

**CASE 11698:** (Readvertised)

Application of Mallon 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 Brushy Canyon Member of the Delaware Mountain Group underlying the SE/4 NE/4 of Section 28, Township 26 South, Range 29 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, including but not limited to the Brushy Draw-Delaware Pool. Said unit will be dedicated to its Pecos River 28 Well No. 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located 15 ½ miles south-southeast of Malaga, New Mexico.

**CASE 11716:** Application of Amerind Oil Company, Ltd. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying Lots 8 and 9 of Irregular Section 2, Township 16 South, Range 35 East, forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre oil spacing within said vertical extent, which presently may include but is not necessarily limited to the West Lovington-Strawn Pool. Said unit is to be dedicated to its State "AY" Com Well No. 1 to be drilled and completed at a standard well location in Lot 9 of said Section 2. Also to be considered will be the costs 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 said well. Said unit is located approximately 3 ½ miles west of Lovington, New Mexico.

**CASE 11717:** Application of Amerind Oil Company, Ltd. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying Lots 7 and 10 of Irregular Section 2, Township 16 South, Range 35 East, forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre oil spacing within said vertical extent, which presently may include but is not necessarily limited to the West Lovington-Strawn Pool. Said unit is to be dedicated to its State "AY" Com Well No. 2 to be drilled and completed at a standard well location in Lot 10 of said Section 2. Also to be considered will be the costs 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 said well. Said unit is located approximately 3 ½ miles west of Lovington, New Mexico.

**CASE 11678:** (Reopened)

Application of Burlington Resources Oil & Gas Company for compulsory pooling and unorthodox location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Rhodes-Yates Seven Rivers Gas Pool underlying the SW/4 of Section 23, Township 26 South, Range 37 East, forming a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within said vertical extent, including but not limited to the Rhodes-Yates Seven Rivers Gas Pool. Said unit is to be dedicated to Burlington Resources Oil & Gas Company's Rhodes "23" Federal Com Well No. 1 which is to be drilled at an unorthodox location 660 feet from the South line and 1100 feet from the West line (Unit M) of Section 23. Also to be considered will be the costs 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 south-southwest of Jal, New Mexico.

**CASE 11656:** (Reopened)

Application of Texaco Exploration and Production, Inc. for compulsory pooling, a high angle/horizontal directional drilling pilot project, unorthodox location 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, located at an unorthodox surface location 660 feet from the South line and 1100 feet from the West line (Unit M), 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.

**DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 6, 1997**

8:15 AM - 2040 South Pacheco  
Santa Fe, New Mexico

Dockets Nos 6-97 and 7-97 are tentatively set for February 20, 1997 and March 6, 1997. 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 11714:** Application of Yates Petroleum Corporation for compulsory pooling, 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 all formations developed on 160-acre spacing underlying the SE/4, in all formations developed on 80-acre spacing underlying the S/4 SE/4, and in all formations developed on 40-acre spacing underlying the SW/4 SE/4 from the surface to the base of the Morrow formation in Section 3, Township 24 South, Range 33 East. Said unit is to be dedicated to its Quest "AQS" State Well No. 1 which will be drilled as a wildcat well at a standard location 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 3. Also to be considered will be the costs 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 said well. Said area is located approximately 9 miles east of the intersection of Highway FAS 1271 with the Lea County/Eddy County line.

**CASE 11269:** (Reopened - Continued from December 19, 1997, Examiner Hearing.)

In the matter of Case No. 11269 being reopened pursuant to the provisions of Division Order No. R-1427, which order promulgated temporary special rules and regulations for the North Bell Lake-Ellenburger Gas Pool in Lea County, New Mexico. Operators in the subject pool may appear and show cause why said Temporary Special Rules and Regulations should not be rescinded.

**CASE 11649:** (Continued from January 9, 1997, Examiner Hearing.)

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 11715:** Application of Santa Fe Energy Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S/2 of Section 29, Township 22 South, Range 34 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Antelope Ridge-Atoka Gas Pool. Said unit is to be dedicated to its Gaucho Unit Well No. 2, to be drilled at an orthodox gas well location. Also to be considered will be the costs 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 said well. Said unit is located approximately 16 miles southwest of Eunice, New Mexico.

**CASE 11684:** (Continued from January 23, 1997, Examiner Hearing.)

Application of Nearburg Exploration Company, L.L.C. 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 4, Township 18 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the South Empire-Morrow Gas Pool, the North Empire-Atoka Gas Pool, and the South Empire-Wolfcamp Gas Pool, and forming a standard 160-acre gas spacing and proration unit underlying the NE/4 of said Section 4 for any and all formations/pools developed on 160-acre gas spacing, and forming a 40-acre spacing unit underlying the SE/4 NE/4 of said Section 4 for any and all formations and/or pools spaced on 40-acre spacing. Said unit is to be dedicated to its Hummer "4" State Com Well No. to be drilled and completed at a standard well location in Unit H of said Section 4. Also to be considered will be the costs 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 said well. Said unit is located approximately 14 miles southeast of Artesia, New Mexico.

**CASE 11696:** Application of Devon Energy Corporation (Nevada) to qualify six waterflood expansion projects for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Eddy County, New Mexico. Applicant seeks to qualify expansions of the following waterflood projects for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5):

Keel-West Waterflood Project  
C. A. Russell Waterflood Project  
Hudson Federal Waterflood Project  
Turner "A" Waterflood Project  
Turner "B" Waterflood Project  
Friess-Fren Waterflood Project

The foregoing projects collectively encompass the Grayburg-Jackson Pool underlying all or parts of Sections 3 through 10, 17 through 20, 29, and 30, Township 17 South, Range 31 East. Said projects are located approximately 5 miles northeast of Loco Hills, New Mexico.

