



**NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

**MEMORANDUM**

**TO: All Producers, Purchasers and Transporters of Gas For All Prorated Gas Pools  
in New Mexico**

**FROM: Lori Wrotenbery, Division Director**  
Oil Conservation Division

**SUBJECT: Commission Hearing on February 11, 1999, Concerning Prorated Gas  
Allowables for the April, 1999 Through September, 1999 Period**

**DATE: January 22, 1999**

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Since 1991, allowables for the prorated gas pools in New Mexico have been established for six month allocation periods beginning in April and October of each year. Allowables have been determined using prior year allocation period production volumes with adjustments where appropriate based on evidence and recommendations from operators, purchasers, and transporters.

For the past several allocation periods, non-marginal allocation factors and well allowables have remained almost constant in most pools. Declining pool production and increased demand for New Mexico gas have resulted in a large reduction in the number of non-marginal wells and the assignment of marginal allowables to most wells in prorated pools.

At its September 10, 1998 proration hearing, the allowable factors used in the previous allocation period were recommended by the Division for the next proration period. There were no requests to modify those recommended allowables. The recommended allowables were adopted by order of the Commission.

The Commission will follow this procedure for the current and future allocation periods and until such time as it is determined that changes are needed. The enclosed allocation factors, being the previous 6 month allowable factors, will be used for allowable purposes for the period April, 1999 through September, 1999 unless there is evidence received at the February 11, 1999 Commission hearing indicating that these factors should be modified.

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**Oil Conservation Division  
Proposed Allowable Allocation Factors  
New Mexico Prorated Pools  
April, 1999 through September, 1999**

**Southeast New Mexico**

Pool	Monthly Allocation Factor (F.)
Atoka Penn	24,000
Blinebry Oil and Gas	70,200
Buffalo Valley Penn	33,000
Eumont Yates 7 Rivers Queen	38,000
Indian Basin Upper Penn	200,000
Jalmat Tansill Yates 7 Rivers	18,300
Justis Glorieta	18,300
Tubb Oil and Gas	18,425

**Northwest New Mexico**

Pool	Monthly Allocation Factor (F1)	Monthly Acreage x Deliverability Factor (F2)
Basin Dakota	11,163	14.04
Blanco Mesaverde	5,771	26.14
Blanco P. C. South	440	28.18
Tapacito Pictured Cliffs	467	19.79

Dockets Nos. 6-99 and 7-99 are tentatively set for February 18, and March 4, 1999. 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 12097:** Continued from January 7, 1999, Examiner Hearing.

**Application of Merrion Oil Corporation for compulsory pooling, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying Lots 3 and 4, the S/2 NW/4, and the SW/4 of Section 2, Township 26 North, Range 13 West, thereby forming a standard-acre gas spacing and proration unit for this pool. This unit is to be dedicated to its proposed Shank Corn Well No. 1 (API No. 30-045029516) to be drilled at a previously approved off-pattern unorthodox coal gas well location 1840 feet from the North and West lines (Unit F) of Section 2 (see Division Administrative Order NSL-4166, dated November 19, 1988). Also to be considered will be the cost of drilling and completing this 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 the well. This unit is located approximately 14 miles south of Farmington, New Mexico.

**CASE 12121:** (Continued from January 21, 1999, Examiner Hearing.)

**Application of Devon Energy Corporation (Nevada) for pool abolishment and pool expansion, Eddy County, New Mexico.** Applicant seeks an order abolishing the Sand Dunes-Cherry Canyon Pool, which covers portions of Sections 23, 24, 25, 26, and 35, Township 23 South, Range 31 East, NMPM, and the concomitant expansion of the Ingle Wells-Delaware Pool to include the Cherry Canyon interval of the Delaware Mountain Group underlying the acreage currently within the San Dunes-Cherry Canyon Pool. These pools are centered approximately 20 miles east of Loving, New Mexico.

