

Dockets Nos. 35-92 and 36-92 are tentatively set for October 29, 1992 and November 5, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 15, 1992

**8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO**

The following cases will be heard before David R. Catanach, Examiner or Michael E. Stogner, Alternate Examiner:

CASE 10567: **Application of SG Interests I, Ltd. for compulsory pooling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying Lots 3 and 4, the E/2 SW/4 and the SE/4 (S/2 equivalent) of Section 30, Township 29 North, Range 10 West, forming a 319.80-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard coal gas well location in the SW/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 said well. Said unit is located approximately 3 miles east-southeast of Bloomfield, New Mexico.

CASE 10568: **Application of Mewbourne Oil Company for an unorthodox infill gas well location and simultaneous dedication, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1980 feet from the South line and 990 feet from the East line (Unit I) of Section 1, Township 18 South, Range 27 East, North Illinois Camp-Morrow Gas Pool. Further, the applicant seeks an exception to Division General Rule 104.C(2) to allow the existing 320-acre gas spacing and proration unit comprising the S/2 of said Section 1 to be simultaneously dedicated in the North Illinois Camp-Morrow Gas Pool to the proposed well and to the existing Chalk Bluff Federal Well No. 1 located at a standard gas well location 790 feet from the South line and 2250 feet from the West line (Unit N) of said Section 1. Said unit is located approximately 5.25 miles southeast of Riverside, New Mexico.

CASE 10557: **(Readvertised)**

Application of Hallwood Petroleum Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location 947 feet from the South line and 800 feet from the East line (Unit P) of Section 24, Township 32 North, Range 13 West, the E/2 of said Section 24 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool. Said unit is located approximately 3.5 miles northeast of La Plata, New Mexico.

CASE 10569: **Application of Hallwood Petroleum Inc. for compulsory pooling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool, underlying the E/2 of Section 35, Township 32 South, Range 13 West, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard location in the NE/4 of said Section 35. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1.5 miles northeast of La Plata, New Mexico.

(Reopened.)
CASE 10555: ~~**(Readvertised. This case will be continued to November 5, 1992.)**~~

Application of Meridian Oil Inc. for amendment of Division Order No. R-8170, as amended, to establish a minimum gas allowable in the Justis (Glorieta) Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend the "General Rules For the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Justis (Glorieta) Gas Pool" as promulgated by Division Order No. R-8170, as amended, to provide for a minimum natural gas allowable for the Justis (Glorieta) Gas Pool for a three-year period of time equal to 600 MCF of gas per day for an Acreage Factor of 1.00 or 1,200 MCF of gas per day for a standard Justis 320-acre gas spacing and proration unit. The current pool boundaries include portions of Townships 24 and 25 South, Range 37 East, which is located approximately 4 miles east of Jal, New Mexico.

CASE 10570: **Application of Marathon Oil Company to qualify a portion of the South Eunice Seven Rivers Queen Unit Waterflood Project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act", Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order pursuant to the Rules and Procedures for Qualifications of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate, as promulgated by Division Order No. R-9708, qualifying a portion of its South Eunice Seven Rivers Queen Unit Waterflood Project (authorized by Division Order No. R-4217), in Sections 35 and 36, Township 22 South, Range 36 East, South Eunice Seven Rivers Queen Unit, South Eunice Seven Rivers-Queen Pool, for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said project area is located approximately 7.5 miles southwest by south of Eunice, New Mexico.

