

DOCKET: EXAMINER HEARING - THURSDAY - MARCH 21, 1996

8:15 A.M. - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos 10-96 and 11-96 are tentatively set for April 4, 1996 and April 18, 1996. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11473: (Continued from February 22, 1996, Examiner Hearing.)

Application of Enserch Exploration, Inc. 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 SW/4 NE/4 of Section 21, Township 25 South, Range 36 East, to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said unit is to be dedicated to its Moberly "21" Well No. 1 to be drilled at a standard well location 1980 feet from the North and East lines (Unit G) of said Section 21. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 4 miles west of Jal, New Mexico

CASE 11491: **Application of Santa Fe Energy Resources, Inc. 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 following described acreage in Section 20, Township 22 South, Range 28 East, and in the following manner: the N/2 of Section 20 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 Dublin Ranch-Atoka Gas Pool; the Undesignated Dublin Ranch-Morrow Gas Pool; and the Undesignated Otis-Morrow Gas Pool; the NW/4 of Section 20 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within said vertical extent; and the NE/4 NW/4 of Section 20 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within said vertical extent, including the Undesignated Indian Draw-Delaware Pool and the Undesignated Herradura Bend-Cherry Canyon Pool. Said unit is to be dedicated to applicant's Foal Fed. Well No. 1, to be drilled at an unorthodox well location 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 20. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 7 miles north of Loving, New Mexico.

CASE 11461: (Continued from March 7, 1996, Examiner Hearing)

Application of Santa Fe Energy Resources, Inc. for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Devonian formation underlying the following described acreage in Section 29, Township 22 South, Range 34 East, and in the following manner: All of Section 29 to form a standard 640-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre spacing within said vertical extent, including the Undesignated North Bell Lake-Devonian Gas Pool; and the E/2 of Section 29 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 said vertical extent, including the Undesignated Antelope Ridge-Atoka Gas Pool. Said units are to be dedicated to the applicant's Shamrock "29" Fed Com. Well No. 1 to be drilled at an orthodox gas well location 1330 feet from the North and East lines (Unit G) of the Section. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said units are located approximately 16 miles southwest of Eunice, New Mexico.

CASE 11470: (Continued from February 22, 1996, Examiner Hearing)

Application of Energy Development Corporation for salt water disposal, Sandoval County, New Mexico. Applicant seeks authority to inject produced water into the Menefee formation through perforations from 2,438 - 2,624 feet in its existing San Isidro (Shallow) Unit Well No. 7-11, located 2074 feet from the South line and 1,650 feet from the West line (Unit K) of Section 7, Township 20 North, Range 2 West. Said well is located approximately 8 miles southwest of Cuba, New Mexico.

CASE 11492: **Application of Strata Production Company for a unit agreement, Eddy County, New Mexico.** Applicant seeks approval of the West Loving Exploratory Unit Agreement for an area comprising 1,400 acres, more or less, of federal, state, and fee lands in Sections 23, 27 and 28 of Township 23 South, Range 27 East. Said unit area is located approximately 3 1/2 miles west of Loving, New Mexico.

CASE 11493: Application of Bonneville Fuels Corporation for pool contraction, pool creation, the promulgation of special pool rules, and the assignment of a special limiting gas-oil ratio, Lea County, New Mexico. Applicant seeks to contract the boundaries of the South Humble City-Strawn Pool by deleting therefrom the W/2 SW/4 of Section 13 and the S/2 of Section 14, both in Township 17 South, Range 37 East, and the concomitant creation of a new pool for the production of oil from the Strawn formation comprising said acreage. The applicant further seeks the promulgation of special rules and regulations therefor, including provisions for 80-acre spacing and proration units, designated well location requirements, and a gas-oil ratio limitation of 8,000 cubic feet of gas per barrel of oil. The above-described area is located approximately 2.5 miles north of Humble City, New Mexico.

CASE 11494: Application of Enron Oil & Gas 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 E/2 of Section 7, Township 24 South, Range 34 East for all formations developed on 320-acre spacing. Applicant proposes to dedicate this pooled unit to its Bell Lake Unit 7 Well No. 1 to be drilled at a standard location 2200 feet from the North line and 1980 feet from the East line (Unit G) of said Section 7 to test any and all formations to the base of the Morrow formation, South Bell Lake-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 operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 20 miles southwest of Eunice, New Mexico.

CASE 11495: Application of Penwell Energy, Inc. 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 N/2 of Section 28 for all formations developed on 320-acre spacing, the NW/4 of Section 28 for all formations developed on 160-acre spacing, the N/2 NW/4 of Section 28 for all formations developed on 80-acre spacing and the NE/4 NW/4 of Section 28 for all formations developed on 40-acre spacing, all in Township 23 South, Range 26 East. Applicant proposes to dedicate this pooled unit to its F. H. State "28" Com Well No. 1 to be drilled at a standard location 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 28 to test any and all formations to the base of the Morrow formation. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 10 miles south of Carlsbad, New Mexico.

CASE 11483: (Continued from March 7, 1996, Examiner Hearing.)

Application of Penwell Energy, Inc. for compulsory pooling and an unorthodox well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the N/2 of Section 33, Township 21 South, Range 33 East, for all formations developed on 320-acre spacing. Said unit is to be dedicated to the J. D. Federal 33 Well No. 1 to be drilled at an unorthodox location 660 feet from the North line and 2080 feet from the East line in the N/2 of 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 operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 24 miles west of Eunice, New Mexico.

CASE 11464: (Continued from March 7, 1996, Examiner Hearing)

Application of Penwell Energy, Inc. for pool creation, special pool rules and a discovery allowable, Eddy County, New Mexico. Applicant seeks the creation of a new pool for the production of oil from the Bone Spring formation comprising the W/2 NE/4 of Section 7, Township 22 South, Range 26 East, the assignment of a discovery allowable, and the promulgation of special pool rules therefor including provisions for 80-acre oil spacing units and designated well location requirements. Said area is located approximately 15 miles south of Loving, New Mexico.

CASE 11484: (Readvertised)

Application of Yates Petroleum Corporation to amend the special pool rules and regulations for the Indian Basin-Upper Pennsylvanian Associated Pool established by Order No. R-9922, Eddy County, New Mexico. Applicant seeks the promulgation of special rules and regulations for the Indian Basin-Upper Pennsylvanian Associated Pool, including the authorization of no more than one well per 80 acres, allowing the simultaneous dedication of acreage to both oil and gas wells, a special limiting gas-oil ratio of 10,000 cubic feet of gas for each barrel of oil produced, and a special oil allowable for the pool of 1400 barrels of oil per day. Said pool is located approximately 16 miles west of Carlsbad, New Mexico.

