

DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 7, 1993
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 31-93 and 32-93 are tentatively set for October 21, 1993 and November 4, 1993. Applications for hearing must be filed at least 23 days in advance of hearing date.

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

CASE 10812: (Continued from September 23, 1993, Examiner Hearing.)

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

CASE 10833: (Continued from September 23, 1993, Examiner Hearing.)

Application of Giant Exploration & Production Company for an unorthodox infill coal gas well location, San Juan County, New Mexico. Applicant seeks approval of an unorthodox coal gas well location 1850 feet from the South line and 790 feet from the East line of Section 29, Township 25 North, Range 12 West, Basin-Fruitland Coal (Gas) Pool. Further, the applicant seeks an exception to the requirements of Rule No. 4 of the Special Rules and Regulations for said Basin-Fruitland Coal (Gas) Pool as promulgated by Division Order No. R-8768, as amended, to allow the drilling of a second well on a standard 320-acre spacing and proration unit comprising the E/2 of said Section 29. Said unit is located approximately 8 miles south of Chaco Plant.

CASE 10711: (Reopened)

In the matter of Case No. 10711 being reopened upon the application of Yates Petroleum Corporation for a new well location in the waterflood project approved for its Creek "AL" Federal Lease by Division Order No. R-9896, issued in Case 10711 on May 18, 1993. Applicant also seeks the establishment of an administrative procedure for the approval of additional well locations within this project. The Creek "AL" Federal Lease is located in the E/2 SE/4 of Section 23, the NW/4 SW/4 and S/2 S/2 of Section 24, and the NW/4 and E/2 NE/4 of Section 25, Township 18 South, Range 30 East, which is located approximately 6 miles east of Walters Lake.

CASE 10836: Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks approval to drill its Kachina "5" Well No. 5 at an unorthodox oil well location 660 feet from the South line and 990 feet from the West line (Unit M) of Section 5, Township 18 South, Range 33 East, to test the Wolfcamp formation, South Corbin-Wolfcamp Pool. The S/2 SW/4 of said Section 5 will be dedicated to the well forming a standard 80-acre oil spacing and proration unit for said pool. Said well is located approximately 7 miles southeast of Maljamar, New Mexico.

CASE 10837: Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its North Pure Gold "9" Fed. Well No. 2 at an unorthodox gas well location 660 feet from the South and West lines (Unit M) of Section 9, Township 23 South, Range 31 East, to test the Atoka and Morrow formations, Undesignated Los Medanos-Morrow Gas Pool, West Sand Dunes-Atoka Gas Pool, and Undesignated West Sand Dunes-Morrow Gas Pool. The S/2 of said Section 9 will be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool(s). Said well is located approximately 11 miles southeast of Lindsey Lake.

CASE 10775: (Continued from September 9, 1993, examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox infill gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant seeks approval of an unorthodox well location 1980 feet from the South line and 660 feet from the East line (Unit D) of Section 1, Township 24 South, Range 28 East, Malaga-Atoka Gas Pool. Further, the applicant seeks an exception to Division General Rule 104.c(2) to allow the existing 320-acre gas spacing and proration unit comprising the S/2 of said Section 1 to be simultaneously dedicated in the Malaga-Atoka Gas Pool to the proposed well and to the existing Malaga Federal 1 Well No. 1 located at a standard gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 1. Said unit is located approximately 2 miles northeast of Malaga, New Mexico.

CASE 10829: (Continued from September 23, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, underlying the following described areas in Section 32, Township 18 South, Range 34 East, and in the following manner: the E/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent; the SE/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and the W/2 SE/4 forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, including the EK-Bone Spring Pool. Said unit is to be dedicated to the applicant's Larica 32 State Well No. 1, to be drilled at an orthodox location within said E/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 7.5 miles west of Arkansas Junction.

CASE 10838: Application of Harvey E. Yates Company for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks authorization to drill its Young Deep Unit Well No. 21 at an unorthodox oil well location 1330 feet from the South and West lines (Unit K) of Section 3, Township 18 South, Range 32 East, to test the Undesignated Young-Wolfcamp Pool. The NE/4 SW/4 of Section 3 is to be dedicated to the above-described well forming a standard 40-acre oil spacing and proration unit for said pool. Said well is located approximately 6 miles south of Maljamar, New Mexico.

CASE 10839: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Morrow formation underlying the E/2 of Section 28, Township 18 South, Range 34 East, forming a standard 320-acre gas spacing and proration unit for any Morrow Pools within said vertical extent which presently includes the Undesignated West La Rica-Morrow Gas Pool. Said unit is to be dedicated to its Ekay 28 State Well No. 1, to be drilled at an orthodox location within Unit J of said E/2 proration unit, 2050 feet from the South line and 1800 feet from the East line of said Section 28. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 12 miles southeast of Maljamar, New Mexico.

CASE 10840: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Morrow formation underlying the W/2 of Section 28, Township 18 South, Range 34 East, forming a standard 320-acre gas spacing and proration unit for any Morrow Pools within said vertical extent which presently includes the Undesignated West La Rica-Morrow Gas Pool. Said unit is to be dedicated to its Ekay 28 State Well No. 4, to be drilled at an orthodox location within Unit K of said W/2 proration unit, 1980 feet from the South and West lines of said Section 28. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 12 miles southeast of Maljamar, New Mexico.

CASE 10841: Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the SW/4 SW/4 of Section 1, Township 14 South, Range 33 East forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent which presently includes the Undesignated Saunders Permo-Upper Pennsylvanian Pool. Said unit is to be dedicated to its Childress "AKV" Well No. 1 to be drilled at a standard location 990 feet from the South line and 330 feet from the West line (Unit M) of said Section 1. 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 20 miles southeast of Caprock, New Mexico.

CASE 10842: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks authorization to drill its Hickory "ALV" Federal Well No. 3 at a location 2166 feet from the South line and 2253 feet from the West line (Unit K) of Section 17, Township 22 South, Range 24 East, to test the Upper Pennsylvanian formation, Indian Basin-Upper Pennsylvanian Associated Pool. The W/2 of Section 17 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 8 miles southeast of Carlsbad, New Mexico.

CASE 10772: (Continued from September 9, 1993, Examiner Hearing.)

Application of Barber Oil Inc. for salt water disposal, Eddy County, New Mexico. Applicant seeks authority to utilize its Stovall-Wood Well No. 5 located 880 feet from the North line and 1580 feet from the West line (Unit C) of Section 20, Township 20 South, Range 30 East, to dispose of produced salt water into the Rustler Lime formation through the perforated interval from approximately 195 feet to 255 feet. Said well is located 2 miles northeast of the National Potash Company Mine.

