

**DOCKET: EXAMINER HEARING - THURSDAY - APRIL 20, 1995**

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

Dockets Nos 13-95 and 14-95 are tentatively set for May 4, 1995 and May 18, 1995. 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 11202:** (Continued from February 16, 1995, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit Billy R. Wilson Robinson Brothers Drilling (Company), Inc., operator, The Travelers Indemnity Company, surety, and all other interested parties to appear and show cause why the State "A" Well No. 1 (API No. 30-015-02331), located 660 feet from the South and West lines (Unit M) of Section 36, Township 19 South, Range 28 East, Eddy County, New Mexico (which is approximately 8 miles southeast by south of the old Illinois Production Camp), 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.

**CASE 11252:** In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit Stevens Operating Corporation, operator, American Employers Insurance, surety, and all other interested parties to appear and show cause why the Marjohn State Well No. 1 (API No. 30-005-00380), located 660 feet from the North and East lines (Unit A) of Section 11, Township 13 South, Range 28 East, Chaves County, New Mexico (which is approximately 15 miles east-northeast of Hagerman, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Should the operator fail to properly plug said wells, the Division should then be authorized to take such action as is deemed necessary to have both wells properly plugged and abandoned and to direct the operator to pay the costs of such plugging.

**CASE 11253:** In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit Charles W. Harle, operator, American Manufacturers Mutual Insurance Company, surety, and all other interested parties to appear and show cause why the Zimmerman Well No. 1, located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 35, Township 10 South, Range 25 East, Chaves County, New Mexico (which is approximately 8 miles east of Roswell, 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 said well properly plugged and abandoned and to direct the operator to pay the costs of such plugging.

**CASE 11254:** In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit Charles W. Harle, operator, American Manufacturers Mutual Insurance Company, surety, and all other interested parties to appear and show cause why the Zimmerman Well No. 2, located 1650 feet from the North line and 1980 feet from the West line (Unit F) of Section 35, Township 10 South, Range 25 East, Chaves County, New Mexico (which is approximately 8 miles east of Roswell, 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 said well properly plugged and abandoned and to direct the operator to pay the costs of such plugging.

**CASE 11255:** In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit Charles W. Harle, operator, American Employers' Insurance Company, surety, and all other interested parties to appear and show cause why the Christopher Well No. 1 (API No. 30-005-60591), located 330 feet from the North line and 2310 feet from the East line (Unit B) of Section 32, Township 6 South, Range 26 East, Chaves County, New Mexico (which is approximately 15.5 miles west-northwest of Elkins, 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 said well properly plugged and abandoned and to direct the operator to pay the costs of such plugging.

**CASE 11256:** In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, Otis H. Sanders, and all other interested parties to appear and show cause why the Thigpen, et al Well No. 1-Y (API No. 30-015-22933), located 1800 feet from the North line and 1980 feet from the West line (Unit F) of Section 7, Township 16 South, Range 25 East, Eddy County, New Mexico (which is approximately 7.25 miles northwest by north of the Artesia, New Mexico Municipal Airport), should not be plugged and abandoned in accordance with a Division-approved plugging program. Additionally, should the operator fail to properly plug said well, 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 covering this well and authorizing the Director of the Division to make demand upon Sunwest Bank at Roswell, 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 said well.

**CASE 11257:** In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, A. L. Dawsey, and all other interested parties to appear and show cause why the El Vado Well No. 1 (API No. 30-039-24054), located 610 feet from the South line and 2000 feet from the West line (Unit N) of Section 11, Township 27 North, Range 1 East, as projected into the unsurveyed Tierra Amarilla Land Grant, Rio Arriba County, New Mexico (which is approximately 5.5 miles northwest of El Vado, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Additionally, should the operator fail to properly plug said well, 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 covering this well and authorizing the Director of the Division to make demand upon the First Security Bank, formerly First National Bank in Albuquerque, 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 said well.

**CASE 11258:** In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, A. L. Dawsey, and all other interested parties to appear and show cause why the El Vado Well No. 2 (API No. 30-039-24055), located 1770 feet from the South line and 970 feet from the East line (Unit I) of Section 11, Township 27 North, Range 1 East, as projected into the unsurveyed Tierra Amarilla Land Grant, Rio Arriba County, New Mexico (which is approximately 5 miles northwest of El Vado, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Additionally, should the operator fail to properly plug said well, 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 covering this well and authorizing the Director of the Division to make demand upon the First Security Bank, formerly First National Bank in Albuquerque, 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 said well.

**CASE 11259:** **Application of Chevron U.S.A. Inc. for an unorthodox gas well location, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval for its W. T. McComack Well No. 18, formerly the Central Drinkard Unit Well No. 428, (API No. 30-025-26447) to be recompleted to the Tubb Oil and Gas Pool at an unorthodox gas well location 210 feet from the North line and 2390 feet from the East line (Unit B) of Section 32, Township 21 South, Range 37 East, the NE/4 of said Section 32 is to be dedicated to said well to form a standard 160-acre gas spacing and proration unit for said pool. Said unit is located approximately one mile west of Eunice, New Mexico. IN THE ABSENCE OF OBJECTION THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.

**CASE 11260:** **Application of Santa Fe Energy Resources, Inc. for a unit agreement, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval of the Abe Unit Agreement for an area comprising 3,200 acres, more or less, of State and Fee lands in Sections 21, 22, 27, 28, and 29, Township 21 South, Range 33 East. Said unit area is centered approximately 24 miles West-Northwest of Eunice, New Mexico.

**CASE 11191:** (Continued from March 16, 1995, Examiner Hearing.)

**Application of Great Western Drilling Company for an unorthodox gas well location, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its existing Glenn Cleveland Well No. 1 located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 7, Township 15 South, Range 35 East, in order to test and recomplete this well in the Morrow formation. The E/2 of said Section 7 to be dedicated to said well to form a standard 320-acre gas spacing and proration unit. Said unit is located approximately 7 miles northwest of Lovington, New Mexico.