CASE 11496: Application of Amoco Production Company for surface commingling, San Juan County, New Mexico. Applicant seeks an exception to Division general Rule 303.A to permit surface commingling of Fulcher Kutz-Pictured Cliffs Pool gas production from its Bolack "F" Well No. 1 (API No. 30-045-29233), located 1570 feet from the North line and 1510 feet from the West line (Unit F) of Section 2, Township 27 North, Range 11 West, with Basin-Dakota Pool gas production from its Bolack "A" Well No. 1-E (API No. 30-045-25747), located 1700 feet from the North line and 1520 feet from the West line (Unit F) of said Section 2. Said wells are located approximately 3 miles north-northeast of Bloomfield, New Mexico. IN THE ABSENCE OF OBJECTION THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.

CASE 11497: Application of Amoco Production Company for fourteen unorthodox infill carbon dioxide gas well locations, Union County, New Mexico. Applicant seeks an exception to the provisions of Rule 4 of the "Special Rules and Regulations for the Bravo Dome 640-Acre Area", as promulgated by Division Order No. R-7556, dated June 19, 1984, for fourteen certain infill carbon dioxide gas well locations all located within its Bravo Dome Carbon Dioxide Gas Unit Area in Township 18 North, Range 35 East; Township 21 North, Ranges 34 and 35 East; and Township 22 South, Range 34 East.

CASE 11475: (Continued from February 22, 1996, Examiner Hearing)

Application of Texaco Exploration and Production Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the SW/4 of Section 23 for all formations developed on 160-acre spacing, in the W/2 SW/4 of Section 23 for all formations developed on 80-acre spacing and in the SW/4 SW/4 of Section 23 for all formations developed on 40-acre spacing, in Township 26 South, Range 37 East. Said units are to be dedicated to its Rhodes "23" Fed. Com Well No. 1 to be drilled at a standard location 660 feet from the South line and 660 feet from the West line in the SW/4 of said Section 23 and drilled to the Rhodes Yates-Seven Rivers Gas Pool. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said area is located approximately 5 miles south-southeast of Jal, New Mexico.

CASE 11479: (Continued from March 7, 1996, Examiner Hearing.)

Application of Exxon Corporation for a non-standard gas proration unit, simultaneous dedication and two unorthodox gas well locations, Lea County, New Mexico. Applicant seeks to establish a non-standard 159.92-acre gas spacing and proration unit for Blinebry Oil and Gas Pool production comprising Lots 2, 3, and the S/2 NW/4 of Section 2, Township 22 South, Range 37 East. Said unit is to be dedicated to its existing New Mexico "S" State Well Nos. 14, 38 and 28, located in Units C, E, and F, respectively. Applicant also seeks approval of an unorthodox gas well location for Well No. 38, located 2100 feet from the North line and 660 feet from the West line (Unit F) of said Section 2 and for Well No. 28, located 2160 feet from the North line and 1800 feet from the West line (Unit F) of said Section 2. Said proration unit is located two miles southeast of Eunice, New Mexico.

CASE 11016: (Reopened)

In the matter of Case No. 11016 being reopened pursuant to the provisions of Division Order No. R-5353-P, which order created the North Teague-Tubb Associated Pool, Lea County, New Mexico, and promulgated temporary special pool rules. Operators in the subject pool may appear and show cause why the North Teague-Tubb Associated Pool should not be reclassified as an oil pool and why a gas-oil ratio limitation of 6,000:1 is appropriate for this pool.

CASE 11017: (Reopened)

In the matter of Case No. 11017 being reopened pursuant to the provisions of Division Order No. R-5353-Q, which order reclassified the North Teague Lower Paddock-Blinebry Gas Pool, Lea County, New Mexico, and promulgated temporary special pool rules. Operators in the subject pool may appear and show cause why said North Teague Lower Paddock-Blinebry Associated Pool should not be reclassified as an oil pool why a gas-oil ratio limitation of 6,000:1 is appropriate for this pool.

CASE 11018: (Reopened)

In the matter of Case No. 11018 being reopened pursuant to the provisions of Division Order No. R-10199, which order created the North Teague Drinkard-Abo Pool, Lea County, New Mexico, promulgated temporary special pool rules. Operators in the subject pool may appear and show cause why a gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil is appropriate on a permanent basis for said pool.

CASE 10748: (Reopened - Continued from March 7, 1996, Examiner Hearing.)

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

CASE 10555: (Reopened)

In the matter of Case No. 10555 being reopened pursuant to the provisions of Division Order No. R-8170-M, which order established a minimum gas allowable in the Justis (Glorieta) Gas Pool, Lea County, New Mexico. Operators in the subject pool may appear and present evidence and testimony relevant to the continuation of a minimum gas allowable in said Justis (Glorieta) Gas Pool.

CASE 11480: (Continued from March 7, 1996, Examiner Hearing.)

Application of Meridian Oil Inc. for downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Gas Pool production (160-acre standard dedication comprising the SW/4) with gas production from the Blanco-Mesaverde Gas Pool (320-acre standard dedication comprising the W/2) within the wellbore of its existing Hancock Well No. 3 located 890 feet from the South line and 990 feet from the West line (Unit M) of Section 22, Township 28 North, Range 9 West. Applicant further seeks an exception to the pressure differential limitations of Rule 303(C)(b)(v). Said well is located approximately 5 miles southeast of Blanco, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 11481: (Continued from March 7, 1996, Examiner Hearing.)

Application of Nearburg Exploration Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its proposed Black River "10" Federal Com Well No. 1 at an unorthodox gas well location 1330 feet from the North line and 990 feet from the West line (Unit E) of Section 10, Township 24 South, Range 26 East, to be dedicated to a standard 320-acre spacing unit consisting of the W/2 of said Section 10 and to be dedicated to any and all production therein including but not necessarily limited to the Undesignated South Carlsbad-Morrow Gas Pool. Said unit is located approximately 10 ½ miles southwest of Whites City, New Mexico.

CASE 11498: In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit CMS Oilfield Services, Inc., operator, United States Fidelity and Guaranty Company, surety, and all other interested parties to appear and show cause why the Caranta Well No. 1 (API No. 30-039-22806), located 1980 feet from the South and East lines (Unit J) of Section 23, Township 32 North, Range 1 West, Rio Arriba County, New Mexico (which is approximately 2 miles east by north of Dulce, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Should the operator fail to properly plug said well, the Division should then be authorized to take such action as is deemed necessary to have the well properly plugged and abandoned and to direct the operator to pay the costs of such plugging. This well was the subject of a previous forced plugging case in which Division Order No. R-8304 was issued.