CASE 10843: **Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, an unorthodox oil well location, a non-standard oil proration unit, a special project allowable, and special operating rules therefor, San Juan County, New Mexico.** Applicant seeks to initiate a high angle/horizontal directional drilling pilot project in the Gallup formation, Horseshoe Gallup Oil Pool, underlying the E/2 of Section 18, Township 30 North, Range 15 West. Applicant proposes to drill its Black Diamond Com 18 Well No. 1 by commencing at a standard well location in Unit B of Section 18, then kicking-off from vertical in a southeasterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of a non-standard spacing and proration unit consisting of the E/2 of said Section 18, an unorthodox oil well location, and for a special project allowable. Said project is located approximately 4-1/2 miles north-northeast of Waterflow, New Mexico.

CASE 10844: **Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, an unorthodox oil well location, a non-standard oil proration unit, a special project allowable, and special operating rules therefor, San Juan County, New Mexico.** Applicant seeks to initiate a high angle/horizontal directional drilling pilot project in the Gallup formation, Horseshoe Gallup Oil Pool, underlying the W/2 of Section 8, Township 30 North, Range 15 West. Applicant proposes to drill its Black Diamond Com 8 Well No. 1 by commencing at a standard well location in Unit D of Section 8, then kicking-off from vertical in a southeasterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of a non-standard spacing and proration unit consisting of the W/2 of said Section 8, an unorthodox oil well location, and for a special project allowable. Said project is located approximately 5-1/2 miles north-northeast of Waterflow, New Mexico.

CASE 10781: (Reopened - Continued from September 23, 1993, Examiner Hearing.)

Application of Marathon Oil Company for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant seeks approval of an unorthodox well location in the Basin-Fruitland Coal Gas Pool for its proposed Schwerdtfeger Well No. 17-2 to be drilled at an unorthodox well location 1605 feet from the South line and 1135 feet from the East line (Unit D) of Section 17, Township 27 North, Range 11 West. Said well is to be dedicated to a 320-acre spacing unit consisting of the E/2 of Section 17. Said unit is located approximately 9 miles south of Bloomfield, New Mexico.

CASE 10845: **Application of Phillips Petroleum Company for a unit agreement, Lea County, New Mexico.** Applicant seeks approval of its Vacuum Glorieta East Unit Agreement for an area comprising 4,239.80 acres, more or less, of State lands in portions of Sections 26-34, Township 17 South, Range 35 East and in a portion of Section 5, Township 18 South, Range 35 East. Said unit is located approximately 10 miles southeast of Lovington, New Mexico.

CASE 10846: **Application of Phillips Petroleum Company for approval of a waterflood project, and to qualify said project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act", Lea County, New Mexico.** Applicant seeks authority to institute a waterflood project within its Vacuum Glorieta East Unit by the injection of water into the Glorieta and Paddock formations, Vacuum-Glorieta Pool, in an area comprising portions of Sections 26-34, Township 17 South, Range 35 East and a portion of Section 5, Township 18 South, Range 35 East, through 48 initial injection wells. The applicant further requests that the Division establish procedures for amending injection or producing well locations within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said waterflood operations. 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 10 miles southeast of Lovington, New Mexico.

CASE 10847: Application of Mitchell Energy Corporation for an exception to Rule (2) of the Special Rules and Regulations for the North Osudo-Morrow Gas Pool to allow a second well on a proration unit, or in the alternative, to establish infill drilling procedures for said pool, Lea County, New Mexico. Applicant seeks an exception to Rule (2) of the Special Rules and Regulations for the North Osudo-Morrow Gas Pool, as promulgated by Division Order No. R-3305, to allow an existing 640-acre gas spacing and proration unit comprising Section 30, Township 20 South, Range 36 East, to be simultaneously dedicated to a proposed well to be drilled at a standard well location in the NE/4 SW/4 of Section 30 and to an existing well located in the NE/4 NE/4 of Section 30. In the alternative, applicant seeks to amend Rule (2) of the Special Rules and Regulations for said pool to provide that a second well may be drilled within a standard 640-acre spacing unit but on a governmental quarter section not containing the first well. The North Osudo-Morrow Gas Pool is located approximately 6 miles southwest of Monument, New Mexico.

CASE 10848: Application of Conoco Inc. and Marathon Oil Company for exceptions to Rule 5(b) of the special rules and regulations of the South Dagger Draw-Upper Pennsylvanian Pool as promulgated by Division Order No. R-5353, as amended, or in the alternative, for the creation of a new pool with the adoption of special rules for said pool, Eddy County, New Mexico. Applicants seek exceptions to Rule 5(b) of the Special Rules and Regulations for the South Dagger Draw-Upper Pennsylvanian Pool as promulgated by Order No. R-5353 as amended, thereby authorizing simultaneous dedication of acreage to both gas wells and oil wells within Sections 34, 35, and 36, Township 20 South, Range 24 East and Sections 34, 35, and 36, Township 20-1/2 South, Range 23 East. In the alternative, applicants seek the contraction of the South Dagger Draw-Upper Pennsylvanian Pool and the concomitant creation of a new pool comprising the above-described acreage with the adoption of special rules and regulations including those set forth in Order No. R-5353 but modified to allow simultaneous dedication of spacing units to multiple gas and oil wells and establishment of appropriate allowables therefor. Said area is located approximately 22 miles southeast of Hope, New Mexico.

DOCKET: COMMISSION HEARING - THURSDAY - OCTOBER 14, 1993
9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

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

CASE 10498: (De Novo - Continued from September 22, 1993, Commission Hearing.)

In the matter of Case No. 10498 being reopened upon application of Monty D. McLane to exempt certain working interests from the compulsory pooling provisions of Division Order No. R-9690, Lea County, New Mexico. Division Order No. R-9690, issued in Case 10498 and dated July 1, 1992, granted the application of Charles Gillespie to compulsorily pool all mineral interests from the surface to the base of the Strawn formation underlying Lot 3 of Section 1, Township 16 South, Range 35 East, forming a non-standard 51.08-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. At this time Monty D. McLane requests the Division enter an order reopening Case No. 10498 and declare that the working interests of Henry H. Lawton and Amanda K. Parks are not subject to said Order No. R-9690. Upon application of Charles B. Gillespie Jr., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10849: Application of Amoco Production Company for amendment of the deliverability testing rules for the Prorated Gas Pools of Northwest New Mexico, (Blanco-Mesaverde, Basin-Dakota, Tapacito-Pictured Cliffs, and South Blanco-Pictured Cliffs Pools), Rio Arriba, Sandoval and San Juan Counties, New Mexico. Applicant seeks an order amending the General Rules for the Prorated Gas Pools of New Mexico (Order No. R-8170-H) and the Rules of Procedures for Northwest New Mexico (Order No. R-333-I) to exempt from deliverability testing those wells in marginal gas proration units which cannot produce the acreage portion of the monthly gas allowable assigned by the Division to the gas proration unit.

CASE 10719: (De Novo - Continued from September 22, 1993, Commission Hearing).

