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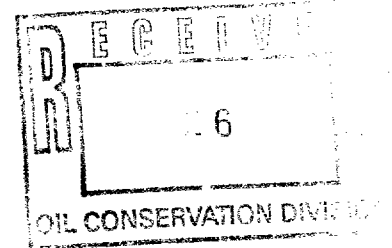
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September 26, 1995

114108

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco Street
Santa Fe, New Mexico 87503



Re: Application of Yates Petroleum Corporation for Approval of a Unit Agreement, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the Application of Yates Petroleum Corporation in the above-referenced case as well as a copy of the legal advertisement. Yates Petroleum Corporation respectfully requests that this matter be placed on the docket for the October 19, 1995 Examiner hearings.

Very truly yours,

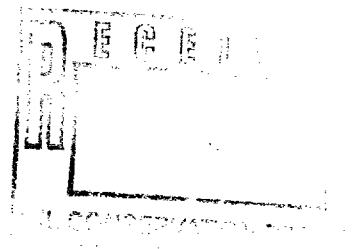
A handwritten signature in black ink, appearing to read "William F. Carr".

WILLIAM F. CARR

WFC:mlh
Enclosures

cc: Mr. Robert Bullock
Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

BEFORE THE
OIL CONSERVATION DIVISION



NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION
FOR APPROVAL OF A UNIT AGREEMENT,
LEA COUNTY, NEW MEXICO.

CASE NO. 11408

APPLICATION

YATES PETROLEUM CORPORATION, through its undersigned attorneys, hereby makes application for an order approving its Morton Exploratory Unit Agreement and in support of this application states:

1. That the proposed Unit Agreement consists of 2,178.68 acres, more or less, of State and Fee lands, situated in Lea County, New Mexico. The horizontal limits of said unit are described as follows:

Township 14 South, Range 35 East, N.M.P.M.

Section 32:	All
Section 33:	SW/4

Township 15 South, Range 35 East, N.M.P.M.

Section 4:	W/2, W/2 SE/4
Section 5:	All
Section 6:	E/2

2. The Unit Agreement has been approved by a sufficient percentage of the interest owners within the proposed Unit Area to provide effective control of unit operations.

3. The Applicant, Yates Petroleum Corporation, is designated as Unit Operator in said Unit Agreement and all oil and gas in any and all formations is unitized.

4. The proposed Unit Area covers all, or substantially all, of the geological structures or anomaly involved.

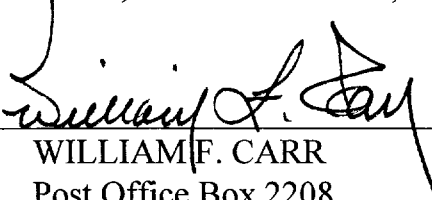
5. Prior to hearing the proposed Unit Agreement will be reviewed with the State Land Office for its approval as to form and content.

6. Said Unit Agreement and the unitized operation and management of the Unit Area will be in the interest of conservation and the prevention of waste, and that it will protect the correlative rights of all parties concerned.

WHEREFORE, Yates Petroleum Corporation requests that this application be set for hearing before an Examiner of the Oil Conservation Division on October 19, 1995 that notice be given as required by law and the rules of the Division, and that the Morton Exploratory Unit Agreement be approved.

Respectfully submitted,

CAMPBELL, CARR & BERGE, P.A.

By: 

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

ATTORNEYS FOR YATES
PETROLEUM CORPORATION

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 25, 1996

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 4-96 and 5-96 are tentatively set for February 8, 1996 and February 22, 1996. 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 11169: (Reopened - This Case will be Continued to February 8, 1996)

In the matter of Case No. 11169 being reopened pursuant to the provisions of Division Order No. R-10327, which order promulgated temporary special rules and regulations for the North Hardy Tubb-Drinkard Pool in Lea County, New Mexico. Operators in the subject pool may appear and present evidence and testimony as to the nature of the reservoir with regards to making these rules permanent.

CASE 11453: Application of Oxy USA Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its Government S Well No. 9 at an unorthodox gas well location 660 feet from the North line and 660 feet from the East line (Unit A) of Section 3, Township 20 South, Range 28 East. The N/2 of Section 3 is to be dedicated to this well forming a standard 320-acre gas spacing and proration unit for any and all production from the top of the Wolfcamp formation to the base of the Morrow formation. Applicant further requests approval of the unorthodox well location as to all prospective pools or formations including but not limited to the North Burton Flat-Wolfcamp Gas Pool, the Winchester-Morrow Gas Pool, the Winchester-Strawn Gas Pool, the Winchester-Atoka Gas Pool and the Burton Flat-Morrow Gas Pool. Said well is located approximately 10 miles east of Lakewood, New Mexico.

CASE 11454: Application of Oxy USA Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its Oxy 4 Federal Well No. 1 at an unorthodox gas well location 1980 feet from the North line and 2130 feet from the West line (Unit F) of Section 4, Township 20 South, Range 28 East. The W/2 of Section 4 is to be dedicated to this well forming a standard 320-acre gas spacing and proration unit for any and all production from the top of the Wolfcamp formation to the base of the Morrow formation. Applicant further requests approval of the unorthodox well location as to all prospective pools or formations including but not limited to the North Burton Flat-Wolfcamp Gas Pool, the Winchester-Morrow Gas Pool, and the Burton Flat-Morrow Gas Pool. Said well is located approximately 9 miles east of Lakewood, New Mexico.

CASE 11455: Application of Oxy USA Inc. for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant seeks approval to drill its Government NBFD Unit Well No. 1 at an unorthodox gas well location 660 feet from the South line and 330 feet from the West line (Unit M) of Section 11, Township 20 South, Range 28 East, as to all prospective pools or formations below the top of the Wolfcamp formation including but not limited to the North Burton Flat-Wolfcamp Gas Pool and the Burton Flat-Morrow Gas Pool. The W/2 of Section 11 is to be dedicated to this well forming a standard 320-acre gas spacing and proration unit for any and all production from the top of the Wolfcamp formation to the base of the Morrow formation. Applicant further requests approval to (1) simultaneously dedicate any Wolfcamp production from the subject well with Wolfcamp production from its existing Government AB Well No. 1 located 1980 feet from the South and West lines of said Section 11; and (2) simultaneously dedicate any Morrow production from the subject well with Morrow production from its existing Government AB Well No. 5 located 1980 feet from the North line and 660 feet from the West line of said Section 11. Said well is located approximately 13 miles southeast of Lakewood, New Mexico.

CASE 10748: (Reopened - Continued from January 11, 1996, Examiner Hearing.)

In the matter of Case No. 10748 being reopened pursuant to the provisions of Division Order No. R-9922-B, which order continued Special Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, in full force and effect until January, 1996. Operators in the subject pool may appear and show cause why the Temporary Secial Rules and Regulations for the Indian Basin-Upper Pennsylvanian Associated Pool should not be rescinded and the pool developed on statewide rules and regulations. Said pool is located approximately 16 miles west of Carlsbad, New Mexico.

