

- CASE 9568: Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 980 feet from the North line and 990 feet from the West line (Unit E) of Section 26, Township 19 South, Range 25 East, Undesignated Boyd-Morrow Gas Pool or Undesignated Cemetery-Morrow Gas Pool, the N/2 of said Section 26 to be dedicated to said well forming a standard 320-acre proration unit for either pool. Said location is approximately 5 miles west of Lakewood, New Mexico.
- CASE 9569: Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 1980 feet from the South line and 990 feet from the West line (Unit L) of Section 7, Township 19 South, Range 26 East, Undesignated West Four Mile Draw-Morrow Gas Pool, Lots 3 and 4, the E/2 SW/4, and the SE/4 of said Section 7 to be dedicated to said well forming a standard 319.51-acre proration unit for said pool. Said location is approximately 3.75 miles northwest of Lakewood, New Mexico.
- CASE 9570: Application of Nearburg Producing Company 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 in the Strawn formation underlying the E/2 SE/4 of Section 1, Township 17 South, Range 37 East, Undesignated Shipp-Strawn Pool or Undesignated South Humble City-Strawn Pool, to form a standard 80-acre oil spacing and proration unit for either pool, to be dedicated to a well to be drilled at an unorthodox oil well location 2310 feet from the South line and 600 feet from the East line (Unit I) of said Section 1. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 4.5 miles north by east of Humble City, New Mexico.
- CASE 9553: (Continued from December 7, 1988, Examiner Hearing.) (This case will be continued to January 18, 1989.)
- Application of Benson-Montin-Greer Drilling Corp. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle production from the Basin-Dakota Pool and West Puerto Chiquito-Mancos Oil Pool within the wellbore of its Canada Ojitos Unit Well No. 22 located 1685 feet from the North line and 1860 feet from the West line (Unit F) of Section 20, Township 26 North, Range 1 West. Said well is located approximately 20 miles north of Regina, New Mexico.
- CASE 9525: (Continued from December 7, 1988, Examiner Hearing.) (This case will be continued to January 18, 1989.)
- Application of Benson-Montin-Greer Drilling Corporation for the amendment of Division Order No. R-6469, as amended, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Division Order No. R-6469, as amended, to rescind approval for those non-standard proration units approved therein located in Township 24 North, Range 1 West and Township 26 North, Range 1 West. The center of said area is located approximately 13 miles southwest of Regina, New Mexico.
- CASE 9571: Application of Meridian Oil Inc. for an unorthodox coal gas well location and simultaneous dedication, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location 2560 feet from the North line and 2610 feet from the West line (Unit F) of Section 15, Township 30 North, Range 7 West, Basin-Fruitland Coal (Gas) Pool, the W/2 of said Section 15 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool, to be simultaneously dedicated to said well and to the applicant's San Juan 30-6 Unit Wells Nos. 406 and 402. Said Well No. 402 is located at a standard coal gas well location 1455 feet from the South and West lines (Unit K) of said Section 15 and Well No. 406 is located at a previously authorized unorthodox coal gas well location (pursuant to Decretory Paragraph No. 4 of Division Order No. R-8768) 2105 feet from the North line and 2390 feet from the West line (Unit F) of said Section 15. Said location unit is approximately 2.75 miles east by north of the Navajo Reservoir Dam.
- CASE 9572: Application of Dugan Production Corporation for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 164.87-acre non-standard gas spacing and proration unit for production from the Basin-Fruitland Coal (Gas) Pool comprising Lots 1 and 2 and the E/2 NW/4 of Section 31, Township 28 North, Range 10 West. Said unit is to be dedicated to its Knauff Well No. 1 which is presently completed in the Kutz-Fruitland Pool and is located at a previously authorized unorthodox coal gas well location (pursuant to Decretory Paragraph No. (4) of Division Order No. R-8768) 1015 feet from the North line and 1650 feet from the West line (Unit C) of said Section 31. This well is located approximately 6.5 miles south-southeast of Bloomfield, New Mexico.
- CASE 9573: Application of Dugan Production Corporation for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit for production from the Basin-Fruitland Coal (Gas) Pool comprising the NE/4 of Section 18, Township 29 North, Range 11 West. Said unit is to be dedicated to its Hana Well No. 1 which is presently a dually completed gas well in the Fruitland formation and the Fulcher Kutz-Pictured Cliffs Pool and is located at a standard coal gas well location 790 feet from the North line and 1520 feet from the East line (Unit B) of said Section 18. This well is located approximately 2.5 miles west-northwest of Bloomfield, New Mexico.