Application of Anadarko Petroleum Corporation for directional drilling and an unorthodox bottomhole gas well location, Eddy County, New Mexico. Applicant seeks authority to directionally drill its proposed Power Federal Com Well No. 2 from a surface location 1400 feet from the South line and 660 feet from the East line (Unit I) of Section 26, Township 17 South, Range 30 East, in such a manner as to bottom the well in the Cedar Lake-Morrow Gas Pool at an unorthodox subsurface gas well location within 75 feet of a point 660 feet from the South and East lines (Unit P) of said Section 26. The E/2 of said Section 26 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 3 miles east-southeast of Loco Hills, New Mexico. Upon application of Anadarko Petroleum Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10796: (De Novo)

Application of Manzano Oil Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval of an unorthodox location in the Wolfcamp formation, Osudo-Wolfcamp Pool, for its Neuhaus Federal Well No. 2 which has been drilled 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 14, Township 20 South, Range 35 East. Applicant further requests approval of the unorthodox location as to all prospective pools or formations including but not limited to the Wolfcamp, spaced on 320 acres. Said well is located approximately 17 miles southwest of Hobbs, New Mexico. Upon application of Manzano Oil Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10653: (Continued from July 22, 1993, Commission Hearing.)

Application of Armstrong Energy Corporation for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special rules and regulations for the Northeast Lea-Delaware Pool including a provision for a special oil allowable of 300 barrels of oil per day. Said pool is located in portions of Townships 19 and 20 South, Range 34 East, located near the Warren Gas Company Compressor Station.

CASE 10773: (Continued from July 22, 1993, Commission Hearing.)

Application of Armstrong Energy Corporation for pool extension and abolishment, Lea County, New Mexico. Applicant, in the above-styled cause, and in association with De Novo Case No. 10653, seeks to abolish the Quail Ridge-Delaware Pool comprising the SW/4 of Section 3, SE/4 of Section 4, NE/4 of Section 9, N/2 and SW/4 of Section 10, all in Township 20 South, Range 34 East and the concomitant extension of the horizontal limits of the Northeast Lea-Delaware Pool to include all of above-described acreage plus the SE/4 of said Section 3. This area is centered approximately 1.5 miles south of U.S. Highway 62/180 at Milemarker No. 79.

DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 9, 1993
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 27-93 and 28-93 are tentatively set for September 23, 1993 and October 7, 1993. Applications for hearing must be filed at least 23 days in advance of hearing date.

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

CASE 10811: (This case will be continued to September 23, 1993.)

Application of Giant Exploration & Production Company for an unorthodox oil well location, Santa Fe County, New Mexico. Applicant seeks approval of an unorthodox oil well location 1300 feet from the South line and 1000 feet from the West line (Unit M) of Section 10, Township 20 North, Range 9 East, to test the Pennsylvanian formation. The SW/4 SW/4 of said Section 10 is to be dedicated to said well. Said well is located approximately 2 miles southwest of El Patrero, New Mexico.

CASE 10812: (This case will be continued to September 23, 1993.)

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

CASE 10800: (Continued from August 26, 1993, Examiner Hearing.)

Application of Merrion Oil & Gas Corporation for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Basin-Fruitland Coal (Gas) formation, underlying the E/2 of Section 26, Township 26 North, Range 13 West, forming a standard 320-acre coal gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to its Serendipity Well No. 1 to be recompleted at a standard coal gas well location 1650 feet from the South line and 2310 feet from the East line of said Section 26. Also to be considered will be the cost of recompleting said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in recompleting said well. Said well is located approximately 3 miles southeast of the Chaco Gas Plant.

CASE 10813: Application of Arco Oil & Gas Company for approval of the conversion of sixteen wells in the Empire Abo Unit to injection, Eddy County, New Mexico. Applicant seeks approval to convert sixteen wells to injection in the Empire Abo Unit which is located in portions of Townships 17 and 18 South, Ranges 27, 28 and 29 East. This unit is located approximately 6 to 12 miles east of Artesia, New Mexico.

CASE 10711: (Reopened)

In the matter of Case No. 10711 being reopened upon the application of Yates Petroleum Corporation for new injection well locations in the waterflood project approved for its Creek "AL" Federal Lease by Division Order No. R-9896, issued in Case 10711 on May 18, 1993. The Creek "AL" Federal Lease is located in the E/2 SE/4 of Section 23, the NW/4 SW/4 and S/2 S/2 of Section 24 and the NW/4 and E/2 NE/4 of Section 25, Township 18 South, Range 30 East, which is located approximately 6 miles east of Walters Lake.

CASE 10805: (Continued from August 26, 1993, Examiner Hearing.)

Application of Collins & Ware, Inc. for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant seeks approval of an unorthodox gas well location 710 feet from the South and East lines (Unit P) of Section 25, Township 23 South, Range 28 East, South Culebra Bluff-Atoka Gas Pool. In addition, the applicant seeks an exception to Division General Rule 104(c)(2) to allow the existing 320-acre gas spacing and proration unit comprising the S/2 of said Section 25 to be simultaneously dedicated in this pool to the proposed well and to the existing Ray "25" Well No. 1 located at a standard gas well location 897 feet from the South line and 1980 feet from the West line (Unit N) of said Section 25. Said unit is located approximately 3.5 miles east by southeast of Loving, New Mexico.

CASE 10814: Application of Collins & Ware, Inc. for a high angle/horizontal directional drilling pilot project and special operating rules therefor, Lea County, New Mexico. Applicant seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool, underlying the SW/4 SE/4 of Section 26, Township 14 South, Range 37 East. Applicant proposes to re-enter its S. & J. Operating T.D. Pope Well No. 14 at an orthodox surface location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 26, kick-off from vertical in a southeasterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of the proration unit, and for a special project allowable. Said project is located near Prairieview.

CASE 10815: Application of Collins & Ware, Inc. for a high angle/horizontal directional drilling pilot project and special operating rules therefor, Lea County, New Mexico. Applicant seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool, underlying the NE/4 NE/4 of Section 35, Township 14 South, Range 37 East. Applicant proposes to re-enter its S. & J. Operating, J.D. Pope Well No. 21 at an orthodox surface location 660 feet from the North and East lines (Unit A) of said Section 35, kick-off from vertical in a northeasterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of the proration unit, and for a special project allowable. Said project is located approximately 2 miles southeast of Prairieview.

CASE 10816: Application of Collins & Ware, Inc. for a high angle/horizontal directional drilling pilot project and special operating rules therefor, Lea County, New Mexico. Applicant seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool, underlying the NW/4 NW/4 of Section 36, Township 14 South, Range 37 East. Applicant proposes to re-enter its Polaris Pope Well No. 6 at an orthodox surface location 660 feet from the North line and 330 feet from the West line (Unit D) of said Section 36, kick-off from vertical in a southeasterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of the proration unit, and for a special project allowable. Said project is located approximately 2 miles southeast of Prairieview.

CASE 10772: (Continued from August 26, 1993, Examiner Hearing.)

Application of Barber Oil Inc. for salt water disposal, Eddy County, New Mexico. Applicant seeks authority to utilize its Stovall-Wood Well No. 5 located 880 feet from the North line and 1580 feet from the West line (Unit C) of Section 20, Township 20 South, Range 30 East, to dispose of produced salt water into the Rustler Lime formation through the perforated interval from approximately 195 feet to 255 feet. Said well is located 2 miles northeast of the National Potash Company Mine.