**CASE 11261:** **Application of Marathon Oil Company for an additional high angle/horizontal wellbore and to amend Division Order No. R-10082-A, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks to amend Division Order No. R-10082-A to authorize the applicant to utilize the existing J. M. Denton Well No. 5 located in Unit "N" of Section 11, Township 15 South, Range 37 East, by kicking-off from vertical, build angle to approximately 90 degrees with a short-radius curve and continue drilling a horizontal drainhole within its "high angle/horizontal directional drilling project" in the Denton-Devonian Pool, currently comprising the SW/4, N/2 SE/4 and SE/4 SE/4 of said Section 11. Applicant further seeks the designation of a target window for said well such that the horizontal or producing portion of said wellbore shall be no closer than 330 feet to the outer boundary of said project area, the creation and formation of an oversized and irregularly shaped spacing and proration unit to accommodate said wellbore, and the assignment of a special oil allowable for such non-standard oil proration unit. Said project area is located approximately 4.5 miles south-southeast of Prairieview, New Mexico.

**CASE 11262:** **Application of Texaco Exploration and Production, Inc. for special pool rules, Lea County, New Mexico.** Applicant in the above-styled cause, seeks an order promulgating special rules and regulations for the South Sand Dunes-Bone Spring Pool including a provision for a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil. Said pool currently comprises portions of Sections 29, 30, 31, and 32, of Township 23 South, Range 32 East, and is located on the Lea/Eddy County line approximately 2 miles north of State Highway No. 128.

**CASE 11224:** Continued from March 16, 1995, Examiner Hearing.

**Application of Southeastern Petroleum, Inc. for compulsory pooling, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the following described acreage in Section 28, Township 16 South, Range 37 East, and in the following manner: the W/2 SW/4 thereby forming a standard 80-acre oil spacing and proration unit for any and all pools developed on 80-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated West Knowles-Drinkard Pool and the Undesignated West Casey-Strawn Pool; and the SW/4 SW/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 which presently includes but is not necessarily limited to the Lovington-Grayburg San Andres Pool, Undesignated Lovington-Paddock Pool, Lovington-Abo Pool, and the Undesignated East Lovington-Upper Pennsylvanian (Cisco and Canyon formations) Pool. Said units are to be dedicated to the plugged and abandoned Shell Oil Company Home Stake Well No. 1 (T.D. - 12,125 feet), located at a standard oil well location 660 feet from the South and West lines (Unit M) of said Section 28. Also to be considered will be the costs of re-entering and the recompletion of 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 the re-entry of said well. The location of this wellbore is approximately 7 miles north-northwest of Humble City, New Mexico.

**CASE 11263:** **Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the NE/4 of Section 21, Township 19 South, Range 25 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the North Dagger Draw Upper-Pennsylvanian Pool. Said unit is to be dedicated to its Ross "EG" Federal Com Well No. 14 to be drilled at a standard location in the NW/4 NE/4 (Unit B) of said Section 21. 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 unit, and a charge for risk involved in drilling and completing said well. Said unit is located approximately 6.25 miles west by north of Lakewood, New Mexico.

**CASE 11232:** (Continued from April 6, 1995, Examiner Hearing.)

**Application of Nearburg Exploration Company for compulsory pooling, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the NE/4 of Section 24, Township 19 South, Range 25 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated North Dagger Draw Upper-Pennsylvanian Pool. Said unit is to be dedicated to its Fairchild "24" Well No. 2 to be drilled at a standard location in the NW/4 NE/4 (Unit B) of said Section 24. 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 Nearburg Producing Company as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 4 miles west-northwest of Lakewood, New Mexico.

**CASE 11264:** **Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the NE/4 of Section 24, Township 19 South, Range 25 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated North Dagger Draw Upper-Pennsylvanian Pool. Said unit is to be dedicated to its Fairchild "24" Well No. 2 to be drilled at a standard location in the NW/4 NE/4 (Unit B) of said Section 24. 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 unit, and a charge for risk involved in drilling and completing said well. Said unit is located approximately 4 miles west-northwest of Lakewood, New Mexico.

**ASE 11265:** **Application of Nearburg Exploration Company for compulsory pooling, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the NE/4 of Section 21, Township 19 South, Range 25 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the North Dagger Draw Upper-Pennsylvanian Pool. Said unit is to be dedicated to its Alto "21" Well No. 1 to be drilled at a standard location in the NW/4 NE/4 (Unit B) of said Section 21. 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 Nearburg Producing Company as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 6.25 miles west by north of Lakewood, New Mexico.

**CASE 11266:** **Application of Nearburg Exploration Company for compulsory pooling, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, underlying the following described acreage in Section 32, Township 17 South, Range 27 East, and in the following manner: the N/2 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 which presently includes but is not necessarily limited to the Undesignated Jennings Spring-Wolfcamp Gas Pool, Undesignated Logan Draw-Cisco/Canyon Gas Pool, Undesignated Red Lake-Pennsylvanian Gas Pool, Undesignated West Logan Draw-Morrow Gas Pool, and Undesignated Logan Draw-Morrow Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and the NW/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 which presently includes but is not necessarily limited to the Undesignated Red Lake Queen-Grayburg-San Andres Pool, Undesignated Empire-Abo Pool, and Undesignated Chalk Bluff-Wolfcamp Pool. Said units are to be dedicated to a single well to be drilled and completed at a standard location in Unit "3" 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 Nearburg Producing Company as the operator of the well, and a charge for risk involved in drilling said well. Said well location is approximately 2.5 miles south of Riverside, New Mexico.