**CASE 12122:** **Application of Conoco Inc. for downhole commingling, unorthodox gas well locations and approval of a pilot project including an exception from Rule 2(b) of the Special Rules and Regulations for the Basin-Dakota Gas Pool, Rio Arriba County, New Mexico.** Applicant seeks approval for a pilot program including an exception for the San Juan 28-7 Unit from Rule 2 of the Special Rule and Regulations for the Basin-Dakota Gas Pool and authorization to drill wells at unorthodox locations anywhere in the proration unit provided such wells are located no closer than 10 feet from any section, quarter-section or quarter-quarter-section line and to increase the well density from the current maximum of two (2) wells (160-acre infill) provided in Order R-8170 to a maximum of four (4) wells (80-acre infill) per gas proration and spacing unit for wells dedicated to the Basin Dakota Gas Pool within the San Juan 28-7 Unit. Applicant further seeks approval, in accordance with Order No. R-10476-B, to downhole commingle production in the six pilot project wells from the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool. Said unit is located approximately 12 miles southwest of Gobernador, New Mexico.

**CASE 12123:** **Application of Texaco Exploration and Production Inc. for amendment of Division Order No. R-9714 to amend the injection permit for the Vacuum Glorieta West Unit Well No. 108 and to establish an administrative procedure whereby additional wells within the Vacuum Glorieta West Unit Waterflood Project Area may be drilled and completed as horizontal injection wells, Lea County, New Mexico.** Applicant seeks the amendment of Division Order No. R-9714 to authorize the injection of water through two horizontally drilled dual laterals into the Glorieta and Paddock formations in its Vacuum Glorieta West Unit Well No. 108 and for the establishment of an administrative procedure whereby additional wells may be drilled and completed as horizontal injection wells. The Vacuum Glorieta West Unit Pressure Maintenance Project encompasses portions of Sections 24 through 26 and 35 and 36 of Township 17 South, Range 34 East; Sections 30 and 31 of Township 17 South, Range 35 East; Sections 1 and 2 of Township 18 South, Range 34 East; and Section 6 of Township 18 South, Range 35 East. Said waterflood project is located one to three miles south of Buckeye, New Mexico.

**CASE 12101:** Continued from January 7, 1999, Examiner Hearing.

**Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations underlying the N/2, for all formations developed on 320-acre spacing in Section 7, Township 19 South, Range 31 East. The unit is to be dedicated to its Red Cloud 7" Fed. Com. Well No. 1 to be drilled as a wildcat well to test the Morrow formation at a standard location 660 feet from the North line and 1980 feet from the West line of Section 7. Also to be considered will be the cost of drilling and completing the 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 the well. This area is located approximately 11 miles northwest of Halfway, New Mexico

**CASE 12110:** Continued from January 7, 1999, Examiner Hearing.

**Application of Nearburg Exploration Company, L.L.C. for approval of a unit agreement, Lea County, New Mexico.** Applicant seeks approval of its proposed Range State Unit as an exploratory unit for an area comprising 640 acres, more or less, of state lands consisting of the S/2 of Section 21 and the N/2 of Section 28, Township 21 South, Range 35 East. This unit is located approximately 13 miles west of Eunice, New Mexico.

**CASE 12103:** Continued from January 7, 1999, Examiner Hearing.

Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation, underlying the SE/4 SE/4 (Unit P) of Section 3, Township 20 South, Range 33 East, thereby 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 Teas Yates-Seven Rivers Pool and Undesignated West Teas Yates-Seven Rivers Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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. The proposed 40-acre unit is located approximately one mile north of U. S. Highway 62/180 at mile marker No. 77.