CASE 10766: (Continued from August 26, 1993, Examiner Hearing.)

Application of David H. Arrington Oil & Gas Inc. for an unorthodox gas well location and non-standard gas spacing unit, Lea County, New Mexico. Applicant seeks authorization to drill a well at an unorthodox location 1980 feet from the North line and 1650 feet from the West line (Unit F) of Section 11, Township 21 South, Range 36 East, Eumont Gas Pool. Applicant also seeks authority to dedicate a non-standard spacing unit comprised of the SE/4 NW/4, S/2 NE/4 and the NW/4 SE/4 of said Section 11 to said well. Said unit is located approximately 1 mile east of Oil Center, New Mexico.

CASE 10795: (Continued from August 26, 1993, Examiner Hearing.)

Application of David H. Arrington Oil & Gas Inc. for an unorthodox gas well location and a non-standard spacing unit, Lea County, New Mexico. Applicant seeks authorization to drill its Foster Well No. 3 in the Eumont Gas Pool at an unorthodox gas well location 330 feet from the South and East lines (Unit P) of Section 34, Township 19 South, Range 36 East, to be dedicated to a non-standard 160-acre gas proration unit comprising the S/2 S/2 of said Section 34. Said area is approximately 1 mile northwest of the Warren Gas Co. Compressor Station.

- CASE 10817:** Application of Meridian Oil Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the S/2 of Section 35, Township 17 South, Range 30 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Cedar Lake-Morrow Gas Pool. Said unit is to be dedicated to its Loco Hills "35" Federal Well No. 1 to be drilled and completed at a standard location within Unit J (NW/4 SE/4) of said Section 35. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 3 miles southeast of Loco Hills, New Mexico.
- CASE 10818:** Application of Petroleum Development Company for a short-radius horizontal directional drilling project area and special operating rules therefor, Chaves County, New Mexico. Applicant seeks authority to institute a short-radius horizontal directional drilling project in the Tomahawk-San Andres Pool on its Strange Federal Lease comprising the S/2 of Section 25, Township 7 South, Range 31 East. Initially the applicant proposes to utilize three existing wells on said lease, the No. 1, 2, and 3 wells located in Units "P", "O", and "J", respectively, of said Section 25 by kicking-off from vertical, build angle to approximately 90 degrees with a short-radius curve and continue drilling a horizontal drainhole in said pool. Applicant further seeks special rules and provisions within the project area including the designation of a prescribed area limiting the horizontal displacement of any drainhole in said project area to within 100 feet of the boundary circumventing the S/2 of said Section 25. Further, the applicant seeks the promulgation of special operating rules and procedures for said project area including provisions for administrative authorization of any further drainholes, the formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, and the assignment of a special oil allowable to units with horizontal wellbores or to assign a special project allowable for the area should it be deemed necessary. The center of said project area is located approximately 12 miles south by east of Kenna, New Mexico.
- CASE 10819:** Application of Petroleum Development Company for a short-radius horizontal directional drilling project area and special operating rules therefor, Roosevelt County, New Mexico. Applicant seeks authority to institute a short-radius horizontal directional drilling project in the Tomahawk-San Andres Pool on its Mountain Federal Lease comprising the NE/4 and E/2 NW/4 of Section 30, Township 7 South, Range 32 East. Initially the applicant proposes to utilize the existing Mountain Federal Well Nos. 4 and 5 located in Units "B" and "C", respectively, of said Section 30 by kicking-off from vertical, build angle to approximately 90 degrees with a short-radius curve and continue drilling a horizontal drainhole in said pool. Applicant further seeks special rules and provisions within the project area including the designation of a prescribed area limiting the horizontal displacement of any drainhole in said project area to within 100 feet of the boundary circumventing said project area as described above. Further, the applicant seeks the promulgation of special operating rules and procedures for said project area including provisions for administrative authorization of any further drainholes, the formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, and the assignment of a special oil allowable to units with horizontal wellbores or to assign a special project allowable for the area should it be deemed necessary. The center of said project area is located approximately 11.5 miles south-southeast of Kenna, New Mexico.
- CASE 10820:** Application of Petroleum Development Company for a high angle/horizontal directional drilling pilot project and for special operating rules therefor, Chaves County, New Mexico. Applicant seeks authority to initiate a short-radius high angle/horizontal directional drilling pilot project in the NW/4 NE/4 of Section 6, Township 8 South, Range 31 East, being a standard 40-acre oil spacing and proration unit in the Cato-San Andres Pool. The applicant proposes to utilize the previously plugged and abandoned Exxon Corporation Wattam Federal Well No. 1 located 660 feet from the North line and 1980 feet from the East line (Unit B) of said Section 6 by kick-off from vertical, build angle to approximately 90 degrees with a short radius curve and continue with a horizontal drainhole in said pool. Applicant further seeks special rules and provisions within the project area including the designation of a prescribed area limiting the horizontal displacement of the well's producing interval within 100 feet to the outer boundary of said 40-acre unit. Said project area is located approximately 13.5 miles south by west of Kenna, New Mexico.

CASE 10821: **Application of Petroleum Development Company for a short-radius horizontal directional drilling project area and special operating rules therefor, Chaves County, New Mexico.** Applicant seeks authority to institute a short-radius horizontal directional drilling project in the Tom Tom-San Andres Pool on a portion of its Wattam Federal Lease comprising Lots 2, 3, and 4, the E/2, SE/4 NW/4, and E/2 SW/4 of Section 7 and the S/2 NW/4 and SW/4 of Section 8, Township 8 South, Range 31 East. Initially the applicant proposes to utilize the existing Wattam Federal Well Nos. 2 and 6 located in Units "L" and "A", respectively, of said Section 7 by kicking-off from vertical, build angle to approximately 90 degrees with a short-radius curve and continue drilling a horizontal drainhole in said pool. Applicant further seeks special rules and provisions within the project area including the designation of a prescribed area limiting the horizontal displacement of any drainhole in said project area to within 100 feet of the boundary circumventing said project area as described above. Further, the applicant seeks the promulgation of special operating rules and procedures for said project area including provisions for administrative authorization of any further drainholes, the formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, and the assignment of a special oil allowable to units with horizontal wellbores or to assign a special project allowable for the area should it be deemed necessary. The center of said project area is located approximately 13 miles south by west of Kenna, New Mexico.

CASE 10687: (Continued from August 26, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 500 feet below the top of the San Andres formation to the base of the Morrow formation underlying the following described areas in Section 17, Township 18 South, Range 28 East, and in the following manner: the E/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent; and the SE/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent. Said unit is to be dedicated to its Illinois Camp "17" State Well No. 2, to be drilled at a standard location within said E/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2 miles north of Illinois Camp.

CASE 10688: (Continued from August 26, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Abo formation to the base of the Morrow formation underlying the following described areas in Section 31, Township 17 South, Range 28 East, and in the following manner: the S/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent; the SE/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and the SW/4 SE/4 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 its Chalk Bluff "31" State Well No. 1, to be drilled at a standard location within said S/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1 mile southwest of the Baylor Triangulation Station.

