

CASE 11641: (Readvertised)

Application of ARCO Permian, a Division of Atlantic Richfield Company for compulsory pooling and unorthodox well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the W/2, in all formations developed on 160-acre spacing underlying the SW/4, in all formations developed on 80-acre spacing underlying the S/2 SW/4, and in all formations developed on 40-acre spacing underlying the SE/4 SW/4, from the surface to the base of the Atoka formation, of Section 34, Township 17 South, Range 28 East. Said units are to be dedicated to its Galileo 34 State Com Well No. 1 which will be drilled at an unorthodox location 1017 feet from the South line and 1379 feet from the West line (Unit N) of said Section 34 to a depth sufficient to test all formations to the base of the Morrow formation, Undesignated South Empire-Morrow Gas Pool. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 14 miles east-southeast of Artesia, New Mexico.

CASE 11634: (Continued from November 7, 1996, Examiner Hearing.)

Application of InterCoast Oil and Gas Company for compulsory pooling and unorthodox well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests for all formations developed on 320-acre spacing in the N/2 of Section 20, Township 20 South, Range 28 East, from the surface to the base of the Morrow formation, Burton Flat-Morrow Gas Pool. Said unit is to be dedicated to its InterCoast State 20 Well No. 1 which will be drilled at an unorthodox location 990 feet from the North line and 990 feet from the East line (Unit A) 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 10 miles east-southeast of Lakewood, New Mexico.

CASE 11657: **Application of InterCoast Oil & Gas Company 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 S/2 of Section 21, Township 18 South, Range 28 East 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; the SW/4 forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing; the N/2 SW/4 forming a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing; and the NE/4 SW/4 forming a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing. Applicant proposes to dedicate this pooled unit to its Illinois Camp State Well No. 21-1 to be drilled to the Morrow formation, North Illinois Camp- Morrow Gas Pool, at a standard location 1980 feet from the South line and 1650 feet from the West line (Unit K) 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 a charge for risk involved in drilling and completing said well. Said area is located approximately 12 miles east-southeast of Atoka, New Mexico.

CASE 11658: **Application of Collins & Ware, Inc. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation, Blinbry Oil and Gas Pool, Undesignated DK-Drinkard Pool, and Undesignated DK-Abo Pool, underlying the NE/4 SW/4 of Section 24, Township 20 South, Range 38 East. Applicant proposes to dedicate this pooled unit to a well to be drilled at a standard location in 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 a charge for risk involved in drilling and completing said well. Said area is located approximately 5 miles south-southeast of Nadine, New Mexico.

CASE 11562: (Continued from November 7, 1996, Examiner Hearing.)

Application of Shahara Oil Corporation for statutory unitization, Lea County, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests from the surface of the ground to a lower limit of 5500 feet below the surface of those lands underlying its proposed Shahara State 16 Unit Area encompassing some 320 acres, more or less, of state lands comprising the W/2 of Section 16, Township 17 South, Range 33 East. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable and equitable allocation of production and costs of production, including capital investments, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to unit voting procedures, selection, removal or substitution of the unit operator, and time of commencement and termination of unit operations. Said unit area is located approximately 6 miles east-southeast of Maljamar, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 21, 1996

8:15 AM - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 35-96 and 36-96 are tentatively set for December 5, 1996 and December 19, 1996. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11650: (Continued from November 7, 1996, Examiner Hearing.)

Application of Texaco Exploration & Production Inc. for amendment of Division Order No. R-5530, as amended, to authorize a tertiary recovery project by the injection of carbon dioxide in its Central Vacuum Unit Pressure Maintenance Project Area, and to qualify this project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval to institute a tertiary recovery project in its Central Vacuum Unit Pressure Maintenance Project Area by the injection of carbon dioxide into the Grayburg and San Andres formations in the Vacuum-Grayburg-San Andres Pool. The Central Vacuum Unit Pressure Maintenance Project encompasses portions of Sections 25 and 36 of Township 17 South, Range 34 East; Sections 30 and 31 of Township 17 South, Range 35 East; Section 12 of Township 18 South, Range 34 East; and Sections 6 and 7 of Township 18 South, Range 35 East. Applicant also seeks to increase the approved surface injection pressure for carbon dioxide injection in this project area to 1500 pounds. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said unit is located approximately 2 miles south of Buckeye, New Mexico.

