the drilling of the Federal 32-6-9 Well No. 1 at an unorthodox coal gas well location (see also Division Administrative Order NSL-2720) 510 feet from the North line and 210 feet from the East line (Unit A) of said Section 9 in the Basin Fruitland Coal Gas Pool and forming a 279.40-acre gas spacing and proration unit. These amendments are to include the substitution of the applicant as operator, to provide a supplemental election to participate, to add additional parties, to revise the various reporting dates in this order and to otherwise reissue and renew the subject order including the recovery of both actual and future costs of drilling and completing the said well including a charge for the risk involved. Said unit is bounded to the north by the State of Colorado at Mile Post No. 243.

**CASE 10956:** Application of Consolidated Oil & Gas Inc. to amend Division Order No. R-9178, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-9178 which designated Richmond Petroleum Inc. as operator and compulsory pooled Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of irregular Section 11, Township 32 North, Range 6 West, for the drilling of the Miller "11" Well No. 1 at an unorthodox coal gas well location 1132 feet from the North line and 760 feet from the West line (Unit E) of said Section 11, in the Basin Fruitland Coal Gas Pool and forming a 232.80 non-standard gas spacing and proration unit. These amendments are to include the substitution of the applicant as operator, to provide a supplemental election to participate, to add additional parties, to revise the various reporting dates in this order and to otherwise reissue and renew the subject order including the recovery of both actual and future costs of drilling and completing the said well including a charge for the risk involved. Said unit is bounded to the North by the State of Colorado for one-half mile of either side of Astronomical Monument No. 8 located on the New Mexico/Colorado stateline.

**CASE 10957:** Application of Consolidated Oil & Gas Inc. to amend Division Order No. R-9179, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-9179 which designated Richmond Petroleum Inc. as operator and compulsory pooled the S/2 of Section 11, Township 32 North, Range 6 West, for the drilling of the Carnes "11" Well No. 1 at an unorthodox coal gas well location 1800 feet from the South line and 230 feet from the West line (Unit L) of said Section 11 in the Basin Fruitland Coal Gas Pool and forming a standard 320-acre gas spacing and proration unit. These amendments are to include the substitution of the applicant as operator, to provide a supplemental election to participate, to add additional parties, to revise the various reporting dates in this order and to otherwise reissue and renew the subject order including the recovery of both actual and future costs of drilling and completing the said well including a charge for the risk involved. Said unit is located approximately 1/2 mile south of Astronomical Monument No. 8 located on the Colorado/New Mexico stateline.

**CASE 10958:** Application of Hanagan Petroleum Corporation for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill its Leapin Lizard Well No. 1 at an unorthodox oil well location 421 feet from the North line and 2381 feet from the West line (Unit C) of Section 4, Township 14 South, Range 29 East, to test the Undesignated South Lone Wolf-Devonian Pool; Lot 3 (NE/4 NW/4 equivalent) of said Section 4 is to be dedicated to said well forming a standard 39.68-acre oil spacing and proration unit for said pool. Said unit is located approximately 17 miles east of Hagerman, New Mexico.

**CASE 10945:** (Continued from March 17, 1994, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the base of the San Andres formation to the base of the Morrow formation underlying the following described acreage in Section 21, Township 18 South, Range 28 East, and in the following manner: the W/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated North Illinois Camp-Morrow Gas Pool on the Undesignated North Turkey Track-Morrow Gas Pool; 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; and the SW/4 NW/4 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Illinois Camp-Bone Spring Pool. Said units are to be dedicated to a single well to be drilled in Unit "E" of said Section 21. Also to be considered will be the costs 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 area is located approximately 13 miles west-southwest of Loco Hills, New Mexico.

**CASE 10946:** (Continued from March 17, 1994, Examiner Hearing.)

Application of Louis Dreyfus Natural Gas Corp. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 of Section 21, Township 18 South, Range 28 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, which presently includes but is not necessarily limited to the Undesignated Palmillo Draw-Atoka Gas Pool and the Undesignated North Illinois Camp-Morrow Gas Pool. Said unit is to be dedicated a well to be drilled at a standard gas well location thereon. Also to be considered will be the costs 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 13 miles west-southwest of Loco Hills, New Mexico.

**CASE 10882:** (Continued from March 3, 1994, 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 - APRIL 21, 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 Gary Carlson**

**CASE 10345: (De Novo - Continued from March 10, 1994, 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 March 10, 1994, 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.