CASE 10571: **Application of Chevron U.S.A. Inc. for a high angle/horizontal directional drilling pilot project, special operating rules, unorthodox oil well location, non-standard oil proration unit, and simultaneous dedication, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the South Brunson Drinkard-Abo Pool underlying the W/2 SE/4 of Section 30, Township 22 South, Range 38 East, thereby creating a non-standard 80-acre oil spacing and proration unit for said pool. The applicant proposes to recompleat its Drinkard (NCT-B) Well No. 5, located at a standard surface location 880 feet from the South line and 1980 feet from the East line (Unit O) of said Section 30, plug back from the Wantz-Granite Wash Pool, kick-off at approximately 6772 feet and drill in a north-northeasterly direction until an angle of approximately 90 degrees is achieved and continue drilling horizontally for approximately 400 feet. The applicant is proposing to establish a window for said project whereby the horizontal displacement of said well's producing interval will be confined to a rectangular area 880 feet from the South line, 1780 feet from the East line, 1280 feet from the South line, and 1980 feet from the East line of said Section 30. Further the applicant seeks the adoption of special operating provisions within the project area including a special project oil allowable. Also to be included is the simultaneous dedication of the proposed well with the existing Drinkard (NCT-B) Well No. 3 located at a standard oil well location 660 feet from the South line and 1980 feet from the East line (Unit O) which currently has dedicated the SW/4 SE/4 of said Section 30. The subject area is located approximately 6.5 miles southeast by south of Eunice, New Mexico.

CASE 10559: (Continued from September 17, 1992, Examiner Hearing.)

Application of Southwest Royalties, Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter the previously plugged and abandoned Conoco Inc. Julie Com Well No. 1 located 1980 feet from the North line and 990 feet from the East line (Unit H) of Section 17, Township 19 South, Range 25 East, and utilize said well to dispose of produced salt water into the Abo formation through the perforated interval from approximately 4000 feet to 5000 feet. Said well is approximately 6.5 miles northwest of Seven Rivers, New Mexico.

CASE 10471: (Continued from September 17, 1992, Examiner Hearing.)

Application of Southwest Royalties, 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 Canyon formation underlying the NE/4 of Section 17, Township 19 South, Range 25 East, forming a standard 160-acre spacing and proration unit for any and all formations spaced on 160-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the North Dagger Draw-Pennsylvanian Pool. Said unit is to be dedicated to a well to be drilled at a standard 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6.5 miles northwest of Seven Rivers, New Mexico.

CASE 10560: (Continued from September 17, 1992, Examiner Hearing.)

Application of Conoco 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 Canyon formation underlying the NE/4 of Section 17, Township 19 South, Range 25 East, forming a standard 160-acre spacing and proration unit for any and all formations spaced on 160-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the North Dagger Draw-Pennsylvanian Pool. Said unit is to be dedicated to the existing Southwest Royalties, Inc. Dagger Draw Well No. 1 located at a standard location 660 feet from the North line and 1980 feet from the East line (Unit B) of said Section 17, said unit and well were the subject of Division Case No. 10471. 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 6.5 miles northwest of Seven Rivers, New Mexico.

CASE 10572: **Application of Texaco Exploration & Production Inc. for waterflood expansion, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authority to expand its W. H. Rhodes "B" Federal Waterflood Project, authorized by Division Order No. R-2748, by converting its W. H. Rhodes "B" Federal (NCT-1) Well No. 6 located 1980 feet from the South line and 660 feet from the East line (Unit I) and its W. H. Rhodes "B" Federal (NCT-1) Well No. 13 located 990 feet from the South line and 1650 feet from the East line (Unit O), both in Section 27, Township 26 South, Range 37 East, from producing oil wells to water injection wells. Said project area is located approximately 7.5 miles south-southeast of Jal, New Mexico.

CASE 10573: **Application of Texaco Exploration & Production Inc. for waterflood expansion, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authority to expand its Rhodes Yates Unit Waterflood Project, authorized by Division Order No. R-3889, by converting its Rhodes Yates Unit Well No. 8 located 1875 feet from the North line and 765 feet from the West line (Unit E) and its Rhodes Yates Unit Well No. 13 located 660 feet from the South and West lines (Unit M), both in Section 27, Township 26 South, Range 37 East, Rhodes Yates Unit, Rhodes Yates-Seven Rivers Pool, from producing oil wells to water injection wells. Said project area is located approximately 7.5 miles south-southeast of Jal, New Mexico.