Dockets Nos. 2-89 and 3-89 are tentatively set for January 18 and February 1, 1989. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 4, 1989

8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for February, 1989, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for February, 1989, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9557: (Continued from December 21, 1988, Examiner Hearing.)

Application of Rio Pecos Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the East Lovington Unit Area comprising 600 acres, more or less, of State and Fee lands in the N/2, SE/4, N/2 SW/4, and SE/4 SW/4 of Section 12, Township 16 South, Range 36 East. Said unit is located approximately 2 miles East of Lovington, New Mexico.

CASE 9566: Application of Northwest Pipeline Corporation for an unorthodox coal gas well location and a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location 535 feet from the South line and 685 feet from the East line (Unit P) of irregular Section 6, Township 31 North, Range 5 West, Basin-Fruitland Coal Gas Pool, all of said Section 6 to be dedicated to said well forming a 264.56-acre non-standard gas spacing and proration unit for said pool. Said unit is located approximately 5 miles south of Mile Corner No. 240 which is located on the Colorado/New Mexico Stateline.

CASE 9567: Application of Amerind Oil Company 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 S/2 NW/4 of Section 29, Township 16 South, Range 37 East, to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing (which includes the Undesignated West Knowles-Drinkard and the Northeast Lovington-Pennsylvanian Pool at this time). Said unit is to be dedicated to a well to be drilled at a standard oil well location in the SW/4 NW/4 (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 5.3 miles southeast of Lovington, New Mexico.

CASE 9524: (Continued from December 21, 1988, Examiner Hearing.)

Application of Amerind Oil Company for directional drilling and unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter its State MTS Well No. 1 located at a standard surface location 1830 feet from the South line and 660 feet from the East line (Unit I) of Section 2, Township 17 South, Range 37 East, wherein the applicant proposes to directionally drill said well to penetrate the Strawn formation, Undesignated Shipp-Strawn Pool or Undesignated Humble City-Strawn Pool, at an unorthodox bottomhole location 2310 feet from the South line and 330 feet from the East line (Unit I) of said Section 2. The E/2 SE/4 of said Section 2 is to be dedicated to the subject well. IN THE ALTERNATIVE, should re-entry into the aforementioned well be unsuccessful, the applicant seeks to drill the State MTS Well No. 1-A at an unorthodox surface location 2310 feet from the South line and 330 feet from the East line (Unit I) of said Section 2 to test the Strawn formation. This area is located approximately 4 miles North of Humble City, New Mexico.

CASE 9532: (Continued from December 21, 1988, Examiner Hearing.)

Application of Amerind Oil Company 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 E/2 SE/4 of Section 2, Township 17 South, Range 37 East, forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing (which includes but is not necessarily limited to the Undesignated Shipp-Strawn Pool and the Undesignated Humble City-Atoka Pool). Said unit is to be dedicated to a well to be drilled at a standard oil 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 operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 4.25 miles north of Humble City, New Mexico.

CASE 9598: Application of Meridian Oil, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the W/2 of Section 32, Township 31 North, Range 8 West, forming a standard 320-acre gas spacing and proration unit for said pool, to be dedicated to its EPNG Com "A" Well No. 300 to be drilled at a standard coal gas well location in the SW/4 of said Section 32. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 4 miles north by east of Archuleta, New Mexico.

CASE 9599: Application of Meridian Oil, Inc. for compulsory pooling and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the E/2 of Section 16, Township 30 North, Range 8 West, forming a standard 320-acre gas spacing and proration unit for said pool, to be dedicated to its Stanolind Gas Com Well No. 300 to be drilled at an unorthodox coal gas well location 350 feet from the South line and 530 feet from the East line (Unit P) of said Section 16. 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 well location is approximately 2.25 miles east-northeast of Archuleta, New Mexico.

CASE 9572: (Continued from January 4, 1989, Examiner Hearing.)