**CASE 12037:** Readvertised - Continued from January 21, 1999, Examiner Hearing.

Application of Yates Petroleum Corporation for pool contraction, pool extension and special pool rules, or in the alternative, simultaneous dedication, Lea County, New Mexico. Applicant seeks contraction and extension of the boundaries of the North Shoe Bar-Atoka Gas Pool to conform to the acreage dedicated to the wells therein, and the promulgation of Special Pool Rules which authorize a second well on each standard spacing and proration unit in the pool. In the alternative, applicant seeks authorization to simultaneously dedicate its Brunson AQK State Com Well No. 1 located 2260 feet from the North line and 1795 feet from the East line and its Big Flat ASN State Com. Well No. 1 located 1650 feet from the South line and 1980 feet from the East line, both in Section 10, Township 16 South, Range 35 East, to a standard gas spacing unit comprised of the E/2 of Section 10 in the North Shoe Bar-Atoka Gas Pool. Said wells are located approximately 6 miles west of Lovington, New Mexico.

**CASE 12112:** Continued from January 7, 1999, Examiner Hearing.

Application of GP II Energy, Inc. for approval of a waterflood project, Eddy County, New Mexico Applicant seeks approval of its Square Lake Unit Waterflood Project by injection of water into the Grayburg and San Andres formations through 147 injection wells located in the following described area:

Township 16 South, Range 30 East  
Section 25: E/2  
Section 36: N/2

Township 16 South, Range 31 East  
Section 19: S/2  
Section 20: S/2  
Section 27: SW/4, S/2 NW/4, NW/4 NW/4, S/2 SE/4, NW/4 SE/4, SW/4 NE/4  
Sections 28 through 34: All

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 the waterflood operations. This area is located approximately 5 miles northeast of Loco Hills, New Mexico.

**CASE 12113:** (Continued from January 7, 1999, Examiner Hearing.)

Application of GP II Energy, Inc. for statutory unitization, Eddy County, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interests in the Grayburg and San Andres formations, Square Lake Grayburg-San Andres Pool, underlying 6120 acres, more or less, of Federal and State lands in the following described area:

Township 16 South, Range 30 East  
Section 25: E/2  
Section 36: N/2

Township 16 South, Range 31 East  
Section 19: S/2  
Section 20: S/2  
Section 27: SW/4, S/2 NW/4, NW/4 NW/4, S/2 SE/4, NW/4 SE/4, SW/4 NE/4  
Sections 28 through 34: All

This unit is to be designated the Square Lake Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation 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 investment, 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 limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision of carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. This area is located 5 miles northeast of Loco Hills, New Mexico.

DOCKET: COMMISSION HEARING - THURSDAY - FEBRUARY 11, 1999

9:00 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

The Land Commissioner's designee for this hearing will be Jami Bailey or Gary Carlson

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The minutes of the January 14, 1999, Commission hearing will be adopted.

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**CASE 12124:** The Oil Conservation Division is calling a hearing to consider proposed April, 1999 - September, 1999 gas allowables for the prorated gas pools in New Mexico. Allowable assignment factors are being distributed with an OCD Memorandum dated January 22, 1999. If requests for changes are not received at the February 11, 1999 hearing, these factors will be used to assign allowables for the April - September period.

**CASE 12117:** Continued from January 14, 1999, Commission Hearing.

In the matter of the hearing called by the Oil Conservation Division to amend 19 NMAC 15.C. 107.J and K. of its Rules and Regulations pertaining to tubing and casing sizes and to giving the Districts authority to grant administrative exceptions. Copies of the proposed rule changes will be circulated with the docket for the February 11, 1999 hearing.

**CASE 12118:** Continued from January 14, 1999, Commission Hearing.

In the matter of the hearing called by the Oil Conservation Division to amend 19 NMAC 15.C. 112-A. A., B., C., D., E., and F. of its Rules and Regulations pertaining to multiple completions and to expand the Districts' authority to grant administrative exceptions. Copies of the proposed rule changes will be circulated with the docket for the February 11, 1999 hearing.