CASE 11456: Application of Santa Fe Energy Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the NE/4 NE/4 of Section 18, Township 23 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said unit is to be dedicated to the applicant's Tomcat 18 Fed. Well No. 1 to be drilled at an orthodox oil well location. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 4 miles north of the intersection of Highway FAS 1271 and the border between Lea and Eddy Counties.

CASE 11408: (Continued from December 7, 1996, Examiner Hearing - This Case Will Be Dismissed.)

Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Morton Exploratory Unit Agreement for an area comprising 2,178.68 acres, more or less, of State and Fee lands comprising all or portions of Sections 33 and 33, Township 14 South, Range 35 East, and Sections 4, 5 and 6 of Township 15 South, Range 35 East, which is located approximately 14 miles south-southwest of Tatum, New Mexico.

CASE 11444: (Continued from January 11, 1996, Examiner Hearing.)

Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of a unit agreement for its proposed Morton Exploratory Unit Area comprising 2,178.68 acres, more or less, of State and Fee lands comprising all or portions of Sections 32 and 33, Township 14 South, Range 35 East, and Sections 4, 5, and 6, Township 15 South, Range 35 East. Said unit area is located approximately 14 miles south-southwest of Tatum, New Mexico.

CASE 11445: (Continued from January 11, 1996, Examiner Hearing.)

Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of a unit agreement for its proposed Papalotes Exploratory Unit Agreement containing 2,583.6 acres, more or less, of State and Fee lands comprising all of Sections 26, 34 and 35, Township 14 South, Range 34 East and Section 2, Township 15 South, Range 34 East. Said unit area is located approximately 9 miles west of Hillburn City, New Mexico.

CASE 11457: In the matter of the application of the New Mexico Oil Conservation Division for a show cause hearing requiring Petro-Thermo Corporation to appear and show cause why its Goodwin Treating Plant located in the SW/4 NW/4 of Section 31, Township 18 South, Range 37 East, Lea County, New Mexico should not: (1) be ordered to cease operations, (2) have its permit to operate revoked, (3) be closed and cleaned up, (4) be closed by the Division if Petro-Thermo does not close it, (5) have the costs of closure and cleanup assessed against Petro-Thermo if closed by the Division, and (6) have its \$25,000 bond forfeited. Said plant is located approximately 9 miles west of Hobbs, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 7, 1995**8:15 A.M. - 2040 South Pacheco****Santa Fe, New Mexico**

Dockets Nos 36-95 and 1-96 are tentatively set for December 21, 1995 and January 11, 1996. 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 11394: (Continued from November 16, 1995, Examiner Hearing.)

Application of Harvey E. Yates Company for a unit agreement, Otero County, New Mexico. Applicant, in the above-styled cause, seeks approval of a unit agreement for its proposed Bennett Ranch Federal Unit Area containing 8856.90 acres, more or less, of Federal and State lands comprising all or portions of Sections 1-3, 10-15, 22-27, 35 and 36, Township 26 South, Range 12 East, and all or portions of Sections 18, 19, 30, and 31, Township 26 South, Range 13 East. Said unit area is located approximately 32 miles east-northeast of the intersection of U.S. Highway 54 with the Texas-New Mexico state line.

CASE 11432: **Application of Southland Royalty Company for compulsory pooling, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Blanco Mesaverde Gas Pool, underlying the N/2 of Section 25, Township 25 North, Range 2 West, forming a standard 320-acre gas spacing and proration unit. Said unit is to be dedicated to its existing Hill Federal Well No. 2Y which is to be recompleted in the Mesaverde formation at a standard gas well location. Also to be considered will be the costs of participation in said well, including but not limited to the costs of recompleting, the allocation of those costs and income therefor as well as actual operating costs and charges for supervision, a charge for risk involved in recompleting said well and the designation of applicant as the operator of the well. Said well is located approximately 2 ½ miles southeast of Gavilan, New Mexico.**CASE 11433:** **Application of Oryx Energy Company for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico.** Applicant seeks approval to drill its Bogel Flats Unit Well No. 13 at an unorthodox gas well location 800 feet from the North line and 800 feet from the East line (Unit A) of Section 17, Township 22 South, Range 23 East, to the Indian Basin-Upper Pennsylvanian Gas Pool. All of said Section 17 is to be simultaneously dedicated to said well and its current producing Bogel Flats Unit Well No. 9, located 2035 feet from the North line and 1650 feet from the East line (Unit G) to form a standard 640-acre gas spacing and proration unit. Said unit is located approximately 27 miles west of Carlsbad, New Mexico.**CASE 11434:** **Application of Meridian Oil Inc. for compulsory pooling and an unorthodox gas well location, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Blanco Mesaverde Gas Pool underlying the E/2 of Section 23, Township 31 North, Range 9 West, forming a standard 320-acre spacing and proration unit. Said unit is to be dedicated to Meridian Oil Inc's proposed Seymour Well No. 7A which is to be drilled at an unorthodox gas well location 1615 feet from the South line and 2200 feet from the East line (Unit J) of said Section 23 to test for production from the Mesaverde formation. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling and completing, and the allocation of the costs and income therefor as well as actual operating costs and charges for supervision, a charge for risk involved in drilling and completing said well and the designation of applicant as the operator of the well. Said well is located approximately 9 miles southeast of Cedar Hills, New Mexico.**CASE 11435:** **Application of Shell Western E&P Inc. To amend Division Administrative Order DHC-1149, Lea County, New Mexico.** Applicant seeks to amend Division Order DHC-1149 to allow commingled oil production from the Vacuum-Wolfcamp and Vacuum-Middle Pennsylvanian Pools not to exceed 250 barrels/day from the State "A" Well No. 10, located in Unit A of Section 31, Township 17 South, Range 35 East. Said well is located approximately 1 mile southeast of Buckeye, New Mexico.**CASE 11436:** **Application of Armstrong Energy Corporation for approval of a pressure maintenance project and qualification for the Recovered Oil Tax Rate, Lea County, New Mexico.** Applicant seeks approval of its Lea Pressure Maintenance Project by injection of water into the Delaware formation, through the perforated interval from approximately 5930 feet to 5970 feet in its Mobil Federal Well No. 6 PMW located 330 feet from the South line and 990 feet from the West line of Section 2, Township 20 South, Range 34 East. The Lea Pressure Maintenance Project Area shall include the following described area:**TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM**

Section 2: SW/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 pressure maintenance 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 16 miles southeast of Maljamar, New Mexico.

CASE 11408: (Readvertised - Continued from November 16, 1995, Examiner Hearing.)

Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Morton Exploratory Unit Agreement for an area comprising 2,178.68 acres, more or less, of State and Fee lands comprising all or portions of Sections 32 and 33, Township 14 South, Range 35 East, and Sections 4, 5 and 6 of Township 15 South, Range 35 East, which is located approximately 14 miles south-southwest of Tatum, New Mexico.