CASE 11499: In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, Deanie Lou, American Manufacturer's Mutual Insurance Company, Surety, and all other interested parties to appear and show cause why the Ring Well No. 1 located in Unit C of Section 32, Township 6 South, Range 26 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond.

CASE 11500: In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, H. W. Pace, American Manufacturer's Mutual Insurance Company, Surety, and all other interested parties to appear and show cause why the Pat State Well No. 1 located in Unit P of Section 30, Township 10 South, Range 27 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond.

CASE 11476: (Continued from February 22, 1996, Examiner Hearing.)

Application of Doyle Hartman and Margaret Hartman, d/b/a Doyle Hartman, Oil Operator, for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the SW/4 of Section 23, Township 26 South, Range 37 East for all formations developed on 160-acre spacing. Said unit is to be dedicated to a well to be drilled at a standard location 1980 feet from the South line and 660 feet from the West line of said Section 23 and drilled to the Rhodes Yates-Seven Rivers Gas Pool. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said area is located approximately 5 miles south-southeast of Jal, New Mexico.

ASE 11457: (Continued from March 7, 1996, Examiner Hearing.)

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

CASE 11467: (Continued from March 7, 1996, Examiner Hearing)

Application of the Oil Conservation Division for a show cause hearing requiring Southwest Water Disposal, Inc. (SWD) to appear and show cause why it should not be ordered to comply with its permit requirements and close its commercial clay lined surface evaporation pond located in the SE/4 SW/4, Section 32, Township 30 North, Range 9 West, San Juan County, New Mexico. Said facility is located approximately 3 miles north-northeast of Blanco, New Mexico.

CASE 11501: In the matter of the hearing called by the Oil Conservation Division upon its own motion for an order creating and extending certain pools in Chaves and Eddy Counties, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Boyd-Strawn Gas Pool. The discovery well is the Nearburg Producing Company Parino Well No. 1 located in Unit I of Section 23, Township 19 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM

Section 23: S/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Grayburg production and designated as the Southeast Diamond Mound-Grayburg Gas Pool. The discovery well is the Collins & Ware, Inc. "CV" 14 Federal Well No. 1 located in Unit L of Section 14, Township 16 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM

Section 14: SW/4

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the HG-Atoka Gas Pool. The discovery well is the Yates Petroleum Corporation Hannagan "APL" Federal Com. Well No. 1 located in Unit G of Section 31, Township 19 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 31: N/2

- (d) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Pierce Crossing-Bone Spring Pool. The discovery well is the Texaco Exploration & Production Malaga Harroun "6" Well No. 1 located in Unit F of Section 6, Township 24 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 6: NW/4

- (e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Red Bluff-Delaware Pool. The discovery well is the Pogo Producing Company South Malaga "35" State Well No. 1 located in Unit D of Section 35, Township 25 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM

Section 35: NW/4

- (f) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the South Sulphate Draw-Delaware Pool. The discovery well is the TMBR/Sharp Drilling, Inc. State "3" Well No. 1 located in Unit H of Section 3, Township 25 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 27 EAST, NMPM

Section 3: NE/4

- (g) EXTEND the Cedar Canyon-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 21: W/2
Section 28: NW/4

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

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 21: SE/4
Section 28: NW/4

- (i) EXTEND the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM

Section 7: SW/4
Section 18: NW/4

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

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 31: N/2

- (k) EXTEND the Southwest Lone Wolf-Devonian Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 29 EAST, NMPM

Section 29: SW/4

- (l) EXTEND the Malaga-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM

Section 13: W/2 SW/4
Section 14: SE/4

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 8: NW/4

- (m) EXTEND the East Pierce Crossing-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 23: E/2
Section 26: NE/4

- (n) EXTEND the West Ross Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM

Section 28: NW/4
Section 29: N/2

- (o) EXTEND the Russell-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

Section 14: S/2

- (p) EXTEND the South Sand Dunes-Lower Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 10: E/2

- (q) EXTEND the North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 2: E/2

- (r) EXTEND the Winchester-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 26: S/2

Section 35: N/2

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

DOCKET: EXAMINER HEARING - THURSDAY - MARCH 7, 1996

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 9-96 and 10-96 are tentatively set for March 21, 1996 and April 4, 1996. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11463: (Continued from February 8, 1996, Examiner Hearing.)

Application of Robert L. Bayless for downhole commingling, San Juan County, New Mexico. Applicant, seeks approval to downhole commingle production from Fulcher Kutz-Pictured Cliffs and Aztec Fruitland Sand Pools within the wellbore of its Horn Canyon Well No. 1 located 1190 feet from the North line and 1055 feet from the West line (Unit D) of Section 15, Township 28 North, Range 11 West. Said well is located approximately 4 miles south of Bloomfield, New Mexico.

CASE 11460: (Readvertised)

Application of Santa Fe Energy Resources, Inc. for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Tomcat Unit Agreement for an area comprising 3,840 acres, more or less, of federal, state, and fee lands consisting of all or parts of Sections 8, 15-17, 20-22, and 28, Township 23 South, Range 32 East. Said unit area is centered approximately 5 miles northeast of the intersection of State Highway 128 with the Eddy/Lea County line.

CASE 11461: (Continued from February 22, 1996, Examiner Hearing.)

Application of Santa Fe Energy Resources, Inc. for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Devonian formation underlying the following described acreage in Section 29, Township 22 South, Range 34 East, and in the following manner: All of Section 29 to form a standard 640-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre spacing within said vertical extent, including the Undesignated North Bell Lake-Devonian Gas Pool; and the E/2 of Section 29 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 said vertical extent, including the Undesignated Antelope Ridge-Atoka Gas Pool. Said units are to be dedicated to the applicant's Shamrock "29" Fed Com. Well No. 1 to be drilled at an orthodox gas well location 1330 feet from the North and East lines (Unit G) of the Section. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said units are located approximately 16 miles southwest of Eunice, New Mexico.

CASE 11456: (Continued from February 22, 1996, Examiner Hearing.)