**CASE 12086:** De Novo - Continued from January 14, 1999, Commission Hearing.

**Application of Yates Petroleum Corporation and Hanley Petroleum Inc. for allowable reduction, and the escrow of production process, Lea County, New Mexico.** Applicants seek an order (1) reducing the depth bracket allowable for wells in the West Lovington Strawn Pool to a level that will only permit operators to avoid lease terminations for failure of wells to produce in paying quantities, (2) providing for termination of the depth bracket allowable for the pool when the West Lovington Strawn Unit is expanded to protect the correlative rights of each owner in the pool pursuant to a ratified statutory unitization order of the Oil Conservation Commission, and (3) requiring Gillespie-Crow, Inc. to escrow all payments received for production from the unit, less payments for royalties and taxes thereon, from the date of the order until the unit has been expanded pursuant to a ratified statutory unitization order of the Commission to include all lands affected by the pressure maintenance project being conducted in the pool. The unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

**CASE 11839:** De Novo - Continued from December 18, 1998, Commission Hearing.

**Application of Odessa Oil Investments, Inc. for salt water disposal, Eddy County, New Mexico.** Applicant seeks authority to re-enter the existing Lakewood State Com Well No. 1 (formerly the Monsanto Company Lakewood State Com Well No. 1), located 1980 feet from the North and West lines (Unit F) of Section 30, Township 19 South, Range 26 East, and utilize the well to dispose of produced water into the Devonian formation through the open-hole interval from approximately 10,300 feet to 10,700 feet. Said well is located approximately 3 miles west of Lakewood, New Mexico. Upon application of Odessa Oil Investments, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

The Oil Conservation Commission may vote to close the open meeting to deliberate any De Novo cases heard at this hearing.

#### 107.J. Well Tubing Requirements

- (1) All flowing oil wells equipped with casing larger in size than 2 7/8-inch OD shall be tubed.
- (2) All gas wells equipped with casing larger in size than 3 1/2 inch OD shall be tubed.
- (3) Tubing shall be set as near the bottom as practical and tubing perforations shall not be more than 250 feet above top of pay zone.
- (4) The supervisor of the appropriate Division district office, upon application, may grant exceptions to these requirements, provided waste will not be caused.
- (5) The supervisor, at its discretion, or an operator may request that an application be reviewed by the Director. The operator shall submit information and give notice as requested by the Director. Unprotected applications may be approved after 20 days of receipt of the application and supporting information. If the application is protested, or the Director so decides, the application shall be set for hearing.

107.K. REPEALED

112-A        MULTIPLE COMPLETIONS

112-A.A. District Approval

- (1) The supervisor of the appropriate Division district office may authorize the multiple completion (conventional, tubingless, or combination) of any oil and/or gas well provided waste will not be caused. [2-1-82... - -99]
- (2) Operators shall file four copies of Form C-107 (Application for Multiple Completion) with the appropriate district office accompanied by:
  - (a) a complete wellbore diagram showing all casing strings, including diameters and setting depths; cement quantities used, cement class/quality with additives, and cement tops; perforated intervals; completion treatments; tubing strings, including diameters and setting depth; location of packers; and other pertinent information; and
  - (b) An electrical or other acceptable well log with producing zone tops and bottoms and perforation intervals indicated thereon. If such log is not available at the time the application is filed, it shall be submitted within 20 days of well completion. [2-1-82... - -99]

112-A.B. Director Approval

- (1) The district supervisor, at its discretion, or an operator may request that any application be reviewed by the Director. [2-1-82... - -99]
- (2) Operators shall file four copies of Form C-107 (two copies with the Division's Santa Fe office and two copies with the appropriate district office) accompanied by the information listed in 112-A.A.(2) above. [2-1-82... - -99]
- (3) Upon receipt of a complete application, the Director may approve the application or set it for hearing. [2-1-82... - -99]

112-A.C. Operation and Testing for All Multiple Completions  
(Whether Approved by the District or Director or After Hearing)

- (1) Prior to multiple completion, the operator shall make adequate casing pressure tests to determine no leaks exist. Test

results shall be reported on Form C-103. [2-1-82... - -99]

(2) Wells shall be completed and produced so that no commingling of hydrocarbons from separate pools occurs. [2-1-82... - -99]