Application of Dugan Production Corporation for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 164.87-acre non-standard gas spacing and proration unit for production from the Basin-Fruitland Coal (Gas) Pool comprising Lots 1 and 2 and the E/2 NW/4 of Section 31, Township 28 North, Range 10 West. Said unit is to be dedicated to its Knauff Well No. 1 which is presently completed in the Kutz-Fruitland Pool and is located at a previously authorized unorthodox coal gas well location (pursuant to Decretory Paragraph No. (4) of Division Order No. R-8768) 1015 feet from the North line and 1650 feet from the West line (Unit C) of said Section 31. This well is located approximately 6.5 miles south-southeast of Bloomfield, New Mexico.

CASE 9573: (Continued from January 4, 1989, Examiner Hearing.)

Application of Dugan Production Corporation for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit for production from the Basin-Fruitland Coal (Gas) Pool comprising the NE/4 of Section 18, Township 29 North, Range 11 West. Said unit is to be dedicated to its Hana Well No. 1 which is presently a dually completed gas well in the Fruitland formation and the Fulcher Kutz-Pictured Cliffs Pool and is located at a standard coal gas well location 790 feet from the North line and 1520 feet from the East line (Unit B) of said Section 18. This well is located approximately 2.5 miles west-northwest of Bloomfield, New Mexico.

CASE 9550: (Continued from January 18, 1989, Examiner Hearing.)

Application of Meridian Oil, Inc. for a non-standard gas proration unit and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 2200 feet from the North line and 1360 feet from the East line (Unit G), Section 36, Township 30 North, Range 6 West, to test the Fruitland (sand) Formation, Lora 1 and 2 and the W/2 NE/4 of said Section 36 to be dedicated to said well forming a non-standard 115.04-acre gas spacing and proration unit for said zone. Said location is approximately 5.5 miles northwest by north of Gobernador, New Mexico.

CASE 9592: Application of Meridian Oil, Inc. for compulsory pooling and a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying Lots 3 and 4 and the E/2 SW/4 of Section 7, and Lots 1, 2, 3, and 4, and the E/2 W/2 of Section 18, Township 30 North, Range 9 West, forming a non-standard 304.39-acre gas spacing and proration unit to be dedicated to its Turner Com Well No. 250 to be drilled at a standard coal gas well location in the NW/4 SW/4 (Unit K) of said Section 18. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 9.5 miles east of Aztec, New Mexico.

CASE 9593: Application of Meridian Oil, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying Lots 6, 7, 8, and 9 and the S/2 S/2 (S/2 equivalent) of Section 34, Township 31 North, Range 10 West, forming a standard 315.50-acre gas spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard coal gas well location in the SW/4 of said Section 34. 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 7 miles east by north of Aztec, New Mexico.

CASE 9594: Application of Meridian Oil, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the S/2 of Section 21, Township 31 North, Range 9 West, forming a standard 320-acre gas spacing and proration unit for said pool, to a well to be drilled at a standard coal gas well location in the SW/4 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 operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 4.25 miles west of Archuleta, New Mexico.

CASE 9595: Application of Meridian Oil, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the E/2 of Section 32, Township 30 North, Range 8 West, forming a standard 320-acre gas spacing and proration unit for said pool, to be dedicated to its Caperton Com Well No. 310 to be drilled at a standard coal gas well location in the NE/4 of said Section 32. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 1.75 miles southeast by south of Archuleta, New Mexico.

CASE 9596: Application of Meridian Oil, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the E/2 of Section 7, Township 30 North, Range 9 West, forming a standard 320-acre gas spacing and proration unit for said pool, to be dedicated to its Pierce Well No. 250 to be drilled at a standard coal gas well location in the NE/4 of said Section 7. 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 10 miles east of Aztec, New Mexico.

CASE 9597: Application of Meridian Oil, Inc. for compulsory pooling and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the W/2 of Section 16, Township 30 North, Range 8 West, forming a standard 320-acre gas spacing and proration unit for said pool, to be dedicated to its Delhi Com Well No. 300 to be drilled at an unorthodox coal gas well location 790 feet from the North line and 1165 feet from the West line (Unit K) of said Section 16. 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 well location is approximately 4 miles northwest by west of the Navajo Reservoir Dam.

