

DOCKET: EXAMINER HEARING - THURSDAY - APRIL 28, 1994
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 14-94 and 15-94 are tentatively set for May 12, 1994 and May 26, 1994. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 10812: (Continued from April 14, 1994, Examiner Hearing.)

Application of Giant Exploration & Production Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Basin-Fruitland Coal Gas Pool, underlying the N/2 of Section 33, Township 26 North, Range 11 West, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes only the Basin Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon in said Section 33. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said unit is located near the Huerfano Boarding School.

CASE 10959: **Application of Mewbourne Oil Company for statutory unitization, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the Querecho Plains-Queen Associated Pool underlying its proposed Querecho Plains-Queen Associated Sand Unit Area encompassing some 1,520 acres, more or less, of Federal lands comprising portions of Sections 21 through 23 and 26 through 28, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico. Among the matters to be considered at the hearing 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 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 necessarily limited to unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Said unit area is located approximately 8 miles south of Maljamar, New Mexico.

CASE 10960: **Application of Mewbourne Oil Company for approval of a waterflood project and qualification for the recovered oil tax rate, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval to institute a waterflood project in its proposed Querecho Plains-Queen Associated Sand Unit Area (being the subject of Case No. 10959) located in portions of Sections 21 through 23 and Sections 26 through 28, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico, by the injection of water into the Querecho Plains-Queen Associated Pool through 10 injection wells located within the unit area. Applicant further seeks authority to inject into said pool at a surface injection pressure in excess of the Division established standard of 0.2 psi per foot of depth. Applicant further seeks to qualify this project as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). This project is located approximately 8 miles south of Maljamar, New Mexico.

CASE 10961: **Application of Mewbourne Oil Company for compulsory pooling and unorthodox gas well location, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from 500 feet below the top of the San Andres formation to the base of the Morrow formation underlying the S/2 for all formations developed on 320-acre spacing, the SE/4 for all formations developed on 160-acre spacing, the E/2 SE/4 for all formations developed on 80-acre spacing and the NE/4 SE/4 for all formations developed on 40-acre spacing within Section 20, Township 18 South, Range 28 East. Applicant proposes to dedicate this pooled unit to its Chalk Bluff Draw Prospect Illinois Camp "20" State Well No. 2 to be drilled at an unorthodox gas well location 1650 feet from the south line and 990 feet from the East line (Unit I) of Section 20 to test any and all formations in the pooled interval to the base of the Morrow formation, North Illinois Camp-Morrow Gas Pool. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said area is located approximately 14.5 miles west-southwest of Loco Hill, New Mexico.

CASE 10911: (Continued from March 31, 1994, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy 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 31, Township 17 South, Range 27 East. Applicant proposes to reenter the Fasken Exxon AOF Federal Com Well No. 1 located at a standard location 1980 feet from the South and East lines of said Section 31 to test any and all formations to the base of the Morrow, Undesignated Red Lake-Pennsylvanian Pool. 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 7 miles east-southeast of Artesia, New Mexico.

CASE 10962: Application of Maralo, 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 Delaware formation underlying the NE/4 SE/4 of Section 30, Township 23 South, Range 30 East, NMPM, Eddy County, New Mexico, 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. Said unit is to be dedicated to a well to be drilled and completed at a standard oil well location in the NE/4 SE/4 of said Section 30. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 10 miles east of Loving, New Mexico.

CASE 10963: Application of Maralo, Inc. for compulsory pooling, 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 be base of the Morrow formation underlying the N/2 of Section 30, Township 23 South, Range 30 East, NMPM, Eddy County, New Mexico, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Nash Draw-Morrow Gas Pool, Undesignated Nash Draw-Atoka Gas Pool and Undesignated Nash Draw-Strawn Gas Pool. Said unit is to be dedicated to a well to be drilled and completed at a standard gas well location in the SW/4 NE/4 of said Section 30. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 10 miles east of Loving, New Mexico.

CASE 10964: Application of Meridian Oil Inc. for downhole commingling and an unorthodox coal gas well location, Rio Arriba, County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle Undesignated Tapacito-Pictured Cliffs Pool and Basin-Fruitland Coal (Gas) Pool production within the wellbore of its proposed San Juan 28-5 Unit Well No. 106 to be drilled at an unorthodox "off pattern" coal gas well location 1020 feet from the South line and 1850 feet from the East line (Unit O) of Section 28, Township 28 North, Range 5 West. Said well is to be dedicated to a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool being the S/2 of said Section 28 and to a standard 160-acre gas spacing and proration unit for the Tapacito-Pictured Cliffs Pool being the SE/4 of said Section 28. Said unit is located approximately 5.5 miles south-southeast of Gobernador Camp, New Mexico.

CASE 10965: Application of Southland Royalty Company for a high angle/horizontal directional drilling pilot project and special operating rules therefor, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a high angle/horizontal directional drilling pilot project in the Basin Dakota Pool with special operating rules, including the designation of a prescribed area limiting the horizontal displacement of the producing portion of the wellbore within the allowed 790 foot setback requirements from the outer boundary of its spacing and proration unit being a standard 320-acre unit comprising the S/2 of Section 24, Township 27 North, Range 9 West. The applicant proposes to utilize its existing Jernigan Well No. 3 located in Unit "H" of said Section 24 to drill the proposed horizontal lateral in the Basin-Dakota Pool. Said project is located approximately 13 miles north-northeast of Huerfano Trading Post, New Mexico.

CASE 10966: (This Case Will Be Dismissed.)

Application of Conoco, Inc. for an unorthodox gas well location, non-standard gas proration unit, simultaneous dedication, and to further amend Division Order No. R-6141, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 480-acre non-standard Eumont Gas spacing and proration unit (GPU) comprising the S/2 NW/4 and SW/4 of Section 17 and the NE/4 and N/2 SE/4 of Section 18, both in Township 21 South, Range 36 East, with said Eumont Gas Pool production to be simultaneously dedicated to said unit from: a) the existing Meyer "A-1" Well No. 11, located at a previously approved unorthodox gas well location in Unit K of said Section 17; b) the existing Meyer "A-1" Well No. 19, located at a previously approved unorthodox gas well location in Unit H of said Section 18; c) the existing Meyer "A-1" Well No. 20, located at a standard gas well location in Unit E of said Section 17; and d) the proposed Meyer "A-1" Well No. 21 to be drilled at an unorthodox gas well location 990 feet from the South line and 660 feet from the West line (Unit M) of said Section 17. The proposed non-standard gas proration unit is to be a rededication of acreage to an existing non-standard gas proration unit previously approved by Division Order No. R-6141, as amended. Said area is located approximately 2.5 miles west-southwest of Oil Center, New Mexico.

CASE 10967: Application of Chevron U.S.A. Inc. for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Blinbry Oil and Gas Pool for its existing Rollon Brunson Well No. 6 located 536 feet from the North line and 2104 feet from the East line (Unit B) of Section 10, Township 22 South, Range 37 East. Said well is to be simultaneously dedicated with the Rollon Brunson Well No. 4 located 2086 feet from the North line and 1874 feet from the East line (Unit G) of said Section 10, to the existing 80-acre non-standard gas spacing and proration unit comprising the W/2 NE/4 of said Section 10 (established by Division Administrative Order NSP-995) which is located approximately 2 miles south-southeast of Eunice, New Mexico.