(3) The operator shall commence a segregation and/or packer leakage test within twenty (20) days after the multiple completion. Segregation tests and/or packer leakage tests shall also be made any time the packer is disturbed and at any time the Division requires. The operator shall also conduct any other tests and determinations required by the Division. The appropriate district office shall be notified 48 hours in advance of tests so the district office may schedule personnel to witness the tests. Offset operators may witness such tests at their election and shall advise the operator in writing if they desire to be notified of the tests. Test results shall be filed with the Division within fifteen (15) days of test completion. In the event a segregation and/or packer leakage test indicates communication between separate pools, the operator shall immediately notify the Division and commence corrective action on the well. [2-1-82... - -99]

(4) Wells shall be equipped so that (i) reservoir pressure may be determined for each of the separate pools, and (ii) meters may be installed so that the gas and/or oil produced from each of the separate pools may be accurately measured and the gas-oil or gas-liquid ratio determined. [2-1-82... - -99]

(5) Within 20 days after well completion, the operator shall furnish the Division with: (i) a diagram of the mechanical installation used in completing the well, (ii) a report of the gravity, gas-oil or gas-liquid ratio, and surface or bottomhole pressure, for each of the separate zones, and (iii) the well log, if not previously submitted. [2-1-82... - -99]

(6) No multiple completion shall produce in a manner unnecessarily wasting reservoir energy. [2-1-82... - -99]

(7) The Division may require the plugging of any abandoned zone of a multiple-completed well if the plugging appears necessary to prevent waste, protect correlative rights or protect groundwater, public health or the environment. [2-1-82... - -99]

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 7, 1999  
8:15 A.M. - 2040 South Pacheco  
Santa Fe, New Mexico

DOCKET NO. 1-99

Dockets Nos. 2-99 and 3-99 are tentatively set for January 21, and February 4, 1999. 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 12092:** Continued from December 17, 1998, Examiner Hearing.

**Application of Corinne B. Grace d/b/a Grace Oil Company for compulsory pooling or, in the alternative for an order declaring Division Order No. R-4034 applicable, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 2, Township 23 South, Range 26 East, and in the following manner: the S/2 thereby 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 South Carlsbad-Canyon Gas Pool, South Carlsbad-Strawn Gas Pool, South Carlsbad-Atoka Gas Pool, and South Carlsbad-Morrow Gas Pool; 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 spacing within said vertical extent; and the SE/4 SE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/o pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Happy Valley-Delaware Pool. These units are to be dedicated to the existing Humble Grace Com. Well No. 1 (API No. 30-015-20350) located 990 feet from the South line and 660 feet from the East line (Unit P) of Section 2. Also to be considered will be the costs of re-entering and the recompletion of this 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 the re-entry of this well. IN THE ALTERNATIVE, the applicant seeks an order from the Division that its Order No. R-4034, issued in Case No. 4398 and dated October 2, 1970 be declared applicable and relevant under the circumstances involving this well and in full force and effect. By Order No. R-4034, the Division pooled, in part, all mineral interests in the Strawn, Atoka, and Morrow formations underlying the S/2 of Section 2, in which the subject well was dedicated. This well is located south of Carlsbad, New Mexico approximately 1/4 mile east of U. S. Highway 62/180 between Derrick Street and Haston Road.

**CASE 12108:** **Application of Southwestern Energy Production Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 9, Township 23 South, Range 34 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated North Antelope Ridge-Wolfcamp Gas Pool, Undesignated Antelope Ridge-Strawn Gas Pool, Undesignated Antelope Ridge-Atoka Gas Pool, and Undesignated North Bell Lake-Morrow Gas Pool. The unit is to be dedicated to its Mauchos State 9 Well No. 1, to be drilled at an orthodox gas well location in the SW/4 NW/4 (Unit E) of Section 9. Also to be considered will be the cost of drilling and completing this 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 the well. The unit is located approximately 18 miles southwest of Oil Center, New Mexico.