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

CASE 11479: **Application of Exxon Corporation for a non-standard gas proration unit, simultaneous dedication and two unorthodox gas well locations, Lea County, New Mexico.** Applicant seeks to establish a non-standard 159.92-acre gas spacing and proration unit for Blinebry Oil and Gas Pool production comprising Lots 2, 3, and the S/2 NW/4 of Section 2, Township 22 South, Range 37 East. Said unit is to be dedicated to its existing New Mexico "S" State Well Nos. 14, 38 and 28, located in Units C, E, and F, respectively. Applicant also seeks approval of an unorthodox gas well location for Well No. 38, located 2100 feet from the North line and 660 feet from the West line (Unit F) of said Section 2 and for Well No. 28, located 2160 feet from the North line and 1800 feet from the West line (Unit F) of said Section 2. Said proration unit is located two miles southeast of Eunice, New Mexico.

CASE 11459: (Readvertised)

Application of Conoco, Inc. to Amend Division Administrative Order DHC-1170, Lea County, New Mexico. Applicant seeks to amend the original allowable set forth in Division Order DHC-1170 which approved the commingling of production from the Warren Blinebry -Tubb Oil and Gas Pool and the Warren-Drinkard Pool in its Warren Unit Well No. 95, located 660 feet from the South and East lines (Unit P) of Section 28, Township 20 South, Range 38 East. Said well is located approximately 7 miles north of Eunice, New Mexico.

CASE 11480: Application of Meridian Oil Inc. for downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Gas Pool production (160-acre standard dedication comprising the SW/4) with gas production from the Blanco-Mesaverde Gas Pool (320-acre standard dedication comprising the W/2) within the wellbore of its existing Hancock Well No. 3 located 890 feet from the South line and 990 feet from the West line (Unit M) of Section 22, Township 28 North, Range 9 West. Applicant further seeks an exception to the pressure differential limitations of Rule 303(C)(b)(v). Said well is located approximately 5 miles southeast of Blanco, New Mexico. IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.

CASE 11481: Application of Nearburg Exploration Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its proposed Black River "10" Federal Com Well No. 1 at an unorthodox gas well location 1330 feet from the North line and 990 feet from the West line (Unit E) of Section 10, Township 24 South, Range 26 East, to be dedicated to a standard 320-acre spacing unit consisting of the W/2 of said Section 10 and to be dedicated to any and all production therein including but not necessarily limited to the Undesignated South Carlsbad-Morrow Gas Pool. Said unit is located approximately 10 ½ miles southwest of Whites City, New Mexico.

CASE 11482: Application of SDX Resources, Inc. for approval of a leasehold pilot waterflood project and to qualify said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval of its State "7" Leasehold Waterflood Project by injection of water into the Queen and Grayburg formations of the East Millman-Queen-Grayburg-San Andres Pool, in a new project area consisting of 611.20 acres, more or less and being all of Section 7, Township 19 South, Range 29 East. Applicant further seeks to qualify this project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Said project is located approximately 12 ½ miles southwest of Loco Hills, New Mexico.

CASE 11464: (Continued from February 22, 1996, Examiner Hearing.)

Application of Penwell Energy, Inc. for pool creation, special pool rules and a discovery allowable, Eddy County, New Mexico. Applicant seeks the creation of a new pool for the production of oil from the Bone Spring formation comprising the W/2 NE/4 of Section 7, Township 22 South, Range 26 East, the assignment of a discovery allowable, and the promulgation of special pool rules therefor including provisions for 80-acre oil spacing units and designated well location requirements. Said area is located approximately 15 miles south of Loving, New Mexico.

CASE 11483: Application of Penwell Energy, Inc. for compulsory pooling and an unorthodox well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the N/2 of Section 33, Township 21 South, Range 33 East, for all formations developed on 320-acre spacing. Said unit is to be dedicated to the J. D. Federal 33 Well No. 1 to be drilled at an unorthodox location 660 feet from the North line and 2080 feet from the East line in the N/2 of 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 operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 24 miles west of Eunice, New Mexico.

CASE 10748: (Reopened - Continued from February 22, 1996, Examiner Hearing.)

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

CASE 11484: Application of Yates Petroleum Corporation to amend the special pool rules and regulations for the Indian Basin-Upper Pennsylvanian Associated Pool, established by Order No. R-9922, Eddy County, New Mexico. Applicant seeks the promulgation of special rules and regulations for the Indian Basin-Upper Pennsylvanian Associated Pool, including the authorization of no more than one well per 80 acres, allowing the simultaneous dedication of acreage to both oil and gas wells and a special limiting gas-oil ratio of 10,000 cubic feet of gas for each barrel of oil produced. Said pool is located approximately 16 miles west of Carlsbad, New Mexico.

CASE 11339: (Readvertised)

Application of Yates Petroleum Corporation for directional drilling and unorthodox bottomhole locations, Eddy County, New Mexico. Applicant seeks authority to drill its Zinnia Federal Unit Well No. 1 from a surface location 1980 feet from the North line and 910 feet from the West line (Unit E) to an unorthodox bottomhole location in the Strawn formation, East Burton Flat-Strawn Gas Pool, 2065 feet from the North line and 2480 feet from the East line (Unit G) and as a wildcat well in the Wolfcamp formation 2055 feet from the North line and 2277 feet from the West line (Unit F) of Section 27, Township 20 South, Range 29 East. The N/2 of said Section 27 is dedicated to this well forming a standard 320-acre oil proration unit. Said well is located approximately 11 miles northeast of Carlsbad, New Mexico.

CASE 11485: **Application of Robert N. Enfield for salt water disposal, Lea County, New Mexico.** Applicant seeks authority to inject produced salt water into the Penrose interval of the Buffalo-Queen Pool through the perforated interval from approximately 4423 feet to 4432 feet in its Hudson "31" Federal Well No. 1, located 2310 feet from the North line and 330 feet from the East line (Unit H) of Section 31, Township 18 South, Range 33 East. Said well is located approximately 8 miles south-southeast of Loco Hills, New Mexico.

CASE 11486: In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, Walter J. Cambern d/b/a Cambern & Associates Oil and Gas, Sunwest Bank of Rio Arriba, N.A., and all other interested parties to appear and show cause why the Smith Well No. 1 located in Unit I of Section 21, Township 31 North, Range 3 East, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond.

CASE 11487: In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, Schwartz Carbonic Company, Federal Insurance Company, and all other interested parties to appear and show cause why the De Baca Well No. 2 located in Unit B of Section 31, Township 20 North, Range 31 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond.

CASE 11488: In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, Sofia Exploration Company, First National Bank in Clayton, and all other interested parties to appear and show cause why the Roxana State Well No. 1 located in Unit F of Section 36, Township 26 North, Range 26 East, Union County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond.

CASE 11489: In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, Santa Rita Exploration Corp., Allied Fidelity Insurance Company, and all other interested parties to appear and show cause why the Moonlight 4 West Well No. 1 located in Unit D of Section 4, Township 8 South, Range 28 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond.