DOCKET: COMMISSION HEARING - WEDNESDAY - OCTOBER 21, 1992**8:30 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO****The Land Commissioner's designee for this hearing will be Gary Carlson
The following case were continued from September 9, 1992, Commission Hearing****CASE 10446: (De Novo)**

Application of Yates Petroleum Corporation for authorization to drill, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill within the "Potash Area" pursuant to all applicable rules and procedures governing said area, as promulgated by Division Order No. R-111-P. The proposed well is to be located 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 2, Township 22 South, Range 31 East, to test the Delaware formation at an approximate depth of 8500 feet for oil. Lot 2 of said Section 2 is to be dedicated to said well forming a 39.81-acre oil spacing and proration unit for the Undesignated Lost Tank-Delaware Pool. Said unit is located approximately 11 miles east of IMC Inc.'s Potash Mining and Refining Facilities. Upon application of Yates Petroleum Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10447: (De Novo)

Application of Yates Petroleum Corporation for authorization to drill, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill within the "Potash Area" pursuant to all applicable rules and procedures governing said area, as promulgated by Division Order No. R-111-P. The proposed well is to be located 1980 feet from the North line and 1650 feet from the East line (Unit G) of Section 2, Township 22 South, Range 31 East, to test the Delaware formation at an approximate depth of 8500 feet for oil. The SW/4 NE/4 of said Section 2 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for the Undesignated Lost Tank-Delaware Pool. Said unit is located approximately 11 miles east of IMC Inc.'s Potash Mining and Refining Facilities. Upon application of Yates Petroleum Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10448: (De Novo)

Application of Yates Petroleum Corporation for authorization to drill, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill within the "Potash Area" pursuant to all applicable rules and procedures governing said area, as promulgated by Division Order No. R-111-P. The proposed well is to be located 660 feet from the South line and 2310 feet from the West line (Unit N) of Section 2, Township 22 South, Range 31 East, to test the Delaware formation at an approximate depth of 8500 feet for oil. The SE/4 SW/4 of said Section 2 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for either the Undesignated Lost Tank-Delaware Pool or the Undesignated Livingston Ridge-Delaware Pool. Said unit is located approximately 11 miles east of IMC Inc.'s Potash Mining and Refining Facilities. Upon application of New Mexico Potash Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10449: (De Novo)

Application of Yates Petroleum Corporation for authorization to drill, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill within the "Potash Area" pursuant to all applicable rules and procedures governing said area, as promulgated by Division Order No. R-111-P. The proposed well is to be located 1980 feet from the South line and 2310 feet from the West line (Unit K) of Section 2, Township 22 South, Range 31 East, to test the Delaware formation at an approximate depth of 8500 feet for oil. The NE/4 SW/4 of said Section 2 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for the Undesignated Lost Tank-Delaware Pool or the Undesignated Livingston Ridge-Delaware Pool. Said unit is located approximately 11 miles east of IMC Inc.'s Potash Mining and Refining Facilities. Upon application of New Mexico Potash Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

Dockets Nos. 32-92 and 33-92 are tentatively set for October 1, 1992 and October 15, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 17, 1992

**8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO**

The following cases will be heard before David R. Catanach, Examiner or Michael E. Stogner, Alternate Examiner:

CASE 10529: (Continued from September 3, 1992, Examiner Hearing.)

Application of Pogo Producing Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 34, Township 22 South, Range 32 East, to test the Morrow formation, the N/2 of said Section 34 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. The proposed well site is located approximately 8.75 miles north-northeast of New Mexico State Highway No. 128 at the Lea/Eddy County Line.

CASE 10544: (Readvertised)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the North line and 860 feet from the West line (Unit D) of Section 23, Township 22 South, Range 23 East, to test all formations and/or pools from the top of the Wolfcamp formation to the base of the Morrow formation. Said well is to be either dedicated to the N/2 of said Section 23 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent spaced on 320-acre spacing or all of said Section 23 forming a standard 640-acre gas spacing and proration unit for the Undesignated Indian Basin-Upper Pennsylvanian Gas Pool. Said area is located approximately 6 miles south of the Marathon Oil Company's Indian Basin Gas Plant.

CASE 10528: (Continued from September 3, 1992, Examiner Hearing.)