**CASE 12097:** Continued from December 17, 1998, Examiner Hearing.

**Application of Merrion Oil Corporation for compulsory pooling, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying Lots 3 and 4, the S/2 NW/4, and the SW/4 of Section 2, Township 26 North, Range 13 West, thereby forming a standard-acre gas spacing and proration unit for this pool. This unit is to be dedicated to its proposed Shank Com Well No. 1 (API No. 30-045029516) to be drilled at a previously approved off-pattern unorthodox coal gas well location 1840 feet from the North and West lines (Unit F) of Section 2 (see Division Administrative Order NSL-4166, dated November 19, 1988). Also to be considered will be the cost of drilling and completing this 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 the well. This unit is located approximately 14 miles south of Farmington, New Mexico.

**CASE 12094:** (Readvertised)

**Application of Manzano Oil Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 40-acre spacing underlying Lot 15, from the surface to the base of the Strawn formation, in irregular Section 3, Township 16 South, Range 36 East. The units are to be dedicated to the proposed Quarry Well No. 1 which will be drilled at a standard location 3526 feet from the South line and 2095 feet from the East line of Section 3. Also to be considered will be the cost of drilling and completing the 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 the well. This area is located within the City of Lovington, New Mexico.

**CASE 12109:** **Application of Cross Timbers Oil Company for an unorthodox coal gas well location, San Juan County, New Mexico.** Applicant seeks approval to drill its proposed Stanolind Gas Com. "D" Well No. 2 at an off-pattern non-standard coal gas well location 790 feet from the South and East lines (Lot 16/Unit P) of Section 17, Township 32 North, Range 12 West, in the Basin-Fruitland Coal (Gas) Pool. Lots 9 through 16 (N/2 equivalent) of Section 17 are to be dedicated to this well in order to form a standard 302.63-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool. The well is located approximately five miles east-northeast of La Plata, New Mexico.

**CASE 12014:** Continued from December 17, 1998, Examiner Hearing.

**Application of Louis Dreyfus Natural Gas Corp. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 28, Township 19 South, Range 35 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated North Pearl-Morrow Gas Pool. Said unit is to be dedicated to its Toro "28" State Com. Well No. 1, located at an orthodox location 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 28. Also to be considered will be the cost of drilling and completing the 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 the well. This unit is located approximately 11 miles west of Monument, New Mexico.

**CASE 12080:** Continued from December 3, 1998, Examiner Hearing.

**Application of David H. Arrington Oil and Gas, Inc. for amendment of Division Order No. R-11028, Lea County, New Mexico.** Applicant seeks an order amending Order No. R-11028 to pool all mineral interests from the surface to the base of the Lower Mississippian formation, underlying Lots 11 through 14 and the SW/4 for all formations developed on 320-acre spacing including the Undesignated North Shoe Bar-Atoka Gas Pool, Undesignated North Hume-Morrow Gas Pool and the Undesignated Townsend-Morrow Gas Pool, the SW/4 for all formations developed on 160-acre spacing, the N/2 SW/4 for all formations developed on 80-acre spacing including but not limited to the Undesignated Big Dog-Strawn Pool, and the NE/4 SW/4 for all formations developed on 40-acre spacing including the Undesignated Northwest Townsend-Abo Pool, Townsend-Permo Upper Pennsylvanian Pool and the Undesignated Townsend-Strawn Pool, all in Section 3, Township 16 South, Range 35 East. Applicant proposes to dedicate these pooled units to its Parachute Hopper Well No. 1 to be drilled at a standard gas well location in the NE/4 SW/4 of Section 3. Also to be considered will be the cost of drilling and completing the 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 the well. The area is located approximately 5 miles west of Lovington, New Mexico.