CASE 11490: In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, Salkar, Inc., the Travelers Indemnity Company, and all other interested parties to appear and show cause why the El Cheapo Well No. 1 located in Unit F of Section 35, Township 18 South, Range 27 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond.

CASE 11399: (Continued from February 8, 1996, Examiner Hearing.)

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

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

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

CASE 11448: (Continued from February 8, 1996, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit Rhonda Operating Co., owner/operator, American Employers' Insurance Company, surety, and all other interested parties to appear and show cause why the State 29 Well No. 2, located 1977 feet from the North line and 670 feet from the East line (Unit H) of Section 29, Township 8 South, Range 33 East, Chaves County, New Mexico (which is approximately 17 miles southeast of Kenna, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Should the operator fail to properly plug said well, the Division should then be authorized to take such action as is deemed necessary to have the well properly plugged and abandoned and to direct the owner/operator to pay the costs of such plugging.

CASE 11467: (Continued from February 22, 1996, Examiner Hearing.)

Application of the Oil Conservation Division for a show cause hearing requiring Southwest Water Disposal, Inc. (SWD) to appear and show cause why it should not be ordered to comply with its permit requirements and close its commercial clay lined surface evaporation pond located in the SE/4 SW/4, Section 32, Township 30 North, Range 9 West, San Juan County, New Mexico. Said facility is located approximately 3 miles north-northeast of Blanco, New Mexico.

CASE 11457: (Continued from February 22, 1996, Examiner Hearing.)

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

DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 22, 1996

8:15 A.M. - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos 7-96 and 8-96 are tentatively set for March 7, 1996 and March 21, 1996. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11469: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Alphabet Unit Agreement for an area comprising 2,077.01 acres, more or less, of state and fee lands consisting of all or parts of Sections 7, 8, 9, 17 and 18 of Township 21 South, Range 34 East. Said unit area is located approximately 18 miles west of Eunice, New Mexico.

CASE 11437: (Continued from December 7, 1995, Examiner Hearing.)

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

CASE 11464: (Continued from February 8, 1996, Examiner Hearing.)

Application of Penwell Energy, Inc. for pool creation, special pool rules and a discovery allowable, Eddy County, New Mexico. Applicant seeks the creation of a new pool for the production of oil from the Bone Spring formation comprising the W/2 NE/4 of Section 7, Township 22 South, Range 26 East, the assignment of a discovery allowable, and the promulgation of special pool rules therefor including provisions for 80-acre oil spacing units and designated well location requirements. Said area is located approximately 15 miles south of Loving, New Mexico.

CASE 11470: Application of Energy Development Corporation for salt water disposal, Sandoval County, New Mexico. Applicant seeks authority to inject produced water into the Menefee formation through perforations from 2,438 - 2,624 feet in its existing San Isidro (Shallow) Unit Well No. 7-11, located 2074 feet from the South line and 1,650 feet from the West line (Unit K) of Section 7, Township 20 North, Range 2 West. Said well is located approximately 8 miles southwest of Cuba, New Mexico.

CASE 11460: (Continued from February 8, 1996, Examiner Hearing.)

Application of Santa Fe Energy Resources, Inc. for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Tom Cat Unit Agreement for an area comprising 2,560 acres, more or less, of federal, state, and fee lands consisting of all or parts of Sections 15-17 and 20-22, Township 23 South, Range 32 East. Said unit area is centered approximately 5 miles northeast of the intersection of State Highway 128 with the Eddy/Lea County line.

CASE 11461: (Continued from February 8, 1996, Examiner Hearing.)

Application of Santa Fe Energy Resources, Inc. for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Devonian formation underlying the following described acreage in Section 29, Township 22 South, Range 34 East, and in the following manner: All of Section 29 to form a standard 640-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre spacing within said vertical extent, including the Undesignated North Bell Lake-Devonian Gas Pool; and the E/2 of Section 29 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 said vertical extent, including the Undesignated Antelope Ridge-Atoka Gas Pool. Said units are to be dedicated to the applicant's Shamrock "29" Fed Com. Well No. 1 to be drilled at an orthodox gas well location 1330 feet from the North and East lines (Unit G) of the Section. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said units are located approximately 16 miles southwest of Eunice, New Mexico.

CASE 11456: (Continued from February 8, 1996, Examiner Hearing.)

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

CASE 11471: Application of GECKO for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the following described acreage in Section 28, Township 15 South, Range 37 East, and in the following manner: the SE/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, and the E/2 NE/4 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent. Said unit(s) is to be dedicated to its proposed GECKO Wilks "28" Well No. 1 to be drilled at a standard location in the SE/4 NE/4 of said Section 28. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said well is located approximately 9 miles northeast of Lovington, New Mexico.

CASE 11472: Application of T. H. McElvain Oil and Gas Limited Partnership for compulsory pooling, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the NW/4 of Section 28, Township 30 North, Range 4 West, to form a standard 160-acre gas spacing and proration unit for that formation. Said unit is to be dedicated to the applicant's Simms Com Well No. 1 to be drilled at a standard gas well location 989 feet from the North line and 851 feet from the West line (Unit D) of said Section 28. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 16 miles southwest of Dulce, New Mexico.

CASE 11473: Application of Enserch Exploration, Inc. 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 SW/4 NE/4 of Section 21, Township 25 South, Range 36 East, to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said unit is to be dedicated to its Moberly "21" Well No. 1 to be drilled at a standard well location 1980 feet from the North and East lines (Unit G) of said Section 21. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 4 miles west of Jal, New Mexico.

CASE 11453: (Continued from February 8, 1996, Examiner Hearing.)

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

CASE 11474: Application of Marathon Oil Company for a non-standard gas proration unit, an unorthodox gas well location, and simultaneous dedication, Lea County, New Mexico. Applicant seeks approval of an unorthodox gas well location in the Blinbery Oil and Gas Pool for its existing Walter Lynch Well No. 6 located 2310 feet from the North line and 1980 feet from the West line (Unit F) of Section 1, Township 22 South, Range 37 East. Said well is to be simultaneously dedicated with the Walter Lynch Well No. 8, located at a standard gas well location in Unit "E" of said Section 1, to a non-standard 119.84-acre gas spacing and proration unit comprising Lot 3 and the S/2 NW/4 of said Section 1. Said unit is located approximately 2 miles east southeast of Eunice, New Mexico.

CASE 10748: (Reopened - Continued from January 25, 1996, Examiner Hearing.)