CASE 11656: Application of Texaco Exploration and Production, Inc. for compulsory pooling, a high angle/horizontal directional drilling pilot project, and special operating rules therefor, Lea County, New Mexico. Applicant seeks to establish a high angle/horizontal directional drilling pilot project in the Rhodes-Yates Seven Rivers Gas Pool within a standard 160-acre gas spacing and proration unit comprising the SW/4 of Section 23, Township 26 South, Range 37 East, whereby the extent of the wellbore for its proposed Rhodes "23" Federal Com Well No. 1 is to be limited to a target window no closer than 660 feet to any boundary of the project area/proration unit. Further, the applicant seeks an order pooling all mineral interests within the Rhodes-Yates Seven Rivers Gas Pool underlying the aforementioned 160-acre project area/proration unit. Also to be considered will be the cost of drilling and completing the Rhodes "23" Federal Com Well No. 1 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 5 miles south-southwest of Jal, New Mexico.

CASE 11652: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Trick State Unit Agreement for an area comprising 7,040.00 acres, more or less, of State and Fee lands in Sections 13 and 24, of Township 22 South, Range 34 East, and Sections 8, 9, 16, 17, 18, 19, 20, 21, 28, 29, 30, of Township 22 South, Range 35 East, which is located approximately 9 miles southwest of Oil Center, New Mexico.

CASE 11653: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Treat State Unit Agreement for an area comprising 1,920.00 acres, more or less, of State and Fee lands in Sections 26, 27, and 34 of Township 21 South, Range 35 East, which is located approximately 5 miles southwest of Oil Center, New Mexico.

CASE 11654: Application of Penwell Energy, Inc. for pool extension and special pool rules, Eddy County, New Mexico. Applicant seeks to extend the horizontal limits of the Cedar Canyon-Bone Spring Pool to include an additional 1,640 acres, more or less, of all or portions of Sections 10, 11, 14, and 15, Township 24 South, Range 29 East, and the promulgation of special rules therefor including a provision for a gas-oil ratio limitation of 6,000 cubic feet of gas per barrel of oil. Said area is located approximately 7 miles east of Malaga, New Mexico.

CASE 11655: Application of Maralo, Inc. for a non-standard gas proration unit and an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval to establish a non-standard gas spacing and proration unit in the Undesignated West Reeves-Queen Gas Pool comprising the S/2 NW/4 and N/2 SW/4 of Section 16, Township 18 South, Range 35 East, being approximately 5 miles southeast by south of Buckeye, New Mexico. Said unit is to be dedicated to its existing Maralo SV "16" State Well No. 1 (API No. 30-025-29347) located at an unorthodox gas well location 1748 feet from the South line and ~42 feet from the West line (Unit L) of said Section 16.

CASE 11648: Application of Mewbourne Oil Company for compulsory pooling, a non-standard spacing unit and an unorthodox well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the S/2 in the Eumont Gas Pool and in all formations developed on 160-acre spacing underlying the SW/4, and in all formations developed on 80-acre spacing underlying the S/2 SW/4, from the surface to the base of the Yates-Seven Rivers-Queen formation, Eumont Gas Pool, of Section 21, Township 19 South, Range 37 East. Said units are to be dedicated to its Eumont "21" State Well No. 1 which will be drilled at an unorthodox location 990 feet from the South line and 860 feet from the West line (Unit M) of said Section 21. Applicant proposes to dedicate to this well in the Eumont Gas Pool a non-standard spacing unit comprised of the S/2 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 a charge for risk involved in drilling said well. Said area is located approximately 2 miles east of Monument, New Mexico.

CASE 11649: Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the N/2, in all formations developed on 160-acre spacing underlying the NE/4, in all formations developed on 80-acre spacing underlying the N/2 NE/4, and in all formations developed on 40-acre spacing underlying the NW/4 NE/4 from the surface to the base of the Morrow formation, Cemetery-Morrow Gas Pool, of Section 26, Township 19 South, Range 25 East. Said units are to be dedicated to its Morris 26B Well No. 1 which will be drilled at a standard location 660 feet from the North line and 1650 feet from the East line (Unit B) of said Section 26. 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 4 1/2 miles west of Lakewood, New Mexico.