CASE 11437: **Application of Yates Petroleum Corporation for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico.** Applicant seeks approval to drill its Vandiver "DO" Com Well No. 2 at an unorthodox gas well location 660 feet from the South line and 800 feet from the East line (Unit P) of Section 7, Township 18 South, Range 26 East, NMPM. Applicant also seeks authority to simultaneously dedicate the S/2 of said Section 7 in the West Atoka-Morrow Gas Pool to this well and its Vandiver "DO" Com Well No. 1 located 660 feet from the South line and 2310 feet from the West line of Section 7. Applicant further requests approval of the unorthodox location as to all prospective pools or formations from the surface to the base of the Morrow formation. Said well is located approximately 5 miles south of Artesia, New Mexico.

CASE 11438: **Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks approval to drill its Opunita Draw APK State Com Well No. 1 at an unorthodox gas well location 1365 feet from the South line and 660 feet from the West line (Unit L) of Section 29, Township 23 South, Range 25 East. The W/2 of said Section 29 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 Morrow formation. Said well is located approximately 10 miles southwest of Carlsbad, New Mexico.

CASE 11426: (Continued from November 16, 1995, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Pennsylvanian formation, underlying the SE/4 NW/4 of Section 1, Township 14 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Lazy J-Pennsylvanian Pool. Said unit is to be dedicated to an existing well which will be re-entered located at a standard location 1980 feet from the North and West lines of said Section 1. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 20 miles southeast of the intersection of Highways 380 and FAS 1242, Lea County, New Mexico.

CASE 11339: (Continued from November 16, 1995, Examiner Hearing.)

Application of Yates Petroleum Corporation for directional drilling and an unorthodox bottomhole location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Zinnia Federal Unit Well No. 1 from a unorthodox surface location 1980 feet from the North line and 910 feet from the West line (Unit E) of Section 27, Township 20 South, Range 29 East, to an unorthodox bottomhole gas well location within 50 feet of a point 1980 from the North line and 2405 feet from the East line (Unit G of Section 27, to test the Strawn and Morrow formations, Undesignated East Burton Flat-Strawn Gas Pool and Wildcat Morrow. The N/2 of Section 27 is to be dedicated to this well forming a standard 320-acre gas spacing and proration unit for both formations. Said well is located approximately 11 miles northeast of Carlsbad, New Mexico.

CASE 11439: **Application of PED Oil Corporation for directional drilling and an unorthodox oil well location, Chaves County, New Mexico.** Applicant seeks authority to drill its Mescalero Federal Well No. 1 from a surface location 1980 feet from the North and West lines (Unit F) to an unorthodox bottomhole location within 50 feet of a point 1845 feet from the North line and 1131 feet from the West line (Unit E) of Section 11, Township 12 South, Range 30 East, to test the Devonian formation, Graham Springs-Devonian Pool. The SW/4 NW/4 of said Section 11 is to be dedicated to this well to form a standard 40-acre oil proration unit. Said well is located approximately 28 miles northeast of Dexter, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 16, 1995

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 35-95 and 36-95 are tentatively set for December 7, 1995 and December 21, 1995. 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 11394: (Continued from November 2, 1995, Examiner Hearing.)

Application of Harvey E. Yates Company for a unit agreement, Otero County, New Mexico. Applicant, in the above-styled cause, seeks approval of a unit agreement for its proposed Bennett Ranch Federal Unit Area containing 8856.90 acres, more or less, of Federal and State lands comprising all or portions of Sections 1-3, 10-15, 22-27, 35 and 36, Township 26 South, Range 12 East, and all or portions of Sections 18, 19, 30, and 31, Township 26 South, Range 13 East. Said unit area is located approximately 32 miles east-northeast of the intersection of U.S. Highway 54 with the Texas-New Mexico state line.

CASE 10935: (Reopened)

In the matter of Case No. 10935 being reopened pursuant to the provisions of Division Order No. R-10096, which order established special pool rules for the Nash Draw-Brushy Canyon Pool in Eddy County, New Mexico. Operators in the subject pool may appear and show cause why the temporary special rules and regulations for the Pool should not be rescinded.

CASE 11398: (Continued from October 5, 1995, Examiner Hearing.)

Application of Pogo Producing Company for pool expansion, pool abolishment, downhole commingling, and for the establishment of special poolwide downhole commingling rules and administrative procedures, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to abolish the South Red Tank-Delaware Pool comprising portions of Sections 25 and 36, Township 22 South, Range 32 East. The applicant further seeks to expand the West Red Tank-Delaware Pool, which currently comprises all or portions of Sections 14, 22, 23, 26, 27, 28, 34, and 35, Township 22 South, Range 32 East, by including the acreage previously contained within said South Red-Tank Delaware Pool. Applicant further seeks approval to downhole commingle West Red Tank-Delaware and Red Tank-Bone Spring Pool production within six existing wells it operates in this area. The applicant further seeks to establish special poolwide rules and administrative procedures governing the downhole commingling of Delaware and Bone Spring production, said rules to include a provision for a commingled allowable equal to the depth bracket allowable for the upper pool. The subject acreage is centered approximately 9.5 miles northeast of the intersection of State Highway 128 and the Eddy/Lea County line.

CASE 11403: (Readvertised and Continued from November 2, 1995, Examiner Hearing.)

Application of Pogo Producing Company for a pilot pressure maintenance project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot pressure maintenance project on its Neff Federal Lease comprising all of Section 25, Township 22 South, Range 31 East, by the injection of water into the Delaware formation of the Livingston Ridge-Delaware Pool through perforations from approximately 7050 feet to 7068 feet in its existing Neff Federal Well No. 3 located 430 feet from the North line and 760 feet from the West line (Unit D) of Section 25. Said well is located approximately 9 miles north of the intersection of State Highway 128 with the Eddy/Lea County line.

CASE 11423: **Application of Louis Dreyfus Natural Gas Corp. for an unorthodox oil well location, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval for its E. V. "State " Well No. 3 to be drilled to the Delaware formation at an unorthodox location 1180 feet from the North line and 330 feet from the East line (Unit A) of Section 32, Township 22 South, Range 26 East, the NE/4 NE/4 of said Section 32 to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said unit is located approximately 5.3 miles southwest of Carlsbad, New Mexico.

CASE 11424: **Application of Enron Oil & Gas Company for downhole commingling and a special allowable, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks exceptions from the Division General Rule 303(C) to establish an area-wide basis authorization for downhole commingling of Delaware, Bone Spring and Wolfcamp formations production in the wellbores of existing or future wells drilled anywhere within Section 36, Township 22 South, Range 30 East; the S/2 of Section 31, Township 22 South, Range 31 East; Section 1, Township 23 South, Range 30 East; and Section 6, Township 23 South, Range 31 East, said production being from portions of the Southeast Quahada Ridge-Delaware Pool, Los Medanos-Bone Spring Pool and the South Los Medanos-Wolfcamp Pool. Applicant also seeks the establishment of a special allowable for wells commingled within this area based on the top allowable of the shallowest commingled formation i.e. 320 barrels of oil per day for Bone Springs or 187 barrels of oil per day where Delaware is commingled. The center of said area is located approximately 7 miles southeast of Lindsey Lake, New Mexico.