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

CASE 11475: Application of **Texaco Exploration and Production Inc. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in the SW/4 of Section 23 for all formations developed on 160-acre spacing, in the W/2 SW/4 of Section 23 for all formations developed on 80-acre spacing and in the SW/4 SW/4 of Section 23 for all formations developed on 40-acre spacing, in Township 26 South, Range 37 East. Said units are to be dedicated to its Rhodes "23" Fed. Com Well No. 1 to be drilled at a standard location 660 feet from the South line and 660 feet from the West line in the SW/4 of said Section 23 and drilled to the Rhodes Yates-Seven Rivers Gas Pool. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said area is located approximately 5 miles south-southeast of Jal, New Mexico.

CASE 11476: Application of **Doyle Hartman and Margaret Hartman, d/b/a Doyle Hartman, Oil Operator, for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in the SW/4 of Section 23, Township 26 South, Range 37 East for all formations developed on 160-acre spacing. Said unit is to be dedicated to a well to be drilled at a standard location 1980 feet from the South line and 660 feet from the West line of said Section 23 and drilled to the Rhodes Yates-Seven Rivers Gas Pool. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said area is located approximately 5 miles south-southeast of Jal, New Mexico.

CASE 11467: (Continued from February 8, 1996, Examiner Hearing.)

Application of the Oil Conservation Division for a show cause hearing requiring Southwest Water Disposal, Inc. (SWD) to appear and show cause why it should not be ordered to comply with its permit requirements and close its commercial clay lined surface evaporation pond located in the SE/4 SW/4, Section 32, Township 30 North, Range 9 West, San Juan County, New Mexico. Said facility is located approximately 3 miles north-northeast of Blanco, New Mexico.

CASE 11457: (Continued from February 8, 1996, Examiner Hearing.)

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

CASE 11477: In the matter of the hearing called by the Oil Conservation Division upon its own motion for an order creating and extending certain pools in Lea and Roosevelt Counties, New Mexico.

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the East Bilbrey-Delaware Pool. The discovery well is the Pogo Producing Company Tomahawk Unit Well No. 1 located in Unit L of Section 31, Township 21 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 33 EAST, NMPM
Section 31: SW/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the North Bilbrey-Delaware Pool. The discovery well is the Santa Fe Energy Resources Inc. Bilbrey 27 A Federal Well No. 1 located in Unit F of Section 27, Township 21 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 27: NW/4

- (c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Hat Mesa-Wolfcamp Pool. The discovery well is the Hallwood Petroleum Inc. Bass Federal Well No. 1 located in Unit F of Section 30, Township 20 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM

Section 30: NW/4

- (d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Seven Rivers production and designated as the South Nadine-Yates Seven Rivers Pool. The discovery well is the LBO New Mexico Inc. Alyssa Well No. 1 located in Unit H of Section 27, Township 19 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM

Section 26: NW/4

Section 27: NE/4

- (e) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Ojo Chiso-Wolfcamp Gas Pool. The discovery well is the BTA Oil Producers Chiso C-8711 JV-P Well No. 1 located in Unit C of Section 23, Township 22 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM

Section 23: N/2

- (f) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Red Hills-Bone Spring Pool. The discovery well is the Meridian Oil Inc. Madera Ridge 25 Federal Well No. 1 located in Unit L of Section 25, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM

Section 24: S/2

Section 25: W/2

- (g) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the San Simon Sink-Morrow Gas Pool. The discovery well is the Yates Petroleum Corporation San Simon Unit Well No. 1 located in Unit O of Section 18, Township 23 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 35 EAST, NMPM

Section 18: S/2

- (h) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the South Young-San Andres Pool. The discovery well is the Snow Oil & Gas Inc. Vandiver Federal Well No. 1 located in Unit K of Section 33, Township 18 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 33: SW/4

- (i) EXTEND the East Bell Lake-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM

Section 33: SE/4

- (j) EXTEND the Chaveroo-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 34 EAST, NMPM

Section 20: NE/4

Section 21: N/2

- (k) EXTEND the Dean-Permo Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 4: Lots 1, 2, 7, and 8

- (l) EXTEND the EK-Bone Spring Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 4: W/2
- (m) EXTEND the North Hardy Tubb-Drinkard Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 36: N/2 NE/4 and SE/4 NE/4
- (n) EXTEND the Humble City-Strawn Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 15: NW/4
- (o) EXTEND the Southeast Lea-Wolfcamp Gas Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM
Section 26: NE/4
- (p) EXTEND the Legg Atoka-Morrow Gas Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 21 SOUTH, RANGE 33 EAST, NMPM
Section 28: S/2
- (q) EXTEND the East Livingston Ridge-Delaware Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 7: SE/4
- (r) EXTEND the West Lovington-Strawn Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM
Section 32: SE/4
Section 34: SE/4
- (s) EXTEND the Mesa Verde-Bone Spring Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 24 SOUTH, RANGE 32 EAST, NMPM
Section 7: NW/4
- (t) EXTEND the South Midway-Strawn Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 17: SE/4
- (u) EXTEND the Monument-Tubb Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 7: N/2
- (v) EXTEND the Pearsall-Queen Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM
Section 27: NW/4
- (w) EXTEND the South Quail Ridge-Bone Spring Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 4: N/2

- (x) EXTEND the North Quail Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 2: W/2
- (y) EXTEND the Red Hills-Bone Spring Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 25 SOUTH, RANGE 34 EAST, NMPM
Section 18: W/2 and SE/4
- (z) EXTEND the Red Tank-Bone Spring Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 36: SE/4
- (aa) EXTEND the East Red Tank-Bone Spring Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 22 SOUTH, RANGE 33 EAST, NMPM
Section 31: NW/4
- (bb) EXTEND the Red Tank-Morrow Gas Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 8: All
- (cc) EXTEND the Sand Dunes-Bone Spring Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 7: SE/4
- (dd) EXTEND the South Sand Dunes-Bone Spring Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 19: SE/4
Section 28: NW/4
Section 29: E/2
- (ee) EXTEND the Southwest Teague Glorieta-Upper Paddock Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 4: SW/4
Section 5: SE/4
- (ff) EXTEND the North Teague Lower Paddock-Blinebry Associated Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 4: SE/4
- (gg) EXTEND the North Teague-Tubb Associated Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 4: SE/4
- (hh) EXTEND the West Teas Yates-Seven Rivers Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM
Section 16: E/2 NE/4
- (ii) EXTEND the West Tonto-Delaware Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 12: NE/4

CASE 11478: In the matter of the hearing called by the Oil Conservation Division upon its own motion for an order extending certain existing pools in Rio Arriba and San Juan Counties, New Mexico.