**CASE 12110:** **Application of Nearburg Exploration Company, L.L.C. for approval of a unit agreement, Lea County, New Mexico.** Applicant seeks approval of its proposed Range State Unit as an exploratory unit for an area comprising 640 acres, more or less, of state lands consisting of the S/2 of Section 21 and the N/2 of Section 28, Township 21 South, Range 35 East. This unit is located approximately 13 miles west of Eunice, New Mexico.

**CASE 12101:** Continued from December 17, 1998, Examiner Hearing.

**Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations underlying the N/2, for all formations developed on 320-acre spacing in Section 7, Township 19 South, Range 31 East. The unit is to be dedicated to its Red Cloud "7" Fed. Com. Well No. 1 to be drilled as a wildcat well to test the Morrow formation at a standard location 660 feet from the North line and 1980 feet from the West line of Section 7. Also to be considered will be the cost of drilling and completing the 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 the well. This area is located approximately 11 miles northwest of Halfway, New Mexico.

**CASE 12102:** Continued from December 17, 1998, Examiner Hearing.

**Application of Chevron U.S.A., Inc. for surface commingling, Lea County, New Mexico.** Applicant seeks an exception to Division Rule 303-A and 309-A to permit surface commingling of Monument-Abo and North Monument-Abo Pool production from the following State Leases: E-7419, B-10268, B-230, E-7572, B-243, B-1585, B-10233, B-10164, E-7355, covering parts of Sections 1, 12, 13, 14, 23, Township 19 South, Range 36 East. Said leases are approximately 5 miles southwest of Hobbs, New Mexico.

**CASE 12111:** **Application of OXY USA Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the S/2 of Section 7, Township 17 South, Range 28 East, to form a standard 320-acre spacing and proration unit for all formations and/or pools developed on 320-acre gas spacing within that vertical extent, which presently may include the Dog Canyon-Strawn Gas Pool or the Crow Flats-Morrow Gas Pool. The unit is to be dedicated to its OXY's Papa Bear Federal Well No. 1 to be drilled and completed at a standard gas well location in Unit K of this section. Also to be considered will be the cost of drilling and completing the 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 the well. This unit is located approximately 10 miles east of Artesia, New Mexico.

**CASE 12037: (Readvertised)**

**Application of Yates Petroleum Corporation for pool contraction, pool extension and special pool rules, or in the alternative, simultaneous dedication, Lea County, New Mexico.** Applicant seeks contraction and extension of the boundaries of the North Shoe Bar-Atoka Gas Pool to conform to the acreage dedicated to the wells therein, and the promulgation of Special Pool Rules which authorize a second well on each standard spacing and proration unit in the pool. In the alternative, applicant seeks authorization to simultaneously dedicate its Brunson "AQK" State Com Well No. 1 located 2260 feet from the North line and 1795 feet from the East line and its Big Flat "ASN" State Com. Well No. 1 located 1650 feet from the South line and 1980 feet from the East line, both in Section 10, Township 16 South, Range 35 East, to a standard gas spacing unit comprised of the E/2 of Section 10 in the North Shoe Bar-Atoka Gas Pool. Said wells are located approximately 6 miles west of Lovington, New Mexico.

**CASE 12103: Continued from December 17, 1998, Examiner Hearing.**

**Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation, underlying the SE/4 SE/4 (Unit P) of Section 3, Township 20 South, Range 33 East, thereby 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 Teas Yates-Seven Rivers Pool and Undesignated West Teas Yates-Seven Rivers Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. 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. The proposed 40-acre unit is located approximately one mile north of U. S. Highway 62/180 at mile marker No. 77.

**CASE 12112: Application of GP II Energy, Inc. for approval of a waterflood project, Eddy County, New Mexico** Applicant seeks approval of its Square Lake Unit Waterflood Project by injection of water into the Grayburg and San Andres formations through 147 injection wells located in the following described area:

Township 16 South, Range 30 East  
Section 25: E/2  
Section 36: N/2

Township 16 South, Range 31 East  
Section 19: S/2  
Section 20: S/2  
Section 27: SW/4, S/2 NW/4, NW/4 NW/4, S/2 SE/4, NW/4 SE/4, SW/4 NE/4  
Sections 28 through 34: All

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 the waterflood operations. This area is located approximately 5 miles northeast of Loco Hills, New Mexico.