CASE 11425: Application of Arlen Dickson for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Atoka and Strawn formations, underlying the W/2 of Section 20, Township 22 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for both zones. Said unit is to be dedicated to an existing well which will be re-entered, located at a standard location 2198 feet from the North line and 1650 feet from the West line of said Section 20. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 2 miles south-southeast of Carlsbad, New Mexico.

CASE 11408: (Readvertised)

Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Morton Exploratory Unit Agreement for an area comprising 2,178.68 acres, more or less, of State and Fee lands comprising all or portions of Sections 32 and 33, Township 14 South, Range 35 East, and Sections 4, 5 and 6 of Township 15 South, Range 35 East, which is located approximately 14 miles south-southwest of Tatum, New Mexico.

CASE 11426: Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Pennsylvanian formation, underlying the SE/4 NW/4 of Section 1, Township 14 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Lazy J-Pennsylvanian Pool. Said unit is to be dedicated to an existing well which will be re-entered located at a standard location 1980 feet from the North and West lines of said Section 1. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 20 miles southeast of the intersection of Highways 380 and FAS 1242, Lea County, New Mexico.

CASE 11339: (Continued from October 19, 1995, Examiner Hearing.)

Application of Yates Petroleum Corporation for directional drilling and an unorthodox bottomhole location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Zinnia Federal Unit Well No. 1 from a unorthodox surface location 1980 feet from the North line and 910 feet from the West line (Unit E) of Section 27, Township 20 South, Range 29 East, to an unorthodox bottomhole gas well location within 50 feet of a point 1980 from the North line and 2405 feet from the East line (Unit G of Section 27, to test the Strawn and Morrow formations, Undesignated East Burton Flat-Strawn Gas Pool and Wildcat Morrow. The N/2 of Section 27 is to be dedicated to this well forming a standard 320-acre gas spacing and proration unit for both formations. Said well is located approximately 11 miles northeast of Carlsbad, New Mexico.

CASE 11427: Application of Maralo, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation, underlying the N/2 NE/4 of Section 20, Township 13 South, Range 38 East. Said unit is to be dedicated to its Lowe "20" Well No. 1 at a previously approved unorthodox oil well location 350 feet from the North line and 1550 feet from the East line, forming an 80-acre oil spacing and proration unit for the Wolfcamp formation for a new pool to be governed by temporary special pool rules and regulations. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 6.25 miles southeast by south of Carlsbad, New Mexico.

CASE 11428: Application of Maralo, Inc. for compulsory pooling and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the S/2 NE/4 for all formations developed on 80-acre spacing of Section 20, Township 13 South, Range 38 East. Said unit is to be dedicated to its Lowe "20" Well No. 2 to be drilled at an unorthodox location 1650 feet from the North line and 1980 feet from the East line (Unit G) of said Section 20. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 6.5 miles south-southeast of Carlsbad, New Mexico.

CASE 11412: (Continued from November 2, 1995, Examiner Hearing.)

Application of Amoco Production Company for surface commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to surface commingle Blanco Mesaverde Pool gas production with Basin Dakota Pool gas production within the wellbore of its Houck Com Well No. 1, located 1580 feet from the South line and 890 feet from the East line (Unit I) of Section 1, Township 29 North, Range 10 West. Said well is located approximately 3 1/2 miles west of Turley, New Mexico. IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.

CASE 11413: (Continued from November 2, 1995, Examiner Hearing.)

Application of Amoco Production Company for surface commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to surface commingle Blanco Mesaverde Pool gas production with Basin Dakota Pool gas production within the wellbore of its Blanco Com Well No. 1A, located 1120 feet from the South line and 950 feet from the East line (Unit P) of irregular Section 2, Township 30 North, Range 11 West. Said well is located approximately 1 1/2 miles northeast of Aztec, New Mexico. IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.

CASE 11429: **Application of Texaco Exploration and Production Inc. for downhole commingling, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks exceptions from Division General Rule 303(C) to establish an area-wide basis authorization for downhole commingling of the Delaware and Bone Spring formations in the wellbores of existing or future wells drilled anywhere within the W/2 E/2 and the E/2 W/2 of Section 31, Township 23 South, Range 32 East, said production being from portions of the West Triste Draw-Delaware Pool and the South Sand Dunes-Bone Spring Pool. The center of said area is located approximately 1 mile north of the intersection of Highway FAS 1271 and the boundary between Eddy and Lea Counties, New Mexico.

CASE 11385: (Reopened)

In the matter of Case No. 11385 being reopened pursuant to the application of Santa Fe Energy Resources, Inc. regarding an unorthodox location requested by Texaco Exploration and Production, Inc. for its Dow "B-28" Federal Well No. 1 to be located at an unorthodox location 1028 feet from the South line and 1227 feet from the East line (Unit P) of Section 28, Township 17 South, Range 31 East, to test for oil in the deeper Siluro-Devonian formation and for gas in the Undesignated East Cedar Lake-Morrow Gas Pool. The SE/4 SE/4 of said Section 28 is to be dedicated to said well to form a standard 40-acre oil spacing and proration unit and the S/2 of said Section 28 to form a standard 320-acre gas spacing and proration unit. Said well location is approximately one mile south of the junction of U. S. Highway 62/180 and New Mexico State Highway 529.

CASE 11430: In the matter of the hearing called by the Oil Conservation Division upon its own motion for an order creating, contracting, and extending certain pools in Chaves and Eddy Counties, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Southeast Big Sinks-Delaware Pool. The discovery well is the Yates Petroleum Corporation Almost Texas Unit Well No. 1 located in Unit N of Section 2, Township 26 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 31 EAST, NMPM

Section 2: SW/4

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Culebra Bluff-Strawn Gas Pool. The discovery well is the Hallwood Petroleum Inc. Williams "35" Com. Well No. 1 located in Unit C of Section 35, Township 23 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 35: N/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Southwest Forehand Ranch-Wolfcamp Pool. The discovery well is the Maralo, Inc. State DC Com. "30" Well No. 1 located in Unit G of Section 30, Township 23 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM

Section 30: NE/4

- (d) CONTRACT the Indian Basin-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, by the deletion of the following described area:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM
Section 33: S/2

- (e) EXTEND the Indian Basin-Upper Pennsylvanian Associated Pool to include therein:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM
Section 33: S/2

- (f) EXTEND the Southeast Acme-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 27 EAST, NMPM
Section 13: SW/4

- (g) EXTEND the Corral Draw-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 21: NE/4

- (h) EXTEND the North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 9: SE/4 and NW/4
Section 10: SW/4
Section 21: SE/4
Section 22: SW/4
Section 32: NE/4

- (i) EXTEND the McMillan-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 20: N/2
Section 21: N/2

- (j) EXTEND the McMillan-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM
Section 23: SE/4
Section 26: N/2

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

CASE 11431: In the matter of the hearing called by the Oil Conservation Division upon its own motion for an order creating and extending certain pools in Rio Arriba and San Juan Counties, New Mexico.