Application of Yates Petroleum Corporation 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 Canyon formation, underlying the SE/4 of Section 20, Township 19 South, Range 25 East, forming a 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which presently includes only the Undesignated North Dagger Draw-Upper Pennsylvanian Pool. Said unit is to be dedicated to a well to be drilled at a standard 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 said well. Said unit is located approximately 6 miles northwest of Seven Rivers, New Mexico.

CASE 10542: (Continued from September 3, 1992, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1980 feet from the North line and 1650 feet from the West line (Unit F) of Section 30, Township 18 South, Range 25 East, for any and all formations and/or pools from the surface to the base of the Morrow formation being developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated Penasco Draw San Andres-Yeso Associated Pool, Penasco Draw-Permo Pennsylvanian Gas Pool, Undesignated Penasco Draw-Atoka Gas Pool, and Penasco Draw-Morrow Gas Pool, Lots 1 and 2, the NE/4, and E/2 NW/4 (N/2 equivalent) of said Section 30 to be dedicated to said well forming a standard 322.36-acre gas spacing and proration unit. The proposed well site is located approximately 11 miles southwest of Artesia, New Mexico.

CASE 10543: (Continued from September 3, 1992, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 2, Township 19 South, Range 24 East, to test all formations and/or pools from the top of the Wolfcamp formation to the base of the Morrow formation which are spaced on 320-acre spacing, Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of said Section 2 are to be dedicated to said well forming a standard 321.08-acre gas spacing and proration unit. Further, the applicant seeks an exception to Division General Rule 104.C(2) to allow the N/2 equivalent of said Section 2 to be simultaneously dedicated in the Penasco Draw-Permo Pennsylvanian Gas Pool to the proposed well and to the existing Irish Hills "KW" State Well No. 2 located at a standard gas well location 1980 feet from the North and East lines (Unit G) of said Section 2. Said unit is located approximately 11.5 miles west by south at Seven Rivers, New Mexico.

EXAMINER HEARING - THURSDAY - SEPTEMBER 17, 1992

CASE 10549: **Application of Greenhill Petroleum Corporation for waterflood expansion, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authority to expand its Lovington-Paddock Unit Waterflood Project, authorized by Division Order No. R-3124, by converting its Lovington Paddock Unit Well No. 9 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 30 and its Lovington Paddock Unit Well No. 10 located 660 feet from the North line and 2440 feet from the East line (Unit B) of Section 31, both in Township 16 South, Range 37 East, Lovington Paddock Unit, Lovington-Paddock Pool, from producing oil wells to water injection wells. Said wells are both located approximately 5.5 miles southeast of Lovington, New Mexico.

CASE 10550: **Application of R & G Drilling Company for an unorthodox coal gas well location, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval to recomplete its existing Schlosser Well No. 16 from the West Kutz-Pictured Cliffs Pool to the Basin-Fruitland Coal Gas Pool at an unorthodox coal gas well location 1180 feet from the South line and 800 feet from the East line (Unit P) of Section 10, Township 27 North, Range 11 West, the S/2 of said Section 10 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool. Said unit is located approximately 8 miles south of Bloomfield, New Mexico.

CASE 10537: **(Readvertised)**

Application of American Hunter Exploration, Ltd. for an unorthodox oil well location and a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 610 feet from the North line and 2110 feet from the East line (Unit B) of irregular Section 5, Township 27 North, Range 1 West, to test the West Puerto Chiquito-Mancos Oil Pool. All of said Section 5 is to be dedicated to said well forming a non-standard 655.48-acre oil spacing and proration unit. Said unit is located approximately 12.5 miles west of El Vado, New Mexico.

CASE 10538: **(Readvertised)**

Application of American Hunter Exploration, Ltd. for an unorthodox oil well location and a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to RULE 4 of the Special Rules and Regulations for the Gavilan-Mancos Oil Pool, as promulgated by Division Order No. R-7407, as amended, for a well to be drilled at an unorthodox oil well location no closer than 330 feet from the North line nor closer than 1400 feet from the East line (Unit B) of irregular Section 28, Township 27 North, Range 2 West, Undesignated Gavilan-Mancos Oil Pool, all of said Section 28 to be dedicated to said well forming a non-standard 430.56-acre oil spacing and proration unit for said pool. Said unit is located approximately 18 miles west by south of El Vado, New Mexico.