CASE 9613: Application of Chevron U.S.A. Inc. for an unorthodox oil well location and a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 940 feet from the North line and 2210 feet from the West line (Unit C) of Section 2, Township 17 South, Range 37 East, Shipp-Strawn Pool, Lots 3 and 4 of said Section 2 to be dedicated to the well forming a non-standard 82.37-acre oil spacing and proration unit for said pool. Said location is approximately 5 miles north of Humble City, New Mexico.

CASE 9572: (Continued from February 1, 1989, Examiner Hearing.)

Application of Dugan Production Corporation for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 164.87-acre non-standard gas spacing and proration unit for production from the Basin-Fruitland Coal (Gas) Pool comprising Lots 1 and 2 and the E/2 NW/4 of Section 31, Township 28 North, Range 10 West. Said unit is to be dedicated to its Knauff Well No. 1 which is presently completed in the Kutz-Fruitland Pool and is located at a previously authorized unorthodox coal gas well location (pursuant to Secretary Paragraph No. (4) of Division Order No. R-8768) 1015 feet from the North line and 1650 feet from the West line (Unit C) of said Section 31. This well is located approximately 6.5 miles south-southeast of Bloomfield, New Mexico

CASE 9573: (Continued from February 1, 1989, Examiner Hearing.)

Application of Dugan Production Corporation for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit for production from the Basin-Fruitland Coal (Gas) Pool comprising the NE/4 of Section 18, Township 29 North, Range 11 West. Said unit is to be dedicated to its Hana Well No. 1 which is presently a dually completed gas well in the Fruitland formation and the Fulcher Kutz-Pictured Cliffs Pool and is located at a standard coal gas well location 790 feet from the North line and 1520 feet from the East line (Unit B) of said Section 18. This well is located approximately 2.5 miles west-northwest of Bloomfield, New Mexico

CASE 9614: Application of Blackwood & Nichols Co., Ltd. for an unorthodox coal gas well location and a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location 930 feet from the South line and 610 feet from the West line (Unit N) of irregular Section 6, Township 30 North, Range 7 West, Basin-Fruitland Coal (Gas) Pool. Said well is to be dedicated to a 296.02-acre non-standard gas spacing and proration unit comprising Lots 11 and 12 and the E/2 SW/4 of Section 31, Township 31 North, Range 7 West, and Lots 11, 12, 17, and 18 and the E/2 W/2 equivalent of said Section 6. Said location is approximately 2.25 miles north of the Navajo Reservoir Dam.

CASE 9615: Application of Blackwood & Nichols Co., Ltd. for an unorthodox coal gas well location and a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location 320 feet from the South line and 1250 feet from the West line (Unit N) of irregular Section 19, Township 31 North, Range 7 West, Basin-Fruitland Coal (Gas) Pool. Said well is to be dedicated to a 259.82-acre non-standard gas spacing and proration unit comprising Lots 5, 6, 7, and 8 and the E/2 W/2 of said Section 19 and Lot 5 and the NE/4 NW/4 of Section 30, both in Township 31 North, Range 7 West. Said location is approximately 6 miles north of the Navajo Reservoir Dam.

CASE 9616: Application of Blackwood & Nichols Co., Ltd. for an unorthodox coal gas well location and a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location 2255 feet from the North line and 340 feet from the West line (Unit F) of irregular Section 31, Township 31 North, Range 7 West, Basin-Fruitland Coal (Gas) Pool. Said well is to be dedicated to a 250.65-acre non-standard gas spacing and proration unit comprising Lots 6, 9, and 10, the E/2 SW/4, and the SE/4 SW/4 of Section 30 and Lots 7 and 8 and the E/2 NW/4 of said Section 31, both in Township 31 North, Range 7 West. Said location is approximately 4 miles north of the Navajo Reservoir Dam.

CASE 9617: Application of Curry and Thornton for an unorthodox oil well location and a non-standard proration unit, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 1980 feet from the South line and 2475 feet from the West line (Unit K) of Section 9, Township 14 South, Range 29 East, Undesignated North King Camp-Devonian Pool, the E/2 W/2 of said Section 9 to be dedicated to said well forming a non-standard 160-acre oil spacing and proration unit for said pool. Said location is approximately 17 miles east of Hagerman, New Mexico.