- (a) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Chacra production and designated as the East Bisti-Chacra Pool. The discovery well is the McElvain Oil & Gas Production Inc. Warner Federal Well No. 1 located in Unit A of Section 10, Township 22 North, Range 8 West, NMPM. Said pool would comprise:

TOWNSHIP 22 NORTH. RANGE 8 WEST. NMPM

Section 10: NE/4

- (b) EXTEND the Ensenada-Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH. RANGE 6 WEST. NMPM

Section 27: SW/4

Section 28: S/2

- (c) EXTEND the Gavilan-Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 27 NORTH. RANGE 2 WEST. NMPM

Section 18: N/2

- (d) EXTEND the Otero-Chacra Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 26 NORTH. RANGE 5 WEST. NMPM

Section 6: W/2

Section 7: W/2

Section 17: N/2

Section 18: NE/4

Section 19: All

Section 20: E/2

Section 21: All

TOWNSHIP 27 NORTH. RANGE 8 WEST. NMPM

Sections 19 through 21: All

TOWNSHIP 28 NORTH. RANGE 9 WEST. NMPM

Sections 16 through 18: All

Section 19: N/2 and SW/4

Section 20: All

Section 21: N/2 and SE/4

Section 27: N/2

Section 28: NE/4

Section 30: NW/4

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 2, 1995**8:15 A.M. - 425 North Richardson Street****Roswell, New Mexico**

Dockets Nos 34-95 and 35-95 are tentatively set for November 16, 1995 and December 7, 1995. 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 11394: (Continued from October 19, 1995, Examiner Hearing.)

Application of Harvey E. Yates Company for a unit agreement, Otero County, New Mexico. Applicant, in the above-styled cause, seeks approval of a unit agreement for its proposed Bennett Ranch Federal Unit Area containing 8856.90 acres, more or less, of Federal and State lands comprising all or portions of Sections 1-3, 10-15, 22-27, 35 and 36, Township 26 South, Range 12 East, and all or portions of Sections 18, 19, 30, and 31, Township 26 South, Range 13 East. Said unit area is located approximately 32 miles east-northeast of the intersection of U.S. Highway 54 with the Texas-New Mexico state line.

CASE 11415: **Application of Browning Oil Company, Inc. for an unorthodox oil well location, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval for its Knowles Well No. 1 to be drilled at a more geologically acceptable location that is unorthodox in order to test the Devonian formation 3627 feet from the North line and 1425 feet from the East line (Lot 10/Unit J) of Section 1, Township 16 South, Range 38 East, Lot 10 of said Section 1 to be dedicated to said well to form a standard 40-acre oil spacing and proration unit. Said unit is located approximately 1.5 miles east of the old Hobbs Army Air Force Auxiliary Airfield No. 1. **IN THE ABSENCE OF OBJECTION THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 11403: (Readvertised)

Application of Pogo Producing Company for a pilot pressure maintenance project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot pressure maintenance project on its Neff Federal Lease comprising all of Section 25, Township 22 South, Range 31 East, by the injection of water into the Delaware formation of the Livingston Ridge-Delaware Pool through perforations from approximately 7050 feet to 7068 feet in its existing Neff Federal Well No. 3 located 430 feet from the North line and 760 feet from the West line (Unit D) of Section 25. Said well is located approximately 9 miles north of the intersection of State Highway 128 with the Eddy/Lea County line.

CASE 11416: **Application of Louis Dreyfus Natural Gas Corp. for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Pennsylvanian formation underlying the S/2 of Section 21, Township 18 South, Range 28 East, forming a standard 320-acre 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. Said unit is to be dedicated to its Artesia "21" State Well No. 2 to be drilled and completed at an unorthodox gas well location 1980 feet from the South line (Unit K) and 1943 feet from the West line of said Section 21. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 15 miles southeast of Artesia, New Mexico.

CASE 11417: **Application of Meridian Oil Inc. for compulsory pooling, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Wolfcamp formation underlying the following described acreage within Section 30, Township 10 South, Range 38 East, NMPM, Lea County, New Mexico and in the following manner: the NE/4 SE/4 to form 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; and the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within said vertical extent. Said units are to be dedicated to its proposed Aunt Lula 30 Well No. 1 which is to be drilled at a standard well location in Unit I of said Section 30. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling and completing said well and the allocation of those costs and income therefor as actual operating costs and charges for supervision, a charge for risk involved in drilling and completing said well and the designation of applicant as the operator of the well. Said well is located approximately 10 miles northeast of Gladiola, New Mexico.

CASE 11407: (Continued from October 19, 1995, Examiner Hearing.)

Application of Zia Energy, Inc. for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the San Andres formation, underlying the following described acreage in Section 22, Township 21 South, Range 37 East and in the following manner: the NW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated Penrose Skelly-Grayburg Pool; and, the NE/4 to form 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 which presently includes but is not necessarily limited to the Undesignated Hare-San Andres Gas Pool. Both units are to be dedicated to its existing Eubank Well No. 5, located 330 feet from the North line and 2310 feet from the East line (Unit B) of said Section 22, which location is "standard" for the proposed 40-acre unit but is considered to be an unorthodox gas well location for the proposed 160-acre unit. Also to be considered will be the costs of plugging-back and re-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 plugging-back and re-completing said well. Said well is located approximately 2 miles south-southeast of Oil Center, New Mexico.

CASE 11418: **Application of Burns Operating for an unorthodox oil well location, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval for its ARCO "6" Federal Well No. 1 to be drilled at a more geologically acceptable location that is unorthodox in order to test the Devonian formation 1800 feet from the South line and 1410 feet from the West line (Unit K) of Section 6, Township 17 South, Range 31 East, the NE/4 SW/4 of said Section 6 to be dedicated to said well to form a standard 40-acre oil spacing and proration unit. Said unit is located approximately 5 miles northeast by east of Loco Hills, New Mexico. **IN THE ABSENCE OF OBJECTION THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 11411: (Continued from October 19, 1995, Examiner Hearing.)

Application of Medallion Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, Undesignated Cemetery-Morrow Gas Pool, underlying the S/2 of Section 9, Township 20 South, Range 25 East. Said unit is to be dedicated to a well to be drilled at an orthodox location in Section 9. 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 5 miles southwest of Seven Rivers, New Mexico.