CASE 10822: **Application of Cross Timbers Operating Company for a waterflood project, Lea County, New Mexico.** Applicant seeks authority to convert its State "BY" Well No. 6, located 2310 feet from the South line and 430 feet from the East line (Unit D) of Section 32, Township 17 South, Range 33 East, and utilize said well for secondary recovery purposes for the applicant's State "BY" Lease by injecting produced and fresh water into the Grayburg formation through the perforated interval from approximately 4602 to 4708 feet. The applicant requests that the Division establish procedures for the administrative approval of additional injection wells on said lease without the necessity of further hearings, and the adoption of any other provisions necessary for such other matters as may be appropriate for said waterflood operations. Said well is located approximately 4 miles west-southwest of Buckeye, New Mexico.

CASE 10823: **Application of Nearburg Producing Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation, underlying the W/2 of Section 10, Township 22 South, Range 24 East, forming a standard 320-acre oil and 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 Indian Basin-Upper Pennsylvanian Associated Pool. Said unit is to be dedicated to a well to be drilled at an orthodox location within said W/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 12 miles west of Carlsbad, New Mexico.

CASE 10775: (Continued from July 29, 1993, examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox infill gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant seeks approval of an unorthodox well location 1980 feet from the South line and 660 feet from the East line (Unit D) of Section 1, Township 24 South, Range 28 East, Malaga-Atoka Gas Pool. Further, the applicant seeks an exception to Division General Rule 104.c(2) to allow the existing 320-acre gas spacing and proration unit comprising the S/2 of said Section 1 to be simultaneously dedicated in the Malaga-Atoka Gas Pool to the proposed well and to the existing Malaga Federal 1 Well No. 1 located at a standard gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 1. Said unit is located approximately 2 miles northeast of Malaga, New Mexico.

CASE 10824: **Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks approval to drill its Salt Draw 33 Fed. Well No. 1 at an unorthodox gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 33, Township 24 South, Range 28 East, to test the Atoka formation. The E/2 of said Section 33 will be dedicated to the well. Said well is located approximately 3 miles south of Malaga, New Mexico.

CASE 10513: (Continued from August 26, 1993, Examiner Hearing.)

Application of Hanley Petroleum Inc. for determination of reasonable well costs, Lea County, New Mexico. Applicant, in the above-styled cause, as a working interest owner in the Santa Fe Energy Operating Partners, L.P. Kachina "8" Federal Well No. 2 located 1830 feet from the North line and 660 feet from the West line (Unit E) of Section 8, Township 18 South, Range 33 East, South Corbin-Wolfcamp Pool, which was drilled pursuant to the compulsory pooling provisions of Division Order Nos. R-9480, R-9480-A, and R-9480-B, all entered in Case Nos. 10211 and 10219, and to which is dedicated the W/2 NW/4 (Units D and E) of said Section 8, seeks an order ascertaining the reasonableness of actual well costs for the subject well. Said unit is located approximately 7.5 miles southeast by south of Maljamar, New Mexico.

CASE 10825: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in 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 Northeast Avalon-Strawn Gas Pool. The discovery well is the Bravo Operating Co. Mesa Macho Well No. 1 located in Unit O of Section 24, Township 20 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 24: E/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the East Dark Canyon-Delaware Pool. The discovery well is the Dakota Resources Drag C Well No. 2 located in Unit O of Section 19, Township 23 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 19: SE/4

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

TOWNSHIP 8 SOUTH, RANGE 27 EAST, NMPM
Section 13: E/2 NW/4 and NW/4 NW/4

- (d) EXTEND the South Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 33: S/2

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

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 2: SE/4

- (f) EXTEND the East Chisum-San Andres Pool in Chaves County, New Mexico, to include therein:
TOWNSHIP 11 SOUTH, RANGE 28 EAST, NMPPM
Section 15: SW/4
- (g) EXTEND the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPPM
Section 34: S/2
- (h) EXTEND the Empire Yates-Seven Rivers Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPPM
Section 34: SE/4
- (i) EXTEND the Frontier Hills-Strawn Gas Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPPM
Section 22: S/2
- (j) EXTEND the Happy Valley-Delaware Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPPM
Section 33: NW/4 NW/4 and S/2 NW/4
- (k) EXTEND the Indian Basin-Morrow Gas Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPPM
Section 15: S/2
Section 22: All
- (l) EXTEND the Indian Basin-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPPM
Section 27: S/2
Section 24: All

TOWNSHIP 22 SOUTH, RANGE 24 EAST, NMPPM
Sections 3, 9, 10, 16: All
Section 17: E/2
- (m) EXTEND the Ingle Wells-Delaware Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPPM
Section 24: SW/4
Section 25: W/2
- (n) EXTEND the Los Medanos-Delaware Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPPM
Section 17: SW/4
- (o) EXTEND the East Loving-Brushy Canyon Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPPM
Section 9: NE/4

- (p) EXTEND the East Millman Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 6: NW/4

- (q) EXTEND the Penasco Draw-Permo Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM

Section 11: E/2

Section 14: N/2

- (r) EXTEND the West Sand Dunes-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 33: NE/4

DOCKET: EXAMINER HEARING - THURSDAY - JULY 29, 1993
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 23-93 and 24-93 are tentatively set for August 12, 1993 and August 26, 1993. Applications for hearing must be filed at least 23 days in advance of hearing date.

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

CASE 10774: Application of Santa Fe Energy Operating Partners, L. P. for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Thistle Unit Agreement for an area comprising 4,880 acres, more or less, of Federal and State lands in Sections 20, 21, 22, 27, 28, 29, 32, 33, and 34, Township 23 South, Range 33 East, which is centered approximately 4 miles north of mile marker 27 and State Highway 128.

CASE 10775: Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox infill gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant seeks approval of an unorthodox well location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 1, Township 24 South, Range 28 East, Malaga-Atoka Gas Pool. Further, the applicant seeks an exception to Division General Rule 104.c(2) to allow the existing 320-acre gas spacing and proration unit comprising the S/2 of said Section 1 to be simultaneously dedicated in the Malaga-Atoka Gas Pool to the proposed well and to the existing Malaga Federal 1 Well No. 1 located at a standard gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 1. Said unit is located approximately 2 miles northeast of Malaga, New Mexico.

CASE 10767: (Continued from July 15, 1993, Examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation underlying all of Section 5, Township 22 South, Range 24 East, forming 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. Said unit is to be dedicated to its reentry of the Discovery Operating Walt Canyon 5 Fed Well No. 1 at a standard location in said Section 5. Also to be considered will be the cost of reentering and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in reentering and completing said well. Said well is located approximately 2 miles south of the Tepee.

CASE 10768: (Readvertised)

Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation underlying all of Section 8, Township 22 South, Range 24 East, forming 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. Said unit is to be dedicated to a well drilled at an orthodox location in said Section 8. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said well is located approximately 3 miles south of the Tepee.