CASE 10540: **(Continued from September 3, 1992, Examiner Hearing.)**

Application of American Hunter Exploration, Ltd. for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 2480 feet from the South line and 915 feet from the West line (Unit J) of irregular Section 6, Township 27 North, Range 2 West, to test the Mancos formation. The NW/4 SE/4 of said Section 6 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said unit is located approximately 19 miles west of El Vado, New Mexico.

CASE 10483: **(Continued from August 20, 1992, Examiner Hearing.)**

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the SE/4 NW/4 (Unit F) in all formations developed on 40-acre spacing from the surface to the base of the Strawn formation in Section 33, Township 15 South, Range 36 East, said unit 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 operator of the well and a charge for risk involved in drilling said well. Said area is located approximately one-half mile southeast of the junction of U.S. Highway 82 and New Mexico No. 18.

CASE 10541: **(Continued from September 3, 1992, Examiner Hearing.)**

The consolidated application of Bird Creek Resources, Fortson Oil Company and Ray Westall Operating, Inc. for special pool rules, Eddy County, New Mexico. The applicants, in the above-styled cause, seek an order promulgating special rules for the East Herradura Bend-Delaware Pool including a provision for a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil. Said pool is located in the southeastern portion of Township 22 South, Range 28 East and the northeastern portion of Township 23 South, Range 28 East, being approximately 5 miles northeast by north of Loving, New Mexico.

CASE 10551: **Application of Basin Minerals, Ltd. for surface commingling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks an exception to Division General Rule 303A for the surface commingling of production from three certain gas wells completed in the Blanco-Pictured Cliffs Pool and/or Blanco-Mesaverde Pool in the Atlantic "A" LS Lease located in the N/2 of Section 26, Township 31 North, Range 10 West, which is located approximately 5 miles south-southeast of Cedar Hill, New Mexico.

CASE 10552: **Application of ARCO Oil and Gas Company for pool creation and contraction and, if applicable, pool extensions and/or redesignations, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Blinebry, Tubb and Drinkard formations underlying all or portions of Sections 11 through 14, 23 through 26, 35 and 36, Township 25 South, Range 37 East, portions of Sections 19, 30, and 31, Township 25 South, Range 38 East, and a portion of Section 1, Township 26 South, Range 37 East. Further, the applicant seeks the concomitant contraction of the Justis-Blinebry Pool and the Justis Tubb-Drinkard Pool in the above-described area and, if applicable, the extension and/or redesignation of portions of the Justis-Blinebry and Justis Tubb-Drinkard Pools that may become severed due to the proposed Blinebry-Tubb-Drinkard pool creation. Said area is located approximately 4 miles east of Jal, New Mexico.

CASE 10553: **Application of ARCO Oil and Gas 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 proposed Justis-Blinebry-Tubb-Drinkard Pool, underlying 5360 acres, more or less, of State, Federal and Fee lands comprising portions of Townships 25 and 26 South, Ranges 37 and 38 East. Said unit is to be designated the South Justis Unit Area. 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. Applicant also requests that any such order issued in this case include a provision for 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. Said unit area is located approximately 4 miles east of Jal, New Mexico.

CASE 10554: **Application of ARCO Oil and Gas Company for approval of a waterflood project, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authority to institute a waterflood project by injection of water into the Blinebry, Tubb and Drinkard formations in its proposed South Justis Unit Area (Division Case No. 10553) underlying portions of Townships 25 and 26 South, Ranges 37 and 38 East. The applicant further seeks approval that said project qualify as an "Enhanced Oil Recovery Project" pursuant to the provisions of Division Order No. R-9708. Said project is located approximately 4 miles east of Jal, New Mexico.

CASE 8350: **(Reopened)**

In the matter of Case 8350 being reopened pursuant to the provisions of Division Order Nos. R-7745 and R-7745-A, which orders promulgated temporary special rules and regulations for the Gavilan Greenhorn-Graneros-Dakota Oil Pool in Rio Arriba County, New Mexico, including a provision for 320-acre spacing and proration units and designated well locations. Operators in said pool may appear and show cause why the temporary special rules for said Gavilan Greenhorn-Graneros-Dakota Oil Pool should not be rescinded.