**CASE 12113: Application of GP II Energy, Inc. for statutory unitization, Eddy County, New Mexico.** Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interests in the Grayburg and San Andres formations, Square Lake Grayburg-San Andres Pool, underlying 6120 acres, more or less, of Federal and State lands in the following described area:

Township 16 South, Range 30 East  
Section 25: E/2  
Section 36: N/2

Township 16 South, Range 31 East  
Section 19: S/2  
Section 20: S/2  
Section 27: SW/4, S/2 NW/4, NW/4 NW/4, S/2 SE/4, NW/4 SE/4, SW/4 NE/4  
Sections 28 through 34: All

This unit is to be designated the Square Lake Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation 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 investment, 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 limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision of carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. This area is located 5 miles northeast of Loco Hills, New Mexico.

**CASE 11946:** Continued from October 8, 1998 Examiner Hearing.

**Application of Oil Conservation Division for an order requiring McKay Oil Corporation to properly plug eleven (11) wells, Chaves County, New Mexico.** Applicant seeks an order requiring McKay Oil Corporation to properly plug the below-listed eleven (11) wells in Chaves County, New Mexico, authorizing the Division to plug said wells, and ordering a forfeiture of the plugging bond, if any. Said wells are located in an area approximately 30 miles north of Roswell, New Mexico.

West Fork Unit# 1, Section 32, Township 4 South, Range 22 East, Unit C  
Bonnie# 1, Section 30, Township 5 South, Range 22 East, Unit O  
Wolf State# 1, Section 16, Township 6 South, Range 23 East, Unit J  
Pipeline Com.# 2, Section 26, Township 6 South, Range 22 East, Unit K  
Macho State# 1, Section 32, Township 6 South, Range 23 East, Unit G  
Desert Rose# 1, Section 12, Township 6 South, Range 22 East, Unit M  
Inexico# 2, Section 32, Township 5 South, Range 22 East, Unit J  
Inexico# 5, Section 33, Township 5 South, Range 22 East, Unit K  
Inexico# 7, Section 33, Township 5 South, Range 22 East, Unit J  
Camp State# 1, Section 25, Township 5 South, Range 22 East, Unit J  
Aikman# 1, Section 36, Township 5 South, Range 26 East, Unit P I

**CASE 12116:** In the matter of the hearing of the Oil Conservation Division for an order creating and extending certain pools in Eddy County, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Cisco production and designated as the Turkey Track-Cisco Pool. The discovery well is the Harvey E. Yates Company Palmillo "6" State Well No. 1 located in Unit K of Section 6, Township 19 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 6: SW/4

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Southwest Willow Lake-Delaware Pool. The discovery well is the Santa Fe Energy Resources, Incorporated Chapparral "10" Well No. 1 located in Unit F of Section 10, Township 25 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM  
Section 10: NW/4

- (c) EXTEND the North Black River-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM  
Section 32: E/2  
Section 33: N/2  
Section 34: NW/4

- (d) EXTEND the Cedar Lake-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM  
Section 19: NW/4

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

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM  
Section 12: All  
Section 13: N/2

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM  
Section 7: W/2  
Section 18: N/2

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

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM  
Section 3: E/2  
Section 10: NE/4

*Examiner Hearing - January 7, 1999*  
*Docket No. 1-99*  
*Page 6 of 6*

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(g) EXTEND the Crow Flats-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM  
Section 9: N/2

(h) EXTEND the East Eagle Creek-Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM  
Section 14: All

(i) EXTEND the Livingston Ridge-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM  
Section 26: SW/4

(j) EXTEND the Loco Hills-Paddock Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM  
Section 17: NE/4  
Section 22: SE/4

(k) EXTEND the Logan Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM  
Section 15: E/2

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