CASE 11650: Application of Texaco Exploration & Production Inc. for amendment of Division Order No. R-5530, as amended, to authorize a tertiary recovery project by the injection of carbon dioxide in its Central Vacuum Unit Pressure Maintenance Project Area, and to qualify this project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval to institute a tertiary recovery project in its Central Vacuum Unit Pressure Maintenance Project Area by the injection of carbon dioxide into the Grayburg and San Andres formations in the Vacuum-Grayburg-San Andres Pool. The Central Vacuum Unit Pressure Maintenance Project encompasses portions of Sections 25 and 36 of Township 17 South, Range 34 East; Sections 30 and 31 of Township 17 South, Range 35 East; Section 12 of Township 18 South, Range 34 East; and Sections 6 and 7 of Township 18 South, Range 35 East. Applicant also seeks to increase the approved surface injection pressure for carbon dioxide injection in this project area to 1500 pounds. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said unit is located approximately 2 miles south of Buckeye, New Mexico.

CASE 11634: (Continued from October 17, 1996, Examiner Hearing.)

Application of InterCoast Oil and Gas Company for compulsory pooling and unorthodox well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests for all formations developed on 320-acre spacing in the N/2 of Section 20, Township 20 South, Range 28 East, from the surface to the base of the Morrow formation, Burton Flat-Morrow Gas Pool. Said unit is to be dedicated to its InterCoast State 20 Well No. 1 which will be drilled at an unorthodox location 990 feet from the North line and 990 feet from the East line (Unit A) 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 10 miles east-southeast of Lakewood, New Mexico.

CASE 11621: (Readvertised)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval of an unorthodox gas well location within the Atoka formation for its Papolotes Unit Well No. 1 (API No. 30-025-33275), located 1960 feet from the South line and 330 feet from the East line (Unit I) of Section 34, Township 14 South, Range 34 East. The E/2 of said Section 34 is to be dedicated to said well to form a standard 320-acre gas spacing and proration unit for said gas bearing interval. Said well location is approximately 10 miles southwest of Hilburn City, New Mexico. IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.

CASE 11630: (Continued from October 17, 1996, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, underlying the E/2 of Section 15, Township 18 South, Range 29 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, including but not limited to the North Turkey Track-Morrow Gas Pool. Said unit is to be dedicated to Yates Petroleum Corporation's Cerros "AQF" Federal Com Well No. 1 which is to be drilled at a standard well location. 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 19 miles east-southeast of Artesia, New Mexico.

CASE 11651: **Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, underlying the N/2 of Section 27, Township 18 South, Range 26 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; the NW/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; the NE/4 NW/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, including but not limited to the Atoka-Penn Gas Pool. Said units are to be dedicated to its existing Hawkins "GY" Well No. 4, which is located at an orthodox location 990 feet from the North line and 1650 feet from the West line (Unit C) of Section 27 which applicant seeks to reenter. 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 4 miles south-southeast of Atoka, New Mexico.

CASE 11516: (Reopened - Continued from September 26, 1996, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit H & W Enterprises, operator, American Employers' Insurance Company, surety, and all interested parties to appear and show cause why the Mobil State Well No. 1, located 2310 feet from the North line and 990 feet from the East line (Unit H) of Section 16, Township 17 South, Range 31 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division approved plugging program. Further, an order is being sought authorizing the Division to plug said well and order the forfeiture of the plugging bond in affect for said well.

CASE 11518: (Continued from October 17, 1996, Examiner Hearing.)

Application of Sunco Trucking Company for approval to modify its Rule 711-permitted surface waste disposal facility, San Juan County, New Mexico. Applicant seeks approval to modify its Rule 711-permitted surface waste disposal located in the SW/4 NW/4 of Section 2, Township 29 North, Range 12 West. Applicant requests approval to construct and operate a 5-acre centralized landfarm within the 40-acre facility currently permitted to dispose of produced waters. The landfarm will receive contaminated soils and sludges from the produced water disposal operation on the facility, which are classified as "non-hazardous" oil field waste by RCRA Subtitle C exemption or by characteristic testing, to be spread on the ground in six inch lifts or less and periodically stirred to enhance the biodegradation of the contaminants. Said facility is located approximately 7 miles east-northeast of Farmington, New Mexico.

CASE 11604: (Continued from October 17, 1996, Examiner Hearing.)

Application of Sunco Trucking Water Disposal Company for a show cause hearing as to why it should not be fined for violations of Oil Conservation Division Rule 711, San Juan County, New Mexico. Applicant seeks a hearing to show cause to the Oil Conservation Division why applicant should not be fined \$5,000.00 for violations of the conditions of its Rule 711 permit.