**CASE 11267:** **Application of Arch Petroleum Inc. for special pool rules, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order promulgating special rules and regulations for the Justis-Fusselman Pool including a provision for a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil. Said pool currently comprises all or portions of Sections 13, 24, 25, and 36, of Township 25 South, Range 37 East, and portions of Sections 30 and 31, of Township 25 South, Range 38 East and is located approximately 5 miles east of Jal, New Mexico.

**CASE 11268:** **Application of Mack Energy Corporation for compulsory pooling, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Drinkard formation, underlying the NE/4 NW/4 (Unit C) of Section 27, Township 16 South, Range 38 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 which presently includes but is not necessarily limited to the Undesignated Garrett-San Andres Pool, Undesignated Garrett-Drinkard Pool, and Undesignated East Garrett-Drinkard Pool. Said unit is to be dedicated to either the plugged and abandoned Texas Oil Company Gotlieb Ertel Well No. 1, located at a standard oil well location 660 feet from the North line and 1980 feet, more or less, from the West line of said Section 27, in which the applicant proposes to re-enter, OR IN THE ALTERNATIVE, to a new well to be drilled at a standard oil well location thereon. Also to be considered will be the costs of re-entering and the recompletion of said plugged well or drilling and completing a new 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 unit and subsequent well, and a charge for the risk involved in the re-entry of said plugged well or in drilling a new well. Said unit is located approximately 4 miles north of Knowles, New Mexico.

**CASE 11269:** **Application of Amerada Hess Corporation for pool creation, the promulgation of special pool rules, assignment of an appropriate oil allowable, and for an unorthodox oil well location, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Ellenburger formation underlying all of Section 5, Township 23 South, Range 34 East (being approximately 20.5 miles west-southwest of Eunice, New Mexico) and for the promulgation of special rules and regulations therefor including provisions for 640-acre oil spacing and proration units, designated well location requirements, and for the assignment of an appropriate poolwide depth bracket oil allowable. Applicant further seeks approval of an unorthodox oil well location in this newly created Ellenburger oil pool for its North Bell Federal Well No. 2 (API No. 30-025-32672), located 1100 feet from the South line and 1500 feet from the West line (Unit N) of said Section 5, all of said Section 5 to be dedicated to said well thereby forming a 640.28-acre oil spacing and proration unit.

**CASE 11270:** **Application of Maralo, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of Section 3, Township 19 South, Range 28 East, thereby forming a 320.90-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Millman-Wolfcamp Gas Pool, Undesignated Millman-Atoka Gas Pool, Undesignated North Turkey Track-Atoka Gas Pool, and Undesignated Millman-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and unit, and a charge for risk involved in drilling and completing said well. Said unit is located approximately 3 miles east-southeast of the old Illinois Oil Camp.

**CASE 11271:** **Application of Medallion Production Company for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Atoka formation, underlying the following described acreage in Section 31, Township 16 South, Range 35 East, and in the following manner: the E/2 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 which presently includes but is not necessarily limited to the Undesignated North Vacuum Atoka-Morrow Gas Pool and Undesignated Shoe Bar-Atoka Gas Pool; the SE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; the W/2 SE/4 to form a standard 80-acre oil spacing and proration unit for any and all pools developed on 80-acre spacing within said vertical extent which presently includes only the Undesignated North Vacuum-Abo Pool; and the SW/4 SE/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 which presently includes but is not necessarily limited to the Undesignated Vacuum-Grayburg San Andres Pool and Undesignated Northeast Vacuum-Wolfcamp Pool. Said units are to be dedicated to a single well to be drilled 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 31 being a standard well location for 40, 80, and 160-acre spacing and proration units but an unorthodox gas well location for a 320-acre spacing 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 well location is approximately 5 miles north of Buckeye, New Mexico.

**CASE 11227:** **Continued from March 16, 1995, Examiner Hearing.**

**Application of PermOK Oil, Inc. for a non-standard gas proration unit, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval to establish a non-standard 80-acre gas spacing and proration unit in the Undesignated Rhodes Yates-Seven Rivers Gas Pool comprising the N/2 NW/4 of Section 23, Township 26 South, Range 37 East, being approximately 6.5 miles southeast by south of Jal, New Mexico. Said unit is to be dedicated to its proposed Leonard Brothers "A" Federal Well No. 2 to be drilled at a standard gas well location 660 feet from the North and West lines (Unit D) of said Section 23.

**CASE 11194:** **(Continued from April 6, 1995, Examiner Hearing.)**

**Application of Charles B. Gillespie, Jr. for a pressure maintenance project and qualification for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act", Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval to institute a pressure maintenance project in the designated and Undesignated West Lovington-Strawn Pool within its proposed West Lovington Strawn Unit Area (being the subject of Case No. 11195) located in portions of Townships 15 and 16 South, Ranges 35 and 36 East, by the injection of natural gas through the perforated interval from approximately 11,424 feet to 11,434 feet into its existing Speight Fee Well No. 1 located 660 feet from the North line and 2310 feet from the West line (Lot 3/Unit C) of Section 1, Township 16 South, Range 35 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 4.5 miles west-northwest of Lovington, New Mexico.

**CASE 11195:** **(Continued from April 6, 1995, Examiner Hearing.)**

**Application of Charles B. Gillespie, Jr. for statutory unitization, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a pressure maintenance project, all mineral interests in the designated and Undesignated West Lovington-Strawn Pool underlying its proposed West Lovington Strawn Unit Area encompassing some 1457.05-acres, more or less, of Federal, State, and Fee lands comprising all of Section 33 and the W/2 of Section 34 of Township 15 South, Range 35 East, a portion of Section 1, Township 16 South, Range 35 East, and a portion of Section 6, Township 16 South, Range 36 East. Among the matters to be considered at the hearing, pursuant to the "New Mexico Statutory Unitization Act", Sections 70-7-1 et. seq., NMSA, will be the necessity of unit operations; the designation of a unit operator; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable and equitable allocation of production and costs of production, including capital investments, to each of the various tracts in the unit area; the determination of credits and changes to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to unit voting procedures, selection, removal or substitution of the unit operator, and time of commencement and termination of unit operations. Said unit area is centered approximately 4.5 miles West-Northwest of Lovington, New Mexico.