CASE 10759: (Continued from July 1, 1993, Examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L.P. 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 9, Township 24 South, Range 25 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent. Said unit is to be dedicated to its Mosley Canyon 9 State Com Well No. 1, to be drilled at an orthodox location within said N/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said well is located approximately 4 miles north of White City.

CASE 10760: (Continued from July 1, 1993, Examiner Hearing.)

Application of Breck Operating Corporation for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the W/2 of Section 20, Township 28 North, Range 10 West, forming a standard 320-acre gas spacing and proration unit for said pool developed within said vertical extent. Said unit is to be dedicated to its Kutz-Government Well No. 9, recompleted at an approved unorthodox location within said W/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said well is located approximately 5 miles southeast of Bloomfield, New Mexico.

CASE 10752: (Readvertised)

Application of Rand Oil and Gas, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Devonian formation or to a depth of 12,200 feet, whichever is deeper, underlying the E/2 NW/4 of Section 18, Township 17 South, Range 39 East, forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, which presently includes only the South Knowles-Devonian Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location 1980 feet from the North and West lines (Unit F) of said Section 18. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 3 miles east of Knowles, New Mexico.

CASE 10776: **Application of Drum Energy Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Blinberry formation, or 6200 feet, whichever is deeper, underlying the SW/4 of Section 35, Township 19 South, Range 38 East, forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, if the proposed well is a gas well, or the SE/4 SW/4 of said Section 35 forming a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent if the proposed well is an oil well. Said unit is to be dedicated to a well to be drilled at a standard location 1100 feet from the South line and 1980 feet from the West line in said Section 35. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said well is located approximately 1/2 mile south of Nadine, New Mexico.

CASE 10755: (Continued from July 1, 1993, Examiner Hearing.)

Application of Hal J. Rasmussen Operating, Inc. for unorthodox locations and simultaneous dedication, Lea County, New Mexico. Applicant seeks authorization to drill its Eaves A Well No. 18 - 160 feet from the North line and 2173 feet from the East line of Section 30; Eaves A Well No. 19 - 1414 feet from the South line and 3190 feet from the East line of Section 19; Eaves A Well No. 20 - 2570 feet from the South line and 3538 feet from the East line of Section 19; and, Eaves B Well No. 20 - 1414 feet from the South line and 429 feet from the East line of Section 30, all in Township 26 South, Range 37 East, Scarborough Yates-Seven Rivers Pool. Applicant further proposes to simultaneously dedicate the production from said wells with the production from wells on existing proration units. Said wells are located approximately 3 miles south of Bennett, New Mexico.

CASE 10756: (Continued from July 1, 1993, Examiner Hearing.)

Application of Hal J. Rasmussen Operating, Inc. for unorthodox locations and simultaneous dedication, Lea County, New Mexico. Applicant seeks authorization to drill its Sholes A Well No. 9 at an unorthodox location 1300 feet from the South line and 660 feet from the East line and its Sholes A Well No. 10 at an unorthodox location 1300 feet from the North line and 660 feet from the East line of Section 24, Township 25 South, Range 36 East, Jalmat Gas Pool. Applicant further proposes to simultaneously dedicate the production from said wells with the production from wells on existing proration units. Said wells are located approximately 1 mile west of Jal, New Mexico.

CASE 10717: (Continued from July 1, 1993, Examiner Hearing.)

Application of Davcro Inc. for salt water disposal, Lea County, New Mexico. Applicant seeks authority to re-enter the previously plugged and abandoned Cactus Drilling Corporation Sawyer Deep Well No. 1 located 330 feet from the South line and 2310 feet from the West line (Unit N) of Section 19, Township 9 South, Range 38 East, and utilize said well to dispose of produced salt water into the Sawyer-San Andres Associated Pool through the open-hole interval from approximately 5120 feet to 5600 feet. Said well is located approximately 4.5 miles east of Crossroads, New Mexico.

CASE 10749: (Continued from July 1, 1993, Examiner Hearing.)

Application of Devon Energy Corporation for pool creation and special pool rules, Eddy County, New Mexico. Applicant seeks the promulgation of special rules for the Ingle Wells-Delaware Pool located in portions of Sections 26 and 35 of Township 23 South, Range 31 East and in a portion of Section 2, Township 24 South, Range 31 East, including a provision for a gas-oil limitation of 5000 cubic feet of gas per barrel of oil. Said area is located approximately 2 miles west of mile marker 19 on highway 128.

CASE 10543: (Reopened)

Application of Yates Petroleum Corporation for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant seeks to reopen this matter to present new evidence to support its original application for an unorthodox gas well location for its Irish Hills "KW" State Well No. 3, located 660 feet from the North and East lines (Unit A) of Section 2, Township 19 South, Range 24 East, to test all formations and/or pools from the top of the Wolfcamp formation to the base of the Morrow formation which are spaced on 320-acre spacing. Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of said Section 2 are to be dedicated to said well forming a standard 321.08-acre gas spacing and proration unit. Further, the applicant seeks an exception to Division General Rule 104.C(2) to allow the N/2 equivalent of Section 2 to be simultaneously dedicated in the Penasco Draw-Permo Pennsylvanian Gas Pool to the proposed well and to the existing Irish Hills "KW" State Well No. 2 located at a standard location 1980 feet from the North and East lines (Unit G) of said Section 2. Said unit is located approximately 11.5 miles west by south of Seven Rivers, New Mexico.

CASE 10763: (Continued from July 15, 1993, Examiner Hearing.)

Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Sanmal Queen Unit Agreement for an area comprising 440 acres, more or less, of State land in Sections 1 and 12, Township 17 South, Range 33 East, which is centered approximately 3 miles north of Buckeye, New Mexico.

CASE 10764: (Continued from July 15, 1993, Examiner Hearing.)

Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Saffron Unit Agreement for an area comprising 1,396.01 acres, more or less, of Federal and State lands in Sections 1, 2 and 3 of Township 23 South, Range 32 East, which is located approximately 24 miles west of Eunice, New Mexico.

CASE 10777: **Application of Texaco Exploration and Production, Inc. for special pool rules, Lea County, New Mexico.** Applicant seeks the promulgation of special rules and regulations for the North Teague-Ellenburger Pool including a provision for a special depth bracket allowable of 700 barrels of oil per day. Said pool is located in Township 23 South, Range 37 East, located 1 1/2 miles northeast of the United Carbon Co. Harkness Plant.

CASE 10778: **Application of Conoco Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor and an unorthodox producing interval, San Juan County, New Mexico.** Applicant seeks authority to initiate a high angle/horizontal directional drilling pilot project in the Basin Fruitland Coal Gas Pool, with special operating rules, including the designation of a prescribed area limiting the surface location and the horizontal displacement of the wellbore such that its surface location and producing interval be no closer than 790 feet to the outer boundary of its spacing unit being a standard 320-acre spacing unit consisting of the E/2 of Section 21, Township 29 North, Range 8 West. Said project area is located approximately 5 miles southwest of Navajo City, New Mexico.