- (a) EXTEND the Angels Peak-Gallup Associated Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM
Sections 20 and 21: All

- (b) EXTEND the South Bisti-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 10 WEST, NMPM
Section 7: N/2
Section 8: N/2

TOWNSHIP 23 NORTH, RANGE 11 WEST, NMPM
Section 1: W/2 NW/4 and SW/4
Section 12: N/2

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

TOWNSHIP 29 NORTH, RANGE 4 WEST, NMPM
Section 29: All

- (d) EXTEND the La Jara-Pictured Cliffs Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 7 WEST, NMPM
Section 2: NW/4
Section 3: All

TOWNSHIP 30 NORTH, RANGE 7 WEST, NMPM
Section 34: SW/4

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

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM
Sections 1 and 2: All
Section 3: N/2 and SE/4
Section 4: NE/4
Section 10: E/2
Sections 11 through 14: All
Section 15: E/2
Section 23: All
Section 24: N/2 and SE/4
Section 25: NE/4
Section 26: NE/4

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 25, 1996

8:15 A.M. - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos 4-96 and 5-96 are tentatively set for February 8, 1996 and February 22, 1996. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11169: (Reopened - This Case will be Continued to February 8, 1996)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 11, 1996

8:15 A.M. - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos 3-96 and 4-96 are tentatively set for January 25, 1996 and February 8, 1996. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11435: (Continued from December 21, 1995, Examiner Hearing.)

Application of Shell Western E&P Inc. To amend Division Administrative Order DHC-1149, Lea County, New Mexico. Applicant seeks to amend Division Order DHC-1149 to allow commingled oil production from the Vacuum-Wolfcamp and Vacuum-Middle Pennsylvanian Pools not to exceed 250 barrels/day from the State "A" Well No. 10, located in Unit A of Section 31, Township 17 South, Range 35 East. Said well is located approximately 1 mile southeast of Buckeye, New Mexico.

CASE 11442: **Application of Arco Permian, a unit of Atlantic Richfield, for compulsory pooling and an unorthodox well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in the E/2 of Section 32, Township 17 South, Range 28 East, for all formations developed on 320-acre spacing. Said unit is to be dedicated to its Dancer 32 State Com Well No. 1 to be drilled at an unorthodox location 1728 feet from the North line and 916 feet from the East line (Unit H) of said Section 32. 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 11 miles east-southeast of Artesia, New Mexico.**CASE 11443:** **Application of ARCO Permian, a unit of Atlantic Richfield, for compulsory pooling and an unorthodox well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in the W/2 of Section 36, Township 17 South, Range 28 East, for all formations developed on 320-acre spacing. Said unit is to be dedicated to its Dorothy 36 State Com Well No. 1 to be drilled at an unorthodox location 1163 feet from the South line and 1647 feet from the West line (Unit N) of said Section 36. 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 15 miles east-southeast of Artesia, New Mexico**CASE 11444:** **Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico.** Applicant seeks approval of a unit agreement for its proposed Morton Exploratory Unit Area comprising 2,178.68 acres, more or less, of State and Fee lands comprising all or portions of Sections 32 and 33, Township 14 South, Range 35 East, and Sections 4, 5, and 6, Township 15 South, Range 35 East. Said unit area is located approximately 14 miles south-southwest of Tatum, New Mexico.**CASE 11445:** **Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico.** Applicant seeks approval of a unit agreement for its proposed Papalotes Exploratory Unit Agreement containing 2,583.6 acres, more or less, of State and Fee lands comprising all of Sections 26, 34 and 35, Township 14 South, Range 34 East and Section 2, Township 15 South, Range 34 East. Said unit area is located approximately 9 miles west of Hillburn City, New Mexico.**CASE 11339:** (Continued from December 21, 1995, Examiner Hearing.)

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

CASE 10748: (Reopened)

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

CASE 11446: Application of Arch Petroleum Inc. for amendment of Division Order No. R-10453 authorizing a location change of a certain unorthodox oil well location, Lea County, New Mexico. Applicant seeks to amend Division Order No. R-10453, which authorized applicant to drill seven unorthodox oil well locations in Sections 21, 22, and 28, Township 23 South, Range 37 East, Teague-Blinebry Pool, by changing the location approved by said order of its C.E. Lamunyon Well No. 56 to a location 1300 feet from the North line and 1450 feet from the East line (Unit B) of said Section 28. Said well is located approximately 10 miles south of Eunice, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 11434: (Continued from December 21, 1995, Examiner Hearing.)

Application of Meridian Oil Inc. for compulsory pooling and an unorthodox gas well location, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Blanco Mesaverde Gas Pool underlying the E/2 of Section 23, Township 31 North, Range 9 West, forming a standard 320-acre spacing and proration unit. Said unit is to be dedicated to Meridian Oil Inc's proposed Seymour Well No. 7A which is to be drilled at an unorthodox gas well location 1615 feet from the South line and 2200 feet from the East line (Unit J) of said Section 23 to test for production from the Mesaverde formation. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling and completing, and the allocation of the costs and income therefor as well as actual operating costs and charges for supervision, a charge for risk involved in drilling and completing said well and the designation of applicant as the operator of the well. Said well is located approximately 9 miles southeast of Cedar Hills, New Mexico.

CASE 11280: (Reopened)

In the matter of Case No. 11280 being reopened pursuant to the provisions of Division Order No. R-10389, which order created the South Black River-Delaware Pool in Eddy County, New Mexico, and promulgated temporary special pool rules therefor. Operators in the subject pool may appear and present geologic and engineering evidence and testimony relative to the promulgation of permanent rules and regulations. Said pool is located approximately 6 miles east of Whites City, New Mexico.

CASE 11447: Application of Enserch Exploration, Inc. to amend special pool rules for the South Black River-Delaware Pool, Eddy County, New Mexico. Applicant seeks to amend Division Order No. R-10389, which promulgated temporary special pool rules for the South Black River-Delaware Pool, to amend such special pool rules to provide for a limiting gas-oil ratio of 20,000 cubic feet of gas for each barrel of oil produced, an increase from the current limiting gas-oil ratio of 10,000 to 1. Said pool is located approximately 6 miles east of Whites City, New Mexico.

CASE 11421: (Continued from November 2, 1995, Examiner Hearing.)

Application of Yates Petroleum Corporation for the promulgation of special rules and regulations for the South Pecos Slope-Abo Gas Pool, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special rules and regulations for the currently unprorated South Pecos Slope-Abo Gas Pool, including provisions to permit the optional drilling of an additional well on each 160-acre standard gas spacing and proration unit, designated well location requirements, and any other provisions deemed necessary in the implementation of "infill drilling" in said pool. Currently the South Pecos Slope-Abo Gas Pool comprises approximately 73,440 acres in portions of Townships 8, 9, 10, and 11 South, Ranges 24, 25, 26, and 27 East.