**CASE 11243:** (Continued from April 6, 1995, Examiner Hearing.)

**Application of Amoco Production Company for compulsory pooling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs format underlying the following described acreage in Section 12, Township 29 North, Range 13 West, and in the following manner: the W/2 thereby forming a standard 320-acre gas spacing and proration unit for any and all pools developed on 320-acre spacing within said vertical extent which presently includes only the Basin-Fruitland Coal (Gas) Pool; and the SW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated West Kutz-Fruitland Sand Pool and Undesignated West Kutz-Pictured Cliffs Pool. Said units are to be dedicated to a single well (the proposed Burnham Gas Com "B" Well No. 1) to be drilled at a standard gas well location in the SW/4 of said Section 12. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 2.5 miles east-northeast of Farmington, New Mexico.

**CASE 11244:** (Continued from April 6, 1995, Examiner Hearing.)

**Application of Amoco Production Company for compulsory pooling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs format underlying the NW/4 of Section 12, Township 29 North, Range 13 West, thereby 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 which presently includes but is not necessarily limited to the Undesignated West Kutz-Fruitland Sand Pool and Undesignated West Kutz-Pictured Cliffs Pool. Said unit is to be dedicated to a single well (the proposed Burnham Gas Com "A" Well No. 1) to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2.5 miles east-northeast of Farmington, New Mexico.

**CASE 11247:** (Continued from April 6, 1995, Examiner Hearing.)

**Application of Richardson Operating Co. for compulsory pooling, downhole commingling and an unorthodox gas well location, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated West Kutz-Pictured Cliffs Pool underlying the SW/4 of Section 12, Township 29 North, Range 13 West, and all mineral interests in the Basin-Fruitland Coal (Gas) Pool, underlying the W/2 of said Section 12, thereby forming a standard 160-acre and 320-acre gas spacing and proration unit for both pools, respectively. Said units are to be dedicated to a single well, the proposed ROPCO Federal "12" Well No. 3, which is to be drilled at a potential unorthodox gas well location within 200 feet of a point 870 feet from the South line and 1180 feet from the West line of said Section 12. Applicant further seeks authorization to commingle Undesignated West Kutz-Pictured Cliffs Pool production with gas production from the Basin-Fruitland Coal (Gas) Pool within the wellbore of said well. Also to be considered will be the cost of participation in said well, including but not limited to the costs of drilling, completing and equipping, with the inclusion of a risk factor penalty and the allocation of those costs and income therefor as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well. Said well is located approximately 2.5 miles east-northeast of Farmington, New Mexico.

**CASE 11245:** (Continued from April 6, 1995, Examiner Hearing.)

**Application of Amoco Production Company for compulsory pooling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated West Kutz-Pictured Cliffs Pool underlying the NE/4 of Section 14, Township 29 North, Range 13 West, thereby forming a standard 160-acre gas spacing and proration unit. Said unit is to be dedicated to the Roberts Well No. 1 to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said area is located approximately 1.5 miles east of Farmington, New Mexico.

**CASE 11248:** (Continued from April 6, 1995, Examiner Hearing.)

**Application of Bahlburg Exploration, Inc. for directional drilling and unorthodox oil well locations, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authority to re-enter the plugged and abandoned Manzano Oil Corporation Kim Harris Well No. 2, located 600 feet from the North line and 797 feet from the East line (Unit A) of Section 12, Township 16 South, Range 36 East, wherein the applicant proposes to kick-off from the vertical portion of the wellbore in a northerly direction to within 50 feet of the following targeted locations (both of which are unorthodox):

- in the Northeast Lovington-Wolfcamp Pool, 300 feet from the North line and 797 feet from the East line of said Section 12, the NE/4 NE/4 to be dedicated to this interval to form a standard 40-acre oil proration unit; and,
- in the Undesignated Northeast Lovington-Pennsylvanian Pool, 50 feet from the North line and 797 feet from the East line of said Section 12, the N/2 NE/4 to be dedicated to form a standard 80-acre oil proration unit.

Said well is located approximately 3 miles east of Lovington, New Mexico.

**CASE 11272:** 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 Rio Arriba, Sandoval, and San Juan Counties, New Mexico.

- (a) CREATE a new pool in Rio Arriba County, New Mexico, classified as an oil pool for Mancos production and designated as the Dike Rock-Mancos Oil Pool. The discovery well is the Enre Corporation Leavry Canyon 18 I Well No. 1 located in Unit I of Section 18, Township 27 North, Range 2 West, NMPM. Said pool would comprise:

TOWNSHIP 27 NORTH, RANGE 2 WEST, NMPM

Section 18: NE/4 SE/4

(Paragraph (b) will be dismissed.)