**CASE 11697:** Application of Mallon Oil Company for the establishment of a downhole commingling reference case pursuant to Division Rule 303.E and the adoption of administrative rules therefor, Sandoval County, New Mexico. Applicant seeks to establish a downhole commingling reference case to provide for (a) marginal economic criteria, (b) pressure criteria, (c) allocation formulas, and (d) modification of notification rules, on an area-wide basis, for downhole commingling of production from the Fruitland Coal, Pictured Cliffs, Mesaverde, Mancos, and Dakota formations in the wellbores of future wells drilled within Sections 4 through 10, Township 22 North, Range 4 West. Said area is centered approximately at the intersection of State Highways 44 and 537.

**CASE 11698:** Application of Mallon 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 Brushy Canyon Member of the Delaware Mountain Group underlying the SE/4 NE/4 of Section 28, Township 26 South, Range 29 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, including but not limited to the Brushy Draw-Delaware Pool. Said unit will be dedicated to its Pecos River 28 Well No. 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located 15 1/2 miles south-southeast of Malaga, New Mexico.

**CASE 11699:** Application of Mallon 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 Brushy Canyon Member of the Delaware Mountain Group underlying the SW/4 SE/4 of Section 27, Township 19 South, Range 34 East, to form a standard 40-acre oil spacing and proration unit for all formations and/or pools developed on 40-acre spacing within said vertical extent, including but not limited to the Undesignated Northeast Lea-Delaware Pool. Said unit will be dedicated to its Mallon 27 Well No. 4. 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 1/4 mile west of U.S. Highway 62/180 mile marker 80.

**CASE 11700:** Application of Mallon 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 Brushy Canyon Member of the Delaware Mountain Group underlying the SE/4 SE/4 of Section 27, Township 19 South, Range 34 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, including but not limited to the Undesignated Northeast Lea-Delaware Pool. Said unit will be dedicated to its Mallon 27 Well No. 2. 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 at U. S. Highway 62/180 mile marker 80.

**CASE 11701:** Application of Mallon 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 Brushy Canyon Member of the Delaware Mountain Group underlying the SE/4 SW/4 of Section 27, Township 19 South, Range 34 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, including but not limited to the Undesignated Northeast Lea-Delaware Pool. Said unit will be dedicated to its Mallon 27 Well No. 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1/2 mile west of U.S. Highway 62/180 mile marker 80.

**CASE 11676:** (Continued from December 5, 1996, Examiner Hearing.)

**Application of Manzano Oil Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Wolfcamp formation in the N/2 SW/4 of Section 11, Township 16 South, Range 36 East. Said unit is to be dedicated to its "SV" Chipshot Well No. 1 which has been drilled at a previously approved unorthodox well location 2164 feet from the South line and 1362 feet from the West line (Unit K) of said Section 11. Also to be considered will be the costs 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 said well. Said area is located approximately 1 mile southeast from Lovington, New Mexico.

**CASE 11692:** **Application of InterCoast Oil and Gas Company for compulsory pooling and unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 29, Township 22 South, Range 26 East, and in the following manner: the W/2 of Section 29 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including but not limited to the Happy Valley-Morrow Gas Pool, Undesignated South Happy Valley-Atoka Gas Pool, Undesignated Sheep Draw-Strawn Gas Pool, and Undesignated Southeast Carlsbad-Wolfcamp Gas Pool; and the NW/4 of Section 29 to form a standard 160-acre gas spacing and proration unit for all formations and/or pools spaced on 160 acre spacing within said vertical extent. Said unit will be dedicated to applicant's McKittrick 29 Well No. 1, to be drilled at an unorthodox location 1650 feet from the North line and 510 feet from the West line (Unit E) of said Section 29. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles southwest of Carlsbad, New Mexico.

**CASE 11659:** (Continued from December 5, 1996, Examiner Hearing.)

**Application of Santa Fe Energy Resources, Inc. for compulsory pooling and an unorthodox oil well location, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Devonian formation underlying the SE/4 SE/4 of Section 27, Township 15 South, Range 34 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said unit is to be dedicated to its Grassland "27" Well No. 1, to be drilled at an unorthodox oil well location 1243 feet from the South line and 353 feet from the East line (Unit P) of said Section 27. 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 11 miles west by north of McDonald, New Mexico.

**CASE 11693:** **Application of Devon Energy Corporation (Nevada) surface commingling, Eddy County, New Mexico.** Applicant seeks an exception to Division Rule 303.A to permit surface commingling of Red Lake Queen-Grayburg-San Andres Pool production from 22 wells drilled or to be drilled on its Eagle "33" Federal, Eagle "34" Federal, and Eagle "35" Federal leases, covering all or parts of Sections 33, 34, and 35, Township 17 South, Range 27 East. Said leases are located approximately 8 miles southeast of Artesia, New Mexico.

**CASE 11694:** **Application of Devon Energy Corporation (Nevada) for waterflood expansion and authorization to inject, Eddy County, New Mexico.** Applicant seeks authority to expand its Keel-West-Waterflood Project, Grayburg-Jackson Pool, located in Sections 3, 5, 6 and 10, Township 17 South, Range 31 East, authorized by Division Order No. R-2268, as amended, by converting four producing wells to water injection wells. Said area is located approximately 6 miles northeast of Loco Hills, New Mexico.

**CASE 11695:** **Application of Devon Energy Corporation (Nevada) to qualify a waterflood expansion project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Eddy County, New Mexico.** Applicant seeks to qualify a expansion of its East Shugart Unit Waterflood Project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). The project encompasses the Shugart Pool underlying all or parts of Sections 27, 34, and 35 of Township 18 South, Range 31 East, and Section 3 of Township 19 South, Range 31 East. Said project is located approximately 11 miles southeast of Loco Hills, New Mexico.