CASE 11419: **Application of Amoco Production Company for compulsory pooling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Fruitland Sand and the Pictured Cliffs Formations, underlying the SW/4 of Section 13, Township 27 North, Range 13 West, 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, which presently includes but is not necessarily limited to the Fruitland Sand/Pictured Cliffs Formations. Said unit is to be dedicated to the existing Ginther Gas Com Well No. 2 located in Unit K of Section 13. Also to be considered will be the costs of participation in said well, including but not limited to the value of the existing wellbore, the costs of recompletion, and the allocation of those costs and income therefor as well as actual operating costs and charges for supervision, a charge for the risk involved in recompleting said well and the designation of applicant as the operator of the well. Said well is located approximately 9 miles south of Farmington, New Mexico.

CASE 11412: (Continued from October 19, 1995, Examiner Hearing.)

Application of Amoco Production Company for surface commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to surface commingle Blanco Mesaverde Pool gas production with Basin Dakota Pool gas production within the wellbore of its Houck Com Well No. 1, located 1580 feet from the South line and 890 feet from the East line (Unit I) of Section 1, Township 29 North, Range 10 West. Said well is located approximately 3 1/2 miles west of Turley, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 11413: (Continued from October 19, 1995, Examiner Hearing.)

Application of Amoco Production Company for surface commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to surface commingle Blanco Mesaverde Pool gas production with Basin Dakota Pool gas production within the wellbore of its Blanco Com Well No. 1A, located 1120 feet from the South line and 950 feet from the East line (Unit P) of irregular Section 2, Township 30 North, Range 11 West. Said well is located approximately 1 1/2 miles northeast of Aztec, New Mexico. IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.

(Readvertised)

CASE 11408: (Continued from October 19, 1995, Examiner Hearing.)

Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Morton Exploratory Unit Agreement for an area comprising 2,178.68 acres, more or less, of State and Fee lands comprising all or portions of Sections 32 and 33, Township 14 South, Range 35 East, and Sections 4, 5 and 6 of Township 15 South, Range 35 East, which is located approximately 14 miles south-southwest of Tatum, New Mexico.

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CASE 11420: **Application of Yates Petroleum Corporation for a unit agreement, Roosevelt County, New Mexico.** Applicant, in the above-styled cause, seeks approval of a unit agreement for its proposed Sawyer North Unit Area containing 1,012.04 acres, more or less, of Federal and State lands in portions of Sections 32 and 33, Township 8 South, Range 38 East. Said unit area is located approximately 17 miles east by north of Crossroads, New Mexico.**CASE 11421:** **Application of Yates Petroleum Corporation for the promulgation of special rules and regulations for the South Pecos Slope-Abo Gas Pool, Chaves County, New Mexico.** Applicant, in the above-styled cause, seeks the promulgation of special rules and regulations for the currently unprorated South Pecos Slope-Abo Gas Pool, including provisions to permit the optional drilling of an additional well on each 160-acre standard gas spacing and proration unit, designated well location requirements, and any other provisions deemed necessary in the implementation of "infill drilling" in said pool. Currently the South Pecos Slope-Abo Gas Pool comprises approximately 73,440 acres in portions of Townships 8, 9, 10, and 11 South, Ranges 24, 25, 26, and 27 East.**CASE 11422:** **Application of Yates Petroleum Corporation for the promulgation of special rules and regulations for the West Pecos Slope-Abo Gas Pool, Chaves County, New Mexico.** Applicant, in the above-styled cause, seeks the promulgation of special rules and regulations for the currently unprorated West Pecos Slope-Abo Gas Pool, including provisions to permit the optional drilling of an additional well on each 160-acre standard gas spacing and proration unit, designated well location requirements, and any other provisions deemed necessary in the implementation of "infill drilling" in said pool. Currently the West Pecos Slope-Abo Gas Pool comprises approximately 92,480 acres in portions of Townships 5, 6, 7, 8, and 9 South, Ranges 21, 22, and 23 East.**CASE 11399:** (Continued from October 5, 1995, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, Diamond Back Petroleum Inc. and all other interested parties to appear and show cause why the following two wells located in Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug any or all of said wells, the Division seeks an order directing the operator to pay the costs of such plugging and if failing to do so, ordering a forfeiture of the plugging bond, if any, covering said wells:

Margie Kay Well No. 1, located 1980 feet from the North line and 1980 feet from the West line (Unit F) of Section 7, Township 17 South, Range 28 East.

Margie Kay Well No. 1, located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 7, Township 17 South, Range 28 East.

CASES 10793, 10981, and 11004: (Reopened - Continued from September 7, 1995, Examiner Hearing.)

In the matter of Case Nos. 10793, 10981, and 11004 being reopened pursuant to the provisions of Division Order Nos. R-9976 and R-9976-A, which orders established a "pilot infill drilling program" in the Pecos Slope-Abo Gas Pool in portions of Townships 5, 6, and 7 South, Ranges 25 and 26 East, Chaves County. **The applicant in this matter, Yates Petroleum Corporation, seeks the promulgation of special rules and regulations for the currently unprorated Pecos Slope-Abo Gas Pool**, based on the geologic and engineering data acquired from the pilot program, including provisions to permit the optional drilling of an additional well on each 160-acre standard gas spacing and proration unit, designated well location requirements, and any other provisions deemed necessary in the implementation of "infill drilling" in said pool. Currently the Pecos Slope-Abo Gas Pool comprises approximately 199,000 acres in all or portions of Townships 4, 5, 6, 7, and 8 South, Ranges 24, 25, 26, and 27 East.

DOCKET NO. 33-95

DOCKET: COMMISSION HEARING - THURSDAY - NOVEMBER 9, 1995**9:00 A.M. - 2040 SOUTH PACHECO - SANTA FE, NEW MEXICO****The Land Commissioner's designee for this hearing will be Jami Bailey****CASE 11353:** (Continued from October 12, 1995, Commission Hearing.)

In the matter of the hearing called by the Oil Conservation Division to amend Rule 303.C. of its General Rules and Regulations pertaining to downhole commingling. The proposed amendments to Rule 303.C. would provide for administrative approval of applications for types of downhole commingling currently requiring notice and hearing.

CASE 11297: (De Novo)

Application of Exxon Corporation for a waterflood project, qualification for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" for said project, and for 18 non-standard oil well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to institute a waterflood project in the designated and Undesignated Avalon-Delaware Pool within its proposed Avalon Delaware Unit Area (being the subject of Case No. 11298) located in portions of Townships 20 and 21 South, Ranges 27 and 28 East, by the injection of water through 18 new wells to be drilled as injection wells and one well to be converted from a producing oil well to an injection well. Applicant further seeks to qualify this project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Applicant further seeks approval to drill 18 new producing wells throughout the project area at locations considered to be unorthodox. The proposed unit area is centered approximately 8 miles north of Carlsbad, New Mexico. Upon the application of Premier Oil & Gas, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 11298: (De Novo)