- (b) CREATE a new pool in Rio Arriba County, New Mexico, classified as an oil pool for Gallup production and designated as the Ensenada-Gallup Oil Pool. The discovery well is the Meridian Oil Inc. Klein Well No. 28E located in Unit C of Section 33, Township 26 North, Range 6 West, NMPM. Said pool would comprise:

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM

Section 33: NW/4

- (c) CREATE a new pool in San Juan County, New Mexico, classified as an oil pool for Gallup production and designated as the Greek-Gallup Oil Pool. The discovery well is the Dugan Production Corporation Pole's Paradise Well No. 2 located in Unit K of Section 9, Township 30 North, Range 14 West, NMPM. Said pool would comprise:

TOWNSHIP 30 NORTH, RANGE 14 WEST, NMPM

Section 9: NW/4 SW/4

- (d) EXTEND the BS Mesa-Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 5 WEST, NMPM

Section 2: SW/4

- (e) EXTEND the Ballard-Pictured Cliffs Pool in Rio Arriba, San Juan, and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM

Section 7: SW/4

Section 18: W/2

- (f) EXTEND the Bisti-Chacra Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 22 NORTH, RANGE 9 WEST, NMPM

Section 1: N/2 and SW/4

TOWNSHIP 23 NORTH, RANGE 9 WEST, NMPM

Section 36: SW/4

- (g) EXTEND the Blanco-Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM

Section 19: N/2  
Section 20: SW/4  
Section 29: W/2  
Section 32: All

- (h) EXTEND the Cha Cha-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 14 WEST, NMPM

Section 23: N/2 SW/4

- (i) EXTEND the Fulcher Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 12 WEST, NMPM

Section 27: SE/4  
Section 35: SE/4

- (j) EXTEND the West Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 11 WEST, NMPM

Section 11: SE/4  
Section 14: NE/4

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM

Section 20: E/2  
Section 21: W/2

TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM

Section 12: NE/4

- (k) EXTEND the Otero-Chacra Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 9 WEST, NMPM

Section 13: SW/4  
Section 24: W/2  
Section 25: NW/4

- (l) EXTEND the West Puerto Chiquito-Mancos Oil Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 2 WEST, NMPM

Sections 1 and 2: All

- (m) EXTEND the Rusty-Chacra Pool in Sandoval County, New Mexico, to include therein:

TOWNSHIP 22 NORTH, RANGE 7 WEST, NMPM

Section 5: SW/4  
Section 6: S/2 and NE/4  
Section 7: NE/4  
Sections 8 and 9: All  
Section 15: N/2 and SW/4  
Section 16: All  
Section 17: N/2  
Section 21: NW/4  
Section 22: NW/4

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

TOWNSHIP 27 NORTH, RANGE 3 WEST, NMPM

Section 19: SE/4

TOWNSHIP 28 NORTH, RANGE 5 WEST, NMPM

Section 15: SW/4

Section 22: S/2 and NW/4

Section 23: S/2

Section 26: N/2

Section 27: N/2

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DOCKET NO. 12-95

DOCKET: COMMISSION HEARING - THURSDAY - APRIL 27, 1995

9:00 A.M. - 2040 SOUTH PACHECO

SANTA FE, NEW MEXICO

**CASE 11273:** In the matter of the application of the Oil Conservation Division on its own motion for an order adopting rules to implement the recently passed Production Restoration Incentive and Workover Severance Tax Exemption Act (HB 65). The New Mexico Oil Conservation Division seeks an order adopting rules setting forth the procedures to implement the provisions of this Act providing for the qualification of projects and the certification for the "Production Restoration or Workover Tax Rate". Evidence and testimony will not be taken at this time but a Committee will be appointed to produce a preliminary draft of rules for the Commission to consider at a later date.

**CASE 11274:** **Application of Meridian Oil Inc. to establish a statewide administrative procedure for approval of high angle/horizontal directional drilling projects in the State of New Mexico.** Applicant, in the above-styled cause, seeks the establishment of a new rule or an amended Rule 111 of the Oil Conservation Division Rules and Regulations establishing a statewide administrative procedure for approval of high angle/horizontal directional drilling projects in the State of New Mexico without the necessity of holding a hearing.

**CASE 10280: De Novo**

In the matter of the Case No. 10280 being reopened pursuant to the provisions of Division Order Nos. R-9594 and R-9594-A, which orders promulgated temporary special rules and regulations for the Milnesand-Abo Pool in Lea and Roosevelt Counties, New Mexico, including a provision for 80-acre spacing. Operators in the subject pool may appear and show cause why said special pool rules should not be rescinded and why the Milnesand-Abo Pool should not be developed on other than 40-acre spacing and proration units. Upon the application of Petroleum Production Management, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

**SUPPLEMENT TO DOCKET NO. 11-95  
EXAMINER HEARING**

**CASE 11213: (Continued from April 6, 1995, Examiner Hearing.)**

**Application of Maralo, Inc. for compulsory pooling and an unorthodox oil well location, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Devonian formation, underlying the NW/4 NE/4 (Unit B) of Section 20, Township 13 South, Range 38 East, forming a standard 40-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at an unorthodox oil well location 350 feet from the North line and 1500 feet from the East line 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 6.25 miles southeast by south of Gladiola, New Mexico.

**CASE 11246: (Continued from April 6, 1995, Examiner Hearing.)**

**Application of Richardson Operating Company for compulsory pooling and an unorthodox gas well location, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated West Kutz-Pictured Cliffs Pool underlying the NW/4 of Section 12, Township 29 North, Range 13 West, thereby forming a standard 160-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a single well (the proposed ROPCO Fee "12" Well No. 4) to be drilled at a non-standard gas well location within 200 feet of a point 147 feet from the North line and 1500 feet from the West line of said Section 12. 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 2.5 miles east-northeast of Farmington, New Mexico.

**ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**

Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

RETURNED TO SENDER  
ADDRESS UNKNOWN  
INITIALS \_\_\_\_\_



~~Stevens Operating Corporation  
P.O. Box 2408  
Roswell, New Mexico 88202~~

07010102

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

June 20, 1995

Stevens Operating Corporation  
P. O. Box 2408  
Roswell, New Mexico 88202

**RE: CASE NO. 11252  
ORDER NO. R-10397**

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

  
Sally E. Martinez  
Administrative Secretary

cc: BLM Roswell  
Rand Carroll - OCD  
Ned Kendrick

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

CASE NO. 11252  
ORDER NO. R-10397

**IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION ON ITS OWN MOTION TO PERMIT STEVENS OPERATING CORPORATION, OPERATOR, AND AMERICAN EMPLOYERS INSURANCE, SURETY, AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE MARJOHN STATE WELL NO.1 (API NO. 30-005-00380), LOCATED 660 FEET FROM THE NORTH LINE AND EAST LINES (UNIT A) OF SECTION 11, TOWNSHIP 13 SOUTH, RANGE 28 EAST, NMPM, CHAVES COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A DIVISION-APPROVED PLUGGING PROGRAM.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 18, 1995 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 20th day of June, 1995, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) Stevens Operating Corporation was the last known owner and operator of the Marjohn State Well No. 1 (API No. 30-005-00380), located 660 feet from the North and East lines (Unit A) of Section 11, Township 13 South, Range 28 East, NMPM, Chaves County, New Mexico.
- (3) According to Division records, the Marjohn State Well No. 1 was drilled in 1959 by Intex Oil Company to a total depth of approximately 8,850 feet. Thirteen and 3/8-inch surface casing was set at 40 feet and cemented with 25 sacks, and an

intermediate string of eight and 5/8-inch casing was set at 1,912 feet and cemented with 600 sacks. The remaining seven and 7/8-inch hole drilled from 1,912 feet to total depth was apparently never cased. The subject well was unproductive of any hydrocarbons and was plugged and abandoned in January, 1960.

(4) The subject well was acquired by Stevens Operating Corporation sometime prior to 1991. The operator made application to the Division for directional drilling and unorthodox bottomhole location which was subsequently approved by Division Order R-9486 issued on April 2, 1991.

(5) The operator submitted an application for permit to drill on Division Form C-101, indicating its intent to re-enter the well. The proposal on this form stated that after an evaluation of geological data determined from well logs, a decision would be made to complete the well, plug and abandon it or, drill a side track hole pursuant to Division Order R-9486.

(6) During re-entry operations, an equipment failure resulted in 1,071 feet of drill pipe being lost in the hole. The top of the fish was located at approximately 7210 feet. The pipe string was never recovered, a wellhead assembly was installed at the surface and the well was shut-in.

(7) September 24, 1991, Stevens Operating Corporation filed an intent to plug and abandon the Marjohn State Well No. 1, on Division Form C-103. The plugging procedure was approved by the District II Office of the Division.

(8) The subject well was never plugged by Stevens Operating Corporation.

(9) American Employers Insurance Company is the surety on a \$50,000.00 blanket plugging bond on which Stevens Operating Corporation is principle.

(10) The current condition of the Marjohn State Well No. 1 is such that if action is not taken to properly plug and abandon this well, waste may occur, correlative rights may be violated, and/or fresh water may be contaminated.

(11) According to the testimony presented Stevens Operating Corporation is in a state of bankruptcy.

(12) American Employers Insurance Company was represented by legal counsel at the hearing, who requests that their company, or agents thereof, be allowed a period

of sixty days to attempt to solicit interested parties and possibly transfer ownership of the subject well.

(13) In the event a new owner/operator of the subject well is not secured in the prescribed time period, the Supervisor of the Division's Artesia District Office should be authorized to direct the commencement of plugging operations on the subject well.

IT IS THEREFORE ORDERED THAT:

(1) The Stevens Operating Corporation Marjohn State Well No. 1 (API No. 30-005-00380), located 660 feet from the North and East lines (Unit A) of Section 11, Township 13 South, Range 28 East, NMPM, Chaves County, New Mexico, shall be plugged and abandoned in accordance with a program approved by the Artesia District Office of the New Mexico Oil Conservation Division as soon as possible.

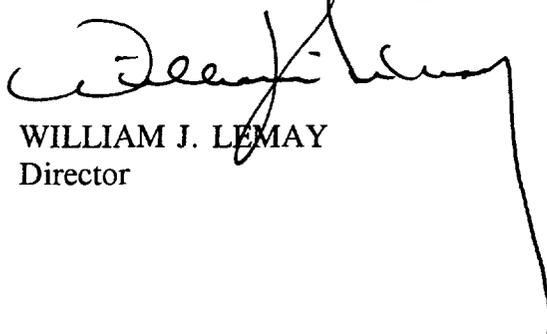
(2) No action will be taken for a period of sixty days from the day and year of the issuance of this order, to allow American Employers Insurance Company, or agents thereof, ample time to transfer ownership of the subject well to a prudent operator authorized to operate in the State of New Mexico, for subsequent completion or plugging and abandonment of the well.

(3) In the event a new owner/operator of the subject well is not secured or the well is not plugged in the prescribed time period, the Division shall plug the Marjohn State Well No. 1 and foreclose upon the bond issued by American Employers Insurance Company in the amount of the actual cost of plugging the subject well.

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY  
Director

S E A L

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

CASE NO. 11252  
ORDER NO. R-10397

**IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION ON ITS OWN MOTION TO PERMIT STEVENS OPERATING CORPORATION, OPERATOR, AND AMERICAN EMPLOYERS INSURANCE, SURETY, AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE MARJOHN STATE WELL NO.1 (API NO. 30-005-00380), LOCATED 660 FEET FROM THE NORTH LINE AND EAST LINES (UNIT A) OF SECTION 11, TOWNSHIP 13 SOUTH, RANGE 28 EAST, NMPM, CHAVES COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A DIVISION-APPROVED PLUGGING PROGRAM.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 18, 1995 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 20th day of June, 1995, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) Stevens Operating Corporation was the last known owner and operator of the Marjohn State Well No. 1 (API No. 30-005-00380), located 660 feet from the North and East lines (Unit A) of Section 11, Township 13 South, Range 28 East, NMPM, Chaves County, New Mexico.
- (3) According to Division records, the Marjohn State Well No. 1 was drilled in 1959 by Intex Oil Company to a total depth of approximately 8,850 feet. Thirteen and 3/8-inch surface casing was set at 40 feet and cemented with 25 sacks, and an

intermediate string of eight and 5/8-inch casing was set at 1,912 feet and cemented with 600 sacks. The remaining seven and 7/8-inch hole drilled from 1,912 feet to total depth was apparently never cased. The subject well was unproductive of any hydrocarbons and was plugged and abandoned in January, 1960.