CASE 11422: (Continued from November 2, 1995, Examiner Hearing.)

Application of Yates Petroleum Corporation for the promulgation of special rules and regulations for the West Pecos Slope-Abo Gas Pool, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special rules and regulations for the currently unprorated West Pecos Slope-Abo Gas Pool, including provisions to permit the optional drilling of an additional well on each 160-acre standard gas spacing and proration unit, designated well location requirements, and any other provisions deemed necessary in the implementation of "infill drilling" in said pool. Currently the West Pecos Slope-Abo Gas Pool comprises approximately 92,480 acres in portions of Townships 5, 6, 7, 8, and 9 South, Ranges 21, 22, and 23 East.

CASES 10793, 10981, and 11004: (Reopened - Continued from November 2, 1995, Examiner Hearing.)

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

CASE 11448: In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit Rhonda Operating Co., owner/operator, American Employers' Insurance Company, surety, and all other interested parties to appear and show cause why the State 29 Well No. 2, located 1977 feet from the North line and 670 feet from the East line (Unit H) of Section 29, Township 8 South, Range 33 East, Chaves County, New Mexico (which is approximately 17 miles southeast of Kenna, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Should the operator fail to properly plug said well, the Division should then be authorized to take such action as is deemed necessary to have the well properly plugged and abandoned and to direct the owner/operator to pay the costs of such plugging.

CASE 11449: In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit Abbott Ventures, operator, Ralph Abbott, owner, Allied Fidelity Insurance Company, surety, and all other interested parties to appear and show cause why the N.E. Hogback State NM Well No. 1 (API No. 30-045-09592), located 365 feet from the North line and 330 feet from the East line (Unit A) of Section 16, Township 30 North, Range 16 West, San Juan County, New Mexico (which is approximately 9.25 miles east by north of Shiprock, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Should the operator fail to properly plug said well, the Division should then be authorized to take such action as is deemed necessary to have the well properly plugged and abandoned and to direct the owner/operator to pay the costs of such plugging.

CASE 11450: In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit Ralph Abbott, owner/operator, Aetna Casualty and Surety Company, surety, and all other interested parties to appear and show cause why the Palmer Well No. 1 (API No. 30-045-24691), located 1735 feet from the North line and 1695 feet from the East line (Unit G) of Section 17, Township 29 North, Range 13 West, San Juan County, New Mexico (which is approximately one mile south of the Four Corners Regional Airport in Farmington, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Should the operator fail to properly plug said well, the Division should then be authorized to take such action as is deemed necessary to have the well properly plugged and abandoned and to direct the owner/operator to pay the costs of such plugging.

CASE 11399: (Continued from November 2, 1995, Examiner Hearing.)

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

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

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

DOCKET: COMMISSION HEARING - THURSDAY - JANUARY 18, 1996
9:00 A.M. - 2040 SOUTH PACHECO - SANTA FE, NEW MEXICO
The Land Commissioner's designee for this hearing will be Jami Bailey

CASE 11354: (De Novo - Continued from December 14, 1995, Commission Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, Nerdhlic Company, Inc., and all other interested parties to appear and show cause why the following five wells in McKinley County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug any or all of said wells, the Division seeks an order directing the operator to pay the costs of such plugging and if failing to do so, ordering a forfeiture of the "blanket" cash plugging bond covering said wells and authorizing the Director of the Division to make demand upon United New Mexico Bank in Santa Fe, New Mexico to pay to the Division so much of the funds of the certificate of deposit given as collateral for said bond as is necessary to compensate the costs of plugging any or all of said wells:

- (1) **Inditos Well No. 1** (API No. 30-031-20774), located 2310'FNL & 330'FEL (Unit H) of Section 15, Township 16 North, Range 9 West;
- (2) **Bullseye Well No. 2** (API No. 30-031-20414), located 540'FSL & 1560'FWL (Unit N) of Section 18, Township 16 North, Range 9 West;
- (3) **Bullseye Well No. 9** (API No. 30-031-20576), located 330'FSL & 1650'FEL (Unit O) of Section 18, Township 16 North, Range 9 West;
- (4) **Bullseye Well No. 8** (API No. 30-031-20531), located 330'FNL & 990'FWL (Unit D) of Section 19, Township 16 North, Range 9 West; and,
- (5) **Bullseye "A" Well No. 2** (API No. 30-031-05091), located 990'FS & EL (Unit P) of Section 13, Township 16 North, Range 10 West.

Upon the application of Nerdlihc Company, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 11353: (Continued from November 9, 1995, Commission Hearing.)

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

CASE 11451: In the matter of the hearing called by the Oil Conservation Division ("Division") to reformat its rules and regulations to comply with the New Mexico Administrative Code (NMAC), which reformatting is mandated by 14-4-7.2 NMSA 1978. The OCD rules will now be found in NMAC Title 19, Chapter 15 with the rule numbers remaining unchanged. At the same time typographical and grammatical changes will be made to the rules. No substantive changes will be made.

The following orders of more-than-specific application, along with amendments, will now become sections of the NMAC: R-111, R-3221, R-5353, R-7940, and R-8170. OCD form numbers C-134 to C-140 have been added to Rule 1100.D. Parts B, Q and P of 19 NMAC 15 are Reserved. The first 6 sections (1 through 6) of each Part (on each of 19 NMAC 15, Parts A through R) will contain the following information: Issuing Agency, Scope, Statutory Authority, Duration, Effective Date, Objective.

The effective date of the reformatting change will be February 1, 1996. Copies of the proposed reformatted OCD rules may be reviewed at the OCD offices at 2040 S. Pacheco, Santa Fe, NM 87505.

CASE 11452: In the matter of the hearing called by the Oil Conservation Commission ("Commission") to adopt its annual resolution setting forth reasonable notice standards for Commission public meetings, pursuant to the New Mexico Open Meetings Act, 10-15-1.D. NMSA 1978.

Awaiting Final Commission Action -- No Evidence or Testimony Will Be Taken.

CASE 11351: In the matter of the hearing called by the Oil Conservation Division to amend Rule 104 of its General Rules and Regulations pertaining to unorthodox well locations and non-standard units. The proposed amendments to Rule 104 would provide for administrative approval of applications for certain unorthodox well locations and non-standard units currently requiring notice and hearing. A copy of the proposed Rule 104 is attached to this docket.