Application of Exxon Corporation for statutory unitization, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a waterflood project, all mineral interests in the designated and Undesignated Avalon-Delaware Pool underlying its proposed Avalon Delaware Unit Area encompassing some 2,140.14 acres, more or less, of Federal, State, and Fee lands comprising portions of Sections 25 and 35, Township 20 South, Range 27 East, all or portions of Sections 29, 30, 31, and 32, Township 20 South, Range 28 East, and portions of Sections 4, 5, and 6, Township 21 South, Range 28 East. Among the matters to be considered at the hearing, pursuant to the "New Mexico Statutory Unitization Act", Sections 70-7-1 et. seq., NMSA, will be the necessity of unit operations; the designation of a unit operator; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable and equitable allocation of production and costs of production, including capital investments, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to unit voting procedures, selection, removal or substitution of the unit operator, and time of commencement and termination of unit operations. Said unit area is centered approximately 8 miles north of Carlsbad, New Mexico. Upon the application of Premier Oil & Gas, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 32-95 and 33-95 are tentatively set for November 2, 1995 and November 16, 1995. 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 11394: (Readvertised)

Application of Harvey E. Yates Company for a unit agreement, Otero County, New Mexico. Applicant, in the above-styled cause, seeks approval of a unit agreement for its proposed Bennett Ranch Federal Unit Area containing 8856.90 acres, more or less, of Federal and State lands comprising all or portions of Sections 1-3, 10-15, 22-27, 35 and 36, Township 26 South, Range 12 East, and all or portions of Sections 18, 19, 30, and 31, Township 26 South, Range 13 East. Said unit area is located approximately 32 miles east-northeast of the intersection of U.S. Highway 54 with the Texas-New Mexico state line.

CASE 11383: (Readvertised)

Application of Santa Fe Energy Resources, Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a Unit Agreement for its proposed "Kemosabe Unit Area" containing 795.09 acres, more or less, of State lands comprising the NE/4 and S/2 of Section 13, Township 18 South, Range 34 East and the W/2 equivalent of Section 18, Township 18 South, Range 35 East. Said unit area is located approximately 4 miles south of Buckeye, New Mexico.

CASE 11402: Application of Pogo Production Company for two unorthodox oil well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill the following wells in Section 28, Township 24 South, Range 29 East: The Cedar Canyon 28 Fed. Well No. 1 at an unorthodox oil well location 230 feet from the North line and 2510 feet from the West line (Unit C) of Section 28, with the NE/4 NW/4 of Section 28 dedicated to the well, forming a standard 40-acre oil spacing and proration unit for said pool; and the Cedar Canyon 28 Fed. Well No. 2 at an unorthodox oil well location 2410 feet from the North line and 2310 feet from the East line (Unit C) of Section 28, with the SW/4 NE/4 of Section 28 dedicated to the well, forming a standard 40-acre oil spacing and proration unit for said pool. Each well will test the Bone Spring formation (First Bone Spring) and the Delaware formation (Undesignated Cedar Canyon-Delaware Pool). Said units are located approximately 4 miles southeast of Malaga, New Mexico.

CASE 11403: Application of Pogo Producing Company for a pilot waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project on its Neff Federal Lease comprising all of Section 25, Township 22 South, Range 31 East, by the injection of water into the Delaware formation of the Livingston Ridge-Delaware Pool through perforations from approximately 4554 feet to 5885 feet in its existing Neff Federal Well No. 3 located 430 feet from the North line and 760 feet from the West line (Unit D) of Section 25. Said well is located approximately 9 miles north of the intersection of State Highway 128 with the Eddy/Lea County line.

CASE 11404: Application of Chesapeake Operating, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill its Shaw "15" Well No. 2 at an unorthodox oil well location 2100 feet from the North line and 2310 feet from the East line (Unit G) of Section 15, Township 17 South, Range 37 East, to be dedicated to a standard 80-acre oil spacing and proration unit consisting of the S/2 NE/4 of said Section 15 to test the Strawn formation, Humble City-Strawn Pool. Said well is located approximately 3 miles north-northwest of Humble City, New Mexico.

CASE 11405: Application of Meridian Oil Inc. form downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Gas Pool production (160-acre standard dedication comprising the NW/4) with gas production from the Basin-Fruitland Coal Gas Pool (320-acre standard dedication comprising the W/2) within the wellbore of its existing Sanchez A Com Well No. 2 located 1600 feet from the North line and 990 feet from the West line (Unit E) of Section 16, Township 28 North, Range 9 West. Said well is located approximately 4 1/2 miles southeast of Blanco, New Mexico. **INTHE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 11406: Application of Meridian Oil Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation, underlying the E/2 of Section 22, Township 25 North, Range 3 West, forming a standard 320-acre gas spacing and proration unit to be dedicated to Meridian Oil Inc.'s. Arco Hill Well No. 1 which is an existing West Lindrith Gallup-Dakota Pool well located in Unit G of Section 22 and is to be recompleted in the Mesaverde formation of the Blanco-Mesaverde Pool. Also to be considered will be the costs of participation in said well, including but not limited to the value of the existing wellbore, the costs of recompletion, and the allocation of those costs and income therefor as well as actual operating costs and charges for supervision, a charge for the risk involved in recompleting said well and the designation for applicant as the operator of the well. Said well is located approximately 5 miles west of Gavilan, New Mexico.

CASE 11389: (Readvertised)

Application of Nearburg Exploration Company for compulsory pooling, directional drilling, a non-standard oil proration unit, and possibly an unorthodox bottomhole oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to re-enter its plugged and abandoned Stillings "7D" Federal Well No. 1, located 660 feet from the North line and 773 feet from the West line (Lot 1/Unit D) of Section 7, Township 17 South, Range 38 East, and recompleting said well in either the Undesignated South Humble City-Strawn or Undesignated Shipp-Strawn Pool by directionally drilling in such a manner as to bottom said well in the Strawn formation within a "producing area" best described as a window that is 330 feet from the north, east, and south boundaries and 1103 feet from the western boundary of the proposed non-standard 77.78-acre oil spacing and proration unit comprising Lot 1 and the NE/4 NW/4 (N/2 NW/4 equivalent) of said Section 7 to be dedicated to said well. The applicant further seeks an order pooling all mineral interests within the Strawn formation underlying the above-described non-standard 77.78-acre oil spacing and proration unit. Also to be considered will be the value of the existing wellbore, the cost of re-entering, directional drilling, and recompleting said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as the operator of the well and unit and a charge for risk involved in re-entering and recompleting said well. Said unit is located approximately 4.25 miles north-northeast of Humble City, New Mexico.

CASE 11407: Application of Zia Energy, Inc. for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the San Andres formation, underlying the following described acreage in Section 22, Township 21 South, Range 37 East and in the following manner: the NW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated Penrose Skelly-Grayburg Pool; and, the NE/4 to form 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 which presently includes but is not necessarily limited to the Undesignated Hare-San Andres Gas Pool. Both units are to be dedicated to its existing Eubank Well No. 5, located 330 feet from the North line and 2310 feet from the East line (Unit B) of said Section 22, which location is "standard" for the proposed 40-acre unit but is considered to be an unorthodox gas well location for the proposed 160-acre unit. Also to be considered will be the costs of plugging-back and re-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 plugging-back and re-completing said well. Said well is located approximately 2 miles south-southeast of Oil Center, New Mexico.