(4) The subject well was acquired by Stevens Operating Corporation sometime prior to 1991. The operator made application to the Division for directional drilling and unorthodox bottomhole location which was subsequently approved by Division Order R-9486 issued on April 2, 1991.

(5) The operator submitted an application for permit to drill on Division Form C-101, indicating its intent to re-enter the well. The proposal on this form stated that after an evaluation of geological data determined from well logs, a decision would be made to complete the well, plug and abandon it or, drill a side track hole pursuant to Division Order R-9486.

(6) During re-entry operations, an equipment failure resulted in 1,071 feet of drill pipe being lost in the hole. The top of the fish was located at approximately 7210 feet. The pipe string was never recovered, a wellhead assembly was installed at the surface and the well was shut-in.

(7) September 24, 1991, Stevens Operating Corporation filed an intent to plug and abandon the Marjohn State Well No. 1, on Division Form C-103. The plugging procedure was approved by the District II Office of the Division.

(8) The subject well was never plugged by Stevens Operating Corporation.

(9) American Employers Insurance Company is the surety on a \$50,000.00 blanket plugging bond on which Stevens Operating Corporation is principle.

(10) The current condition of the Marjohn State Well No. 1 is such that if action is not taken to properly plug and abandon this well, waste may occur, correlative rights may be violated, and/or fresh water may be contaminated.

(11) According to the testimony presented Stevens Operating Corporation is in a state of bankruptcy.

(12) American Employers Insurance Company was represented by legal counsel at the hearing, who requests that their company, or agents thereof, be allowed a period

of sixty days to attempt to solicit interested parties and possibly transfer ownership of the subject well.

(13) In the event a new owner/operator of the subject well is not secured in the prescribed time period, the Supervisor of the Division's Artesia District Office should be authorized to direct the commencement of plugging operations on the subject well.

IT IS THEREFORE ORDERED THAT:

(1) The Stevens Operating Corporation Marjohn State Well No. 1 (API No. 30-005-00380), located 660 feet from the North and East lines (Unit A) of Section 11, Township 13 South, Range 28 East, NMPM, Chaves County, New Mexico, shall be plugged and abandoned in accordance with a program approved by the Artesia District Office of the New Mexico Oil Conservation Division as soon as possible.

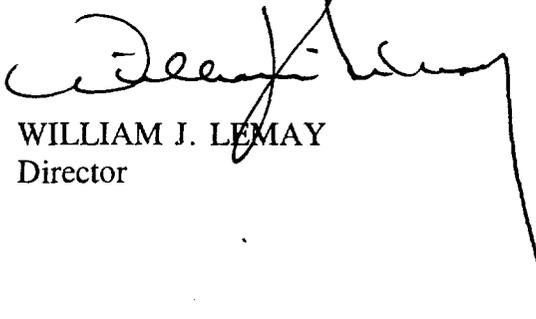
(2) No action will be taken for a period of sixty days from the day and year of the issuance of this order, to allow American Employers Insurance Company, or agents thereof, ample time to transfer ownership of the subject well to a prudent operator authorized to operate in the State of New Mexico, for subsequent completion or plugging and abandonment of the well.

(3) In the event a new owner/operator of the subject well is not secured or the well is not plugged in the prescribed time period, the Division shall plug the Marjohn State Well No. 1 and foreclose upon the bond issued by American Employers Insurance Company in the amount of the actual cost of plugging the subject well.

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY  
Director

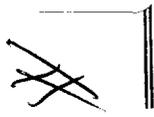
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**ENERGY MINERAL S AND NATURAL RESOURCES DEPARTMENT**

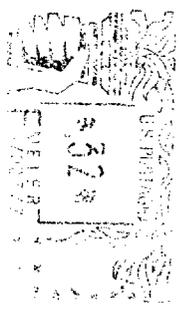
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DIL-088 875042028 1A94 07/05/95  
NOTIFY SENDER OF NEW ADDRESS  
: OIL CONSERVATION DIV-EMNRD  
2040 S PACHECO ST  
SANTA FE NM 87505-5472



TO: SENDER  
INITIALS



1852



~~Stevens Operating Company  
P. O. Box 2408  
Roswell, NM 88202~~

540000-2408



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**Receipt for  
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City, State and ZIP Code <b>ROSWELL, NM 88202</b>	
Postage	\$
Certified Fee	
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P.S. Form 3800, March 1993



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 S. PACHECO  
SANTA FE, NEW MEXICO 87505  
(505) 827-7131

April 20, 1995

**CERTIFIED - RETURN  
RECEIPT REQUESTED**

Stevens Operating Corporation  
PO Box 2408  
Roswell, New Mexico 88202

American Employers' Insurance  
One Beacon Street  
Boston, Ma. 02108

American Employers' Insurance  
c/o ITT Hartford  
PO Box 3615  
San Francisco, Ca. 94119-9971  
Attn: Patricia Melvin

Re: Marjohn State Well No. 1, located in Unit A of Sec. 11, Township 13  
South, Range 28 East, Chaves County; Plugging Bond AR-71396 61.

Gentlemen:

Enclosed is a copy of the docket of the Examiner Hearing to be held on Thursday, May 18, 1995, at 8:15 a.m. in the Oil Conservation Division Hearing Room, 2040 S. Pacheco, Santa Fe, New Mexico. Case 11252 concerns the above-captioned subject matter.

Sincerely,

A handwritten signature in black ink that reads "Rand Carroll".