CASE 10458: **(Continued from July 9, 1992, Examiner Hearing and this case will be dismissed.)**

Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard gas-oil proration unit, an unorthodox well location and a special project allowable, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Angel Peak-Gallup Associated Pool underlying all of Section 35, Township 27 North, Range 10 West, thereby creating a non-standard 640-acre gas or oil spacing and proration unit for said pool. The applicant proposes to drill its Huerfano Unit Well No. 306 from a tentative unorthodox surface location 1455 feet from the South line and 1550 feet from the West line (Unit K) of Section 35, Township 27 North, Range 10 West, kick-off from vertical in a southeasterly direction until an angle of approximately 90 degrees is achieved and continue drilling horizontally for approximately 3015 feet. Applicant, further seeks the adoption of special operating provisions and rules within the pilot project area including the designation of a target window for said horizontal wellbore described as a rectangle 790 feet from the South, East, and West lines and 3430 feet from the North line of said Section 35 and for a special project allowable. Said unit is centered a mile south of the U.S. Bureau of Land Management's Angel Peak Recreational Area Campground.

CASE 10555: Application of Meridian Oil Inc. for termination of gas prorationing in the Justis (Glorieta) Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order terminating gas prorationing in the Justis (Glorieta) Gas Pool and to exclude said pool from the provisions of Division Order No. R-8170, as amended (General Rules For The Prorated Gas Pools of New Mexico). The current pool boundaries include portions of Townships 24 and 25 South, Range 37 East, which is located approximately 4 miles east of Jal, New Mexico.

CASE 10502: (Continued from September 3, 1992, Examiner Hearing.)

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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the NW/4 NW/4 (Unit D) of Section 23, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard 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 said well. Said unit is located approximately 6.25 miles north-northwest of the junction of State Highway No. 128 and the Delaware Basin Road.

CASE 10503: (Continued from September 3, 1992, Examiner Hearing.)

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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the SW/4 NW/4 (Unit E) of Section 23, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard 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 said well. Said unit is located approximately 6 miles north-northwest of the junction of State Highway No. 128 and the Delaware Basin Road.

CASE 10504: (Continued from September 3, 1992, Examiner Hearing.)

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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the NW/4 SW/4 (Unit L) of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard 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 said well. Said unit is located approximately 5.5 miles north by west of the junction of State Highway No. 128 and the Delaware Basin Road.

CASE 10556: Application of Chi Energy, Inc. for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special rules for the Old Millman Ranch-Bone Spring Pool including a provision for a limiting gas-oil ratio of 20,000 cubic feet of gas per barrel of oil. Said pool currently comprises portions of Sections 4, 5, and 8, Township 20 South, Range 28 East, being approximately 13.5 miles east of Seven Rivers, New Mexico.

CASE 10557: Application of Hallwood Petroleum Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location 818 feet from the South line and 1099 feet from the East line (Unit P) of Section 24, Township 32 North, Range 13 West, the E/2 of said Section 24 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool. Said unit is located approximately 3.5 miles northeast of La Plata, New Mexico.

CASE 10558: Application of Meridian Oil Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location 1175 feet from the North line and 1115 feet from the West line (Unit D) of Section 36, Township 30 North, Range 8 West. Said well is to be completed in the Basin-Fruitland Coal Gas Pool as a replacement well to the EPNG Com "D" Well No. 300 currently located in the NE/4 of said Section 36. The existing 320-acre gas spacing and proration unit comprising the N/2 of said Section 36 shall be dedicated to said well. Said unit is located approximately 1-1/2 miles northwest by north of Navajo City, New Mexico.

CASE 10559: Application of Southwest Royalties, Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter the previously plugged and abandoned Conoco Inc. Julie Com Well No. 1 located 1980 feet from the North line and 990 feet from the East line (Unit H) of Section 17, Township 19 South, Range 25 East, and utilize said well to dispose of produced salt water into the Abo formation through the perforated interval from approximately 4000 feet to 5000 feet. Said well is approximately 6.5 miles northwest of Seven Rivers, New Mexico.