CASE 10917: Reopened

Application of Conoco, Inc. to reopen Case No. 10917 and to amend Division Order No. R-10071, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to reopen Case No. 10917 and to amend Division Order No. R-10071, issued in Case 10917 and dated August 30, 1993, in order to obtain approval to re-enter its existing F.C. Federal Com Well No. 8, located at a standard coal gas well location 1870 feet from the South line and 1525 feet from the West line (Unit K) of Section 18, Township 32 North, Range 11 West, instead of drilling a new well for its high angle/horizontal directional drilling pilot project into the Basin-Fruitland Coal Gas Pool within an area comprising the W/2 equivalent of said Section 18. All other provisions of said Order No. R-10071 are to remain in full force and effect. Said project area is located approximately 8 miles northwest of Cedar Hill, New Mexico. IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

CASE 11395: (Continued from October 5, 1995, Examiner Hearing.)

Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a unit agreement for its proposed Ed Powell Unit Area" containing 5,207.08 acres, more or less, of Federal and State lands comprising all or portions of Sections 7, 8, 17, 18-21, and 28-33, Township 26 South, Range 38 East. Said unit area is centered approximately 8 miles southeast of Jal, New Mexico.

CASE 11408: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Morton Exploratory Unit Agreement for an area comprising 2,178.68 acres, more or less, of State and Fee lands comprising all or portions of Sections 33 and 33, Township 14 South, Range 35 East, and Sections 4, 5 and 6 of Township 15 South, Range 35 East, which is located approximately 14 miles south-southwest of Tatum, New Mexico.

CASE 11339: (Continued from October 5, 1995, Examiner Hearing.)

Application of Yates Petroleum Corporation for directional drilling and an unorthodox bottomhole location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Zinnia Federal Unit Well No. 1 from a unorthodox surface location 1980 feet from the North line and 910 feet from the West line (Unit E) of Section 27, Township 20 South, Range 29 East, to an unorthodox bottomhole gas well location within 50 feet of a point 1980 from the North line and 2405 feet from the East line (Unit G of Section 27, to test the Strawn and Morrow formations, Undesignated East Burton Flat-Strawn Gas Pool and Wildcat Morrow. The N/2 of Section 27 is to be dedicated to this well forming a standard 320-acre gas spacing and proration unit for both formations. Said well is located approximately 11 miles northeast of Carlsbad, New Mexico.

CASE 11402: **Application of Maralo, Inc. for pool creation, special pool rules and a discovery allowable, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Wolfcamp formation comprising the N/2 NE/4 of Section 20, Township 13 South, Range 38 East, the assignment of a discovery allowable, and the promulgation of special pool rules therefor including provisions for 80-acre spacing units and special well location requirements. Said area is located approximately 6 miles southeast of Gladiola, New Mexico.

CASE 11335: (Continued from October 5, 1995, Examiner Hearing.)

Application of Naumann Oil & Gas, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 34, Township 18 South, Range 29 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 North Turkey Track-Morrow Gas Pool. Said unit is to be dedicated to the Empire "34" Federal Well No. 1 which is an existing well located at a standard gas well location 1980 feet from the North line and 1980 feet from the East line (Unit G) of Section 34 and which is to be re-entered and deepened in an attempt to complete in the Morrow formation. Also to be considered will be the costs of re-entering, deepening and completing said well and the allocation of those 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 re-entering, deepening and completing said well. Said unit is located approximately 9 miles southwest of Loco Hills, New Mexico.

CASE 11410: **Application of Medallion Production Company for compulsory pooling, Chaves 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, Undesignated Buffalo Valley-Pennsylvanian Gas Pool, underlying the S/2 of Section 20, Township 15 South, Range 28 East. Applicant proposes to dedicate this pooled unit to its U.S.A. "20" Well No. 1 to be drilled at a location 990 feet from the South line and 1100 feet from the East line (Unit P) of said Section 20 to test any and all formations to the base of the Morrow formation. 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 9 miles southeast of Hagerman, New Mexico.

CASE 11411: **Application of Medallion Production Company for compulsory pooling, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, Undesignated Cemetery-Morrow Gas Pool, underlying the S/2 of Section 9, Township 20 South, Range 25 East. Said unit is to be dedicated to a well to be drilled at an orthodox location in Section 9. 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 5 miles southwest of Seven Rivers, New Mexico.

CASE 11321: (Reopened and Continued from September 21, 1995, Examiner Hearing.)

Application of D & J Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location in the Southwest Gladiola-Devonian Pool to be drilled 642 feet from the South line and 2434 feet from the East line (Unit O) of Section 27, Township 12 South, Range 37 East. The W/2 SE/4 of said Section 27 is to be dedicated to said well forming a standard 80-acre oil spacing and proration unit for said pool. Said unit is located approximately 7.5 miles east by south of Tatum, New Mexico.

CASE 11412: **Application of Amoco Production Company for surface commingling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval to surface commingle Blanco Mesaverde Pool gas production with Basin Dakota Pool gas production within the wellbore of its Houck Com Well No. 1, located 1580 feet from the South line and 890 feet from the East line (Unit I) of Section 1, Township 29 North, Range 10 West. Said well is located approximately 3 1/2 miles west of Turley, New Mexico.

CASE 11413: Application of Amoco Production Company for surface commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to surface commingle Blanco Mesaverde Pool gas production with Basin Dakota Pool gas production within the wellbore of its Blanco Com Well No. 1A, located 1120 feet from the South line and 950 feet from the East line (Unit P) of irregular Section 2, Township 30 North, Range 11 West. Said well is located approximately 1 1/2 miles northeast of Aztec, New Mexico.

CASE 11328: (Continued from October 5, 1995, Examiner Hearing.)

Application of Merrion Oil & Gas Corporation for a high angle/horizontal directional drilling pilot project and for the promulgation of special operating rules therefor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Media-Entrada Oil Pool within its proposed Media Entrada Secondary (Federal) Unit comprising portions of Sections 14, 15, 22, and 23, Township 19 North, Range 3 West. Further, the applicant seeks the promulgation of special operating rules and procedures for wells within said Unit Area including provisions for administrative authorization for horizontal wells, the formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, the assignment of a special oil allowable or formula for the project area and the designation of a target window such that horizontal or producing portions of such a wellbore shall be no closer than 330 feet to the outer boundary of the project area. Said area is located approximately 14 miles southwest of Cuba, New Mexico.

CASE 11414: In the matter of the hearing called by the Oil Conservation Division upon its own motion for an order abolishing and extending certain existing pools in Lea County, New Mexico.

- (a) ABOLISH the South Red Tank-Delaware Pool in Lea County, New Mexico, consisting of the following described area:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 25: SW/4

Section 36: NW/4

- (b) EXTEND the West Red Tank-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 25: SW/4

Section 36: NW/4