RAND CARROLL  
Legal Counsel

**DOCKET: EXAMINER HEARING - THURSDAY - MAY 18, 1995**

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

Dockets Nos 16-95 and 17-95 are tentatively set for June 1, 1995 and June 15, 1995. Applications for hearing must be filed at least 23 days in advance of hearing date. Please note, the Examiner Hearing schedule for June 29, 1995 will be held in Hobbs, New Mexico - actual location not yet determined. The following cases will be heard by an Examiner:

**CASE 11252** (Continued from April 20, 1995, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit Stevens Operating Corporation, operator, American Employers Insurance, surety, and all other interested parties to appear and show cause why the Marjohn State Well No. 1 (API No. 30-005-00380), located 660 feet from the North and East lines (Unit A) of Section 11, Township 13 South, Range 28 East, Chaves County, New Mexico (which is approximately 15 miles east-northeast of Hagerman, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Should the operator fail to properly plug said wells, the Division should then be authorized to take such action as is deemed necessary to have both wells properly plugged and abandoned and to direct the operator to pay the costs of such plugging.

**CASE 11253**: (Continued from April 20, 1995, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit Charles W. Harle, operator, American Manufacturers Mutual Insurance Company, surety, and all other interested parties to appear and show cause why the Zimmerman Well No. 1, located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 35, Township 10 South, Range 25 East, Chaves County, New Mexico (which is approximately 8 miles east of Roswell, 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 said well properly plugged and abandoned and to direct the operator to pay the costs of such plugging.

**CASE 11254**: (Continued from April 20, 1995, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit Charles W. Harle, operator, American Manufacturers Mutual Insurance Company, surety, and all other interested parties to appear and show cause why the Zimmerman Well No. 2, located 1650 feet from the North line and 1980 feet from the West line (Unit F) of Section 35, Township 10 South, Range 25 East, Chaves County, New Mexico (which is approximately 8 miles east of Roswell, 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 said well properly plugged and abandoned and to direct the operator to pay the costs of such plugging.

**CASE 11255**: (Continued from April 20, 1995, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit Charles W. Harle, operator, American Employers' Insurance Company, surety, and all other interested parties to appear and show cause why the Christopher Well No. 1 (API No. 30-005-60591), located 330 feet from the North line and 2310 feet from the East line (Unit B) of Section 32, Township 6 South, Range 26 East, Chaves County, New Mexico (which is approximately 15.5 miles west-northwest of Elkins, 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 said well properly plugged and abandoned and to direct the operator to pay the costs of such plugging.

**CASE 11256**: (Continued from April 18, 1995, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, Otis H. Sanders, and all other interested parties to appear and show cause why the Thigpen, et al Well No. 1-Y (API No. 30-015-22933), located 1800 feet from the North line and 1980 feet from the West line (Unit F) of Section 7, Township 16 South, Range 25 East, Eddy County, New Mexico (which is approximately 7.25 miles northwest by north of the Artesia, New Mexico Municipal Airport), should not be plugged and abandoned in accordance with a Division-approved plugging program. Additionally, should the operator fail to properly plug said well, 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 covering this well and authorizing the Director of the Division to make demand upon Sunwest Bank at Roswell, 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 said well.

**CASE 11257:** (Continued from April 20, 1995, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, A. L. Dawsey, and all other interested parties to appear and show cause why the El Vado Well No. 1 (API No. 30-039-24055), located 610 feet from the South line and 2000 feet from the West line (Unit N) of Section 11, Township 27 North, Range 1 East, as projected into the unsurveyed Tierra Amarilla Land Grant, Rio Arriba County, New Mexico (which is approximately 5.5 miles northwest of El Vado, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Additionally, should the operator fail to properly plug said well, 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 covering this well and authorizing the Director of the Division to make demand upon the First Security Bank, formerly First National Bank in Albuquerque, 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 said well.

**CASE 11258:** (Continued from April 20, 1995, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, A. L. Dawsey, and all other interested parties to appear and show cause why the El Vado Well No. 2 (API No. 30-039-24053), located 1770 feet from the South line and 970 feet from the East line (Unit I) of Section 11, Township 27 North, Range 1 East, as projected into the unsurveyed Tierra Amarilla Land Grant, Rio Arriba County, New Mexico (which is approximately 5 miles northwest of El Vado, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Additionally, should the operator fail to properly plug said well, 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 covering this well and authorizing the Director of the Division to make demand upon the First Security Bank, formerly First National Bank in Albuquerque, 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 said well.

State of New Mexico  
**ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT**

2040 South Pacheco  
P.O. Box 6429  
Santa Fe, New Mexico 87506-6429

Fold at line over top of envelope to the  
right of the return address

**CERTIFIED**

Z 765 962 340

**MAIL**

RETURN RECEIPT REQUESTED

65202-2403

Stevens Operating Corporation  
P. O. Box 2408  
Roswell, New Mexico 88202

STATION TO STATION  
INITIALS  
FORWARDING ORDER EXPIRED

ALBUQUERQUE  
PM  
27 APR 1995  
SANTA FE  
27 APR 1995  
N. MEX.

**RECEIVED**  
MAY - 9 1995  
OIL CONSERVATION DIVISION

U.S. POSTAGE  
2573  
METER  
970277

Name \_\_\_\_\_ 5-6  
First Notice \_\_\_\_\_  
Second Notice \_\_\_\_\_  
Return \_\_\_\_\_ 5-21

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

**3. Article Addressed to:**

**STEVENS OPERATING CORP  
PO BOX 2408  
MOSWELL, NM 88202**

**4a. Article Number**

**Z 765 962 340**

**4b. Service Type**

- Registered
- Certified
- Insured
- COD
- Express Mail
- Return Receipt for Merchandise

**7. Date of Delivery**

**5. Signature (Addressee)**

**6. Signature (Agent)**

**8. Addressee's Address (Only if requested and fee is paid)**

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

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