CASE 10471: (Reopened)

Application of Southwest Royalties, 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 Canyon formation underlying the NE/4 of Section 17, Township 19 South, Range 25 East, forming a standard 160-acre spacing and proration unit for any and all formations spaced on 160-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the North Dagger Draw-Pennsylvanian Pool. Said unit is to be dedicated to a well to be drilled at a standard 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6.5 miles northwest of Seven Rivers, New Mexico.

CASE 10560: Application of Conoco 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 Canyon formation underlying the NE/4 of Section 17, Township 19 South, Range 25 East, forming a standard 160-acre spacing and proration unit for any and all formations spaced on 160-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the North Dagger Draw-Pennsylvanian Pool. Said unit is to be dedicated to the existing Southwest Royalties, Inc. Dagger Draw Well No. 1 located at a standard location 660 feet from the North line and 1980 feet from the East line (Unit B) of said Section 17, said unit and well were the subject of Division Case No. 10471. 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 6.5 miles northwest of Seven Rivers, New Mexico.

CASE 10561: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Eddy and Lea Counties, New Mexico.

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Strawn production and designated as the East Big Dog-Strawn Pool. The discovery well is the Charles B. Gillespie Jr. Hamilton Federal Well No. 1 located in Unit O of Section 33, Township 15 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM

Section 33: SE/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the East Caprock-Mississippian Gas Pool. The discovery well is the WOG Inc. State Well No. 1 located in Unit A of Section 11, Township 11 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 11 SOUTH, RANGE 32 EAST, NMPM

Section 11: N/2

- (c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Grayburg production and designated as the Lone Ranger-Grayburg Pool. The discovery well is the Pogo Producing Company Buffalo Federal Well No. 1 located in Unit B of Section 11, Township 19 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM

Section 11: NE/4

- (d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the Rattlesnake Flat-Delaware Pool. The discovery well is the Yates Petroleum Corporation Araphaho AKP Federal Well No. 1 located in Unit O of Section 29, Township 26 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 33 EAST, NMPM

Section 29: SE/4

- (e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the West Triste Draw-Delaware Pool. The discovery well is the Harvard Petroleum Corporation State IG Well No. 1 located in Unit B of Section 32, Township 23 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM

Section 29: S/2

Section 32: NE/4

- (f) EXTEND the North Airstrip-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 23: NE/4

- (g) EXTEND the North Anderson Ranch-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM

Section 15: W/2

Section 16: SE/4

- (h) EXTEND the ARAB-C-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM

Section 5: Lots 9, 10, 15 and 16

- (i) EXTEND the Bilbrey-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM

Section 33: S/2

Section 34: S/2

- (j) EXTEND the Buffalo-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 32: SW/4

- (k) EXTEND the Buffalo-Yates Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 2: NE/4

- (l) EXTEND the Corbin-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 7: NE/4

- (m) EXTEND the South Corbin-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 16: NE/4

Section 29: SE/4

- (n) EXTEND the East Livingston Ridge-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 15: NW/4

Section 16: NE/4

Section 22: NW/4

- (o) EXTEND the Lost Tank-Delaware Pool in Eddy and Lea Counties, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM

Section 19: SW/4

Section 30: NW/4

- (p) EXTEND the East Lusk-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 1: NW/4

Section 2: NE/4

- (q) EXTEND the Querecho Plains-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 24: SW/4

- (r) EXTEND the Red Hills-Wolfcamp Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM

Section 21: All

- (s) EXTEND the Rhodes Yates-Seven Rivers Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM

Section 5: SW/4

Section 6: SE/4

- (t) EXTEND the Teaque-Blinbry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 34: SE/4

- (u) EXTEND the Teas-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM

Section 13: S/2

- (v) EXTEND the Tonto-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM

Section 9: SE/4

Section 15: W/2

Section 16: NE/4

- (w) EXTEND the North Tulk-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 32 EAST, NMPM

Section 20: SE/4

Section 28: E/2 and NW/4

Section 29: NE/4