CASE 10779: Application of Phillips Petroleum Company to qualify five portions of its East Vacuum Grayburg-San Andres Unit Pressure Maintenance Project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act", Lea County, New Mexico. Applicant seeks an order pursuant to the rules and procedures for qualification of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate, as promulgated by Division Order R-9708, qualifying five portions of its East Vacuum Grayburg-San Andres Unit Pressure Maintenance Project and located in various parts of the NW/4 of Section 5, Township 18 South, Range 35 East, and in Sections 32, 33, and 34, Township 17 South, Range 35 East, San Andres formation of the Vacuum Grayburg-San Andres Pool, for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Applicant further seeks authority to expand these portions of said project by means of a significant change in the process. Said project area is located approximately 14 miles east of Humble City, New Mexico.

CASE 10780: Application of Marathon Oil Company for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant seeks approval of an unorthodox well location in the Basin Fruitland Coal Gas Pool for its proposed Bolack Well No. 9-3 to be drilled at an unorthodox well location 790 feet from the North line and 1710 feet from the West line (Unit C) of Section 9, Township 27 North, Range 11 West. Said well is to be dedicated to a 320-acre spacing unit consisting of the W/2 of Section 9. Said unit is located approximately 9 miles south of Bloomfield, New Mexico.

CASE 10781: Application of Marathon Oil Company for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant seeks approval of an unorthodox well location in the Basin Fruitland Coal Gas Pool for its proposed Schwerdtfeger Well No. 17-2 to be drilled at an unorthodox well location 1605 feet from the South line and 1135 feet from the East line (Unit D) of Section 17, Township 27 North, Range 11 West. Said well is to be dedicated to a 320-acre spacing unit consisting of the E/2 of Section 17. Said unit is located approximately 9 miles south of Bloomfield, New Mexico.

CASE 10782: Application of Marathon Oil Company for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant seeks approval of an unorthodox well location in the Basin Fruitland Coal Gas Pool for its proposed Bolack Well No. 9-4 to be drilled at an unorthodox well location 1700 feet from the South line and 1100 feet from the East line (Unit D) of Section 9, Township 27 North, Range 11 West. Said well is to be dedicated to a 320-acre spacing unit consisting of the E/2 of Section 9. Said unit is located approximately 9 miles south of Bloomfield, New Mexico.

CASE 10783: In the matter of the hearing called by the Oil Conservation Division upon its own motion for an order creating, redesignating, and extending vertical and horizontal limits of 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 Bibrey-Delaware Pool. The discovery well is the Manzano Oil Corporation Anderson Well No. 1 located in Unit L of Section 35, Township 21 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 35: SW/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the North Diamondtail-Atoka Gas Pool. The discovery well is the Pogo Producing Company Red Tank 34 Federal Well No. 1 located in Unit B of Section 34, Township 22 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 34: N/2

- (c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the Eight Mile Draw-Abo Pool. The discovery well is the Yates Petroleum Corporation Internorth ADG State Well No. 1 located in Unit A of Section 25, Township 11 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM
Section 25: NE/4

- (d) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the Northwest Jenkins-Atoka Gas Pool. The discovery well is the Bright & Company Apache Well No. 1 located in Unit E of Section 5, Township 9 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMPM
Section 5: N/2

- (e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the North Legg-Delaware Pool. The discovery well is the Mitchell Energy Corporation Comanche 17 State well No. 2 located in Unit H of Section 17, Township 21 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 33 EAST, NMPM

Section 17: NE/4

- (f) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for the Wolfcamp production and designated as the East Lovington-Wolfcamp Pool. The discovery well is the Nearburg Producing Company Western 17F State Well No. 1 located in Unit F of Section 17, Township 16 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 17: NW/4

- (g) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the South Pearl-San Andres Pool. The discovery well is the Manzano Oil Corporation Sims State Well No. 1 located in Unit M of Section 12, Township 20 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM

Section 12: SW/4

- (h) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Glorieta and Paddock production and designated as the Southwest Teague Glorieta-Upper Paddock Pool. The discovery well is the Texaco Exploration & Production Inc. B. F. Harrison B. Well No. 8 located in Unit D of Section 9, Township 23 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 9: NW/4

- (i) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Mid Vacuum-Bone Spring Pool. The discovery well is the Yates Petroleum Corporation Nowata AGR State Well No. 1 located in Unit P of Section 9, Township 18 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM

Section 9: SE/4

- (j) EXTEND the vertical limits of the West Blinebry Pool in Lea County, New Mexico, to include the Lower Paddock formation.

- (k) EXTEND the vertical limits of the Cline-Blinebry Pool in Lea County, New Mexico, to include the Lower Paddock formation and redesignate the Cline-Blinebry Pool as the Cline Lower Paddock-Blinebry Pool.

- (l) EXTEND the vertical limits of the North Teague-Blinebry Gas Pool in Lea County, New Mexico, to include the Lower Paddock formation and redesignate the North Teague-Blinebry Gas Pool as the North Teague Lower Paddock-Blinebry Gas Pool.

- (m) Reclassify the West Nadine-Blinebry Pool in Lea County, New Mexico, as the West Nadine Paddock-Blinebry Pool.

- (n) EXTEND the Allison-Pennsylvanian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 37 EAST, NMPM

Section 17: SW/4

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

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM

Section 6: E/2 and SW/4

Section 7: NW/4

- (p) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 7: SE/4
Section 18: NE/4
- (q) EXTEND the Northwest Bootleg Ridge-Delaware Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 11: E/2 and SW/4
- (r) EXTEND the Buffalo-Yates Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 2: SE/4
- (s) EXTEND the South Corbin-Morrow Gas Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 20: NE/4
- (t) EXTEND the South Corbin-Wolfcamp Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 8: NE/4
- (u) EXTEND the Diamondtail-Delaware Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 11: NW/4
- (v) EXTEND the Fairview Mills-Wolfcamp Gas Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 25 SOUTH, RANGE 34 EAST, NMPM
Section 3: S/2
- (w) EXTEND the South Fowler-Tubb Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM
Section 23: NW/4
- (x) EXTEND the Geronimo-Delaware Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 30: SW/4
- (y) EXTEND the Hat Mesa-Delaware Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM
Section 32: N/2 and SW/4
- (z) EXTEND the Northeast Jenkins-Devonian Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM
Section 20: NE/4

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

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 15: SE/4
Section 16: NW/4
Section 17: SW/4
Section 18: E/2

- (bb) EXTEND the West Lovington-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM

Section 1: Lots 1, 2, 3, 4, 5, 6, 7 and 8

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 32: NW/4

- (dd) EXTEND the Midway-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM

Section 8: SE/4

- (ee) EXTEND the Pearl-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM

Section 26: S/2

- (ff) EXTEND the Pearsall-Seven Rivers Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM

Section 31: NE/4

- (gg) EXTEND the Pitchfork Ranch-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM

Section 1: N/2

- (hh) EXTEND the Quail Ridge-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM

Section 3: SE/4

- (ii) EXTEND the Quail Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM

Section 32: SW/4

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM

Section 6: SE/4

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 26: NW/4

- (kk) EXTEND the Red Tank-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 25: SW/4
Section 26: W/2
Section 36: NW/4

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

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 23: S/2
Section 26: W/2
Section 27: SE/4
Section 28: E/2

- (mm) EXTEND the Teague-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 34: W/2

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 3: NW/4

- (nn) EXTEND the Tonto-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM

Section 21: N/2

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

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 1: NW/4

- (pp) EXTEND the South Tonto Yates-Seven Rivers Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM

Section 31: NE/4

- (qq) EXTEND the Tres Papalotes-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM

Section 32: NE/4

- (rr) EXTEND the Vacuum-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 1: W/2

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM

Section 6: NW/4 and SE/4

- (ss) EXTEND the Young-Grayburg Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 8: S/2

CASE 10784: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Chaves and Eddy Counties, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the West Bear Grass Draw-Atoka Gas Pool. The discovery well is the Amoco Production Co. Empire South Deep Unit Well No. 6 located in Unit P of Section 1, Township 18 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 1: S/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the North Brushy Draw-Delaware Pool. The discovery well is the Southwest Royalties North Brushy Draw 35 Federal Well No. 1 located in Unit G of Section 35, Township 25 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM

Section 35: NE/4

Section 36: W/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Southeast Carlsbad-Wolfcamp Gas Pool. The discovery well is the Collins and Ware, Inc. Happy Valley Federal Com Well No. 1 located in Unit G of Section 28, Township 22 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM

Section 28: N/2

- (d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the East Cedar Lake-Morrow Gas Pool. The discovery well is the Texaco Exploration and Production, Inc. Dow "B" 33 Federal Well No. 1 located in Unit J of Section 33, Township 17 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM

Section 33: E/2

- (e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Crooked Creek-Atoka Gas Pool. The discovery well is the Yates Petroleum Corp. Lechuguilla Canyon AJ Federal Well No. 1 located in Unit O of Section 8, Township 24 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM

Section 8: S/2

- (f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the North Hoag Tank-Strawn Gas Pool. The discovery well is the Yates Petroleum Corp. Rancherita AMH State Com Well No. 1 located in Unit N of Section 8, Township 19 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM

Section 8: S/2

- (g) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Illinois Camp-Bone Spring Pool. The discovery well is the Mewbourne Oil Co. Turkey Track "15" State Well No. 1 located in Unit E of Section 15, Township 18 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 15: W/2

- (h) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the South Indian Basin-Upper Pennsylvanian Gas Pool. The discovery well is the Yates Petroleum Corp. Bandana Federal Unit Well No. 1 located in Unit H of Section 20, Township 22 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 24 EAST, NMPM

Section 20: E/2

- (i) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated the South Leo-Wolfcamp Pool. The discovery well is the Yates Petroleum Corp. Benson Deep Federal ET Com Well No. 1 located in Unit B of Section 33, Township 18 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 33: NE/4

- (j) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Southeast Quahada Ridge-Delaware Pool. The discovery well is the Enron Oil and Gas James Ranch Unit Well No. 19 located in Unit J of Section 36, Township 22 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM

Section 36: SE/4

- (k) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware (Brushy Canyon) production and designated as the Red Bluff-Brushy Canyon Pool. The discovery well is the Yates Petroleum Corp. Flower AGA State Well No. 1 located in Unit I of Section 3, Township 26 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 28 EAST, NMPM

Section 3: SE/4

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

TOWNSHIP 8 SOUTH, RANGE 27 EAST, NMPM

Section 11: SE/4

Section 12: SW/4

Section 14: NE/4

- (m) EXTEND the East Burton Flat-Strawn Gas Pool in Eddy County, New Mexico, to include therein;

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 2: N/2

- (n) EXTEND the Cabin Lake-Delaware Pool in Eddy County, New Mexico, to include therein;

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM

Section 1: SE/4

- (o) EXTEND the East Catclaw Draw-Delaware Pool in Eddy County, New Mexico, to include therein;

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 16: NW/4

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

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 35: N/2

- (q) EXTEND the Coyote-Queen Pool in Chaves County, New Mexico, to include therein;
TOWNSHIP 11 SOUTH, RANGE 27 EAST, NMPM
Section 20: SW/4
- (r) EXTEND the North Dagger Strawn-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein;
TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 21: SW/4
- (s) EXTEND the Eagle Creek-Permo Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein;
TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
Section 15: S/2
Section 16: S/2
- (t) EXTEND the Esperanza-Delaware Pool in Eddy County, New Mexico, to include therein;
TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 10: S/2
Section 15: W/2
- (u) EXTEND the South Golden Lane-Delaware Pool in Eddy County, New Mexico, to include therein;
TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 8: SE/4
- (v) EXTEND the Grayburg Jackson-Seven Rivers-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein;
TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 17: NE/4
- (w) EXTEND the Greenwood-Bone Spring Pool in Eddy County, New Mexico, to include therein;
TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 12: NW/4
- (x) EXTEND the East Herradura Bend-Delaware Pool in Eddy County, New Mexico, to include therein;
TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 25: SW/4
TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 2: SE/4
- (y) EXTEND the North Illinois Camp-Morrow Gas Pool in Eddy County, New Mexico, to include therein;
TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 36: S/2
- (z) EXTEND the Ingle Wells-Delaware Pool in Eddy County, New Mexico, to include therein;
TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 26: N/2 and SE/4
Section 35: NE/4

- (aa) EXTEND the Los Medanos-Delaware Pool in Eddy County, New Mexico, to include therein;
TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 17: SE/4
- (bb) EXTEND the Los Medanos-Morrow Gas Pool in Eddy County, New Mexico, to include therein;
TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM
Section 36: All
- (cc) EXTEND the South Loving-Delaware Pool in Eddy County, New Mexico, to include therein;
TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 16: NW/4
- (dd) EXTEND the Nash Draw Cherry Canyon Pool in Eddy County, New Mexico, to include therein;
TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM
Section 12: S/2
- (ee) EXTEND the South Pecos Slope-Abo Gas Pool in Chaves County, New Mexico, to include therein;
TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM
Section 6: NE/4
- (ff) EXTEND the Pine Lodge-Abo Gas Pool in Chaves County, New Mexico, to include therein;
TOWNSHIP 9 SOUTH, RANGE 22 EAST, NMPM
Section 7: SE/4
Section 18: E/2 and SW/4
- (gg) EXTEND the Race Track-Devonian Pool in Chaves County, New Mexico, to include therein;
TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM
Section 13: NE/4
- (hh) EXTEND the East Red Lake-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein;
TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 27: N/2
- (ii) EXTEND the West Sand Dunes-Delaware Pool in Eddy County, New Mexico, to include therein;
TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 20: SE/4
Section 21: SW/4
Section 28: E/2
Section 33: NW/4
TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM
Section 5: NW/4
- (jj) EXTEND the Walters Lake-Bone Spring Pool in Eddy County, New Mexico, to include therein;
TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
Section 2: SE/4