CASE 9618: Application of Bill Penn, Inc. for an unorthodox gas well location and dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete a well in the Indian Basin-Upper Pennsylvanian Gas Pool and Indian Basin-Morrow Gas Pool at an unorthodox gas well location 1650 feet from the North line and 990 feet from the West line (Unit E) of Section 14, Township 21 South, Range 23 East, all of said Section 14 to be dedicated to the well forming a standard 640-acre gas spacing and proration unit for both pools. Said well location is approximately 1.25 miles north-northwest of the Marathon Oil Company Indian Basin Gas Plant.

CASE 9619: Application of Santa Fe Exploration Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the South and East lines (Unit P) of Section 8, Township 21 South, Range 23 East, Undesignated Indian Basin-Morrow Gas Pool, all of said Section 8 to be dedicated to said well, forming a standard 640-acre gas spacing and proration unit for said pool. Said well is located approximately 3.75 miles west-northwest of the Marathon Oil Company Indian Basin Gas Plant.

Dockets Nos. 9-89 and 10-89 are tentatively set for March 15 and March 29, 1989. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 1, 1989

8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

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

CASE 9610: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Knights Bridge Petroleum Corporation and James Marchbanks and all other interested parties to appear and show cause why the Triple Crown Well No. 1 located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 6, Township 9 North, Range 31 East, Quay County, New Mexico (being located approximately 7.75 miles northeast by north of Quay, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Additionally, the Division seeks an order directing the operator to pay the costs of such plugging and if the Operator fails to do so, ordering a forfeiture of the Operator's bond and authorizing the Director of the Division to make demand upon First National Bank of Tucumcari to pay to the Division so much of the funds of the certificate of deposit given as collateral for the bond as is necessary to pay the costs of plugging said well.

CASE 9589: (Continued from February 15, 1989, Examiner Hearing.)

Application of Murphy Operating Corporation for expansion of unit area. Chaves and Roosevelt Counties, New Mexico. Applicant, in the above-styled cause, seeks authority to expand the Haley Chaveroo San Andres Unit Area, authorized by Division Order No. R-8750, to include an additional 80 acres of State lands in Section 3, Township 8 South, Range 33 East, Chaveroo-San Andres Pool, Chaves County. Said unit area is located approximately 13 miles west of Milnesand, New Mexico.

CASE 9590: (Continued from February 15, 1989, Examiner Hearing.)

Application of Murphy Operating Corporation for area expansion of a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand the Haley Chaveroo San Andres Waterflood Project Area, authorized by Division Order No. R-8760, to include an additional 80 acres in Section 3, Township 8 South, Range 33 East, Chaveroo-San Andres Pool, Haley Chaveroo San Andres Unit Area. Said project area is located approximately 13 miles west of Milnesand, New Mexico.

CASE 9611: Application of The Petroleum Corporation of Delaware for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the South and West lines (Unit M) of Section 1, Township 20 South, Range 29 East, Undesignated East Burton Flat-Morrow Gas Pool, the S/2 of said Section 1 to be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool. Said location is approximately 3.5 miles west of the Eddy Potash Inc. Mine and Refinery.

CASE 9597: (Readvertised)

Application of Meridian Oil, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the W/2 of Section 16, Township 30 North, Range 8 West, forming a standard 320-acre gas spacing and proration unit for said pool, to be dedicated to its Delhi Com Well No. 300 to be drilled at an unorthodox coal gas well location 570 feet from the South line and 185 feet from the West line (Unit M) of said Section 16. 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 well location is approximately 4 miles northwest by west of the Navajo Reservoir Dam.

CASE 9602: (Continued from February 15, 1989, Examiner Hearing.)

Application of BHP Petroleum, Inc. for special COR, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the adoption of special pool rules for the East Avalon-Bone Spring Pool, establishing a limiting gas-oil ratio of 5,000 cubic feet of gas per barrel of oil. Said pool is located in portions of Townships 20 and 21 South, Ranges 27 and 28 East, which is approximately 9 miles northeast of Carlsbad, New Mexico.

CASE 9612: Application of Pennzoil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 1650 feet from the North line and 330 feet from the East line (Unit H) of Section 21, Township 17 South, Range 37 East, Undesignated Humble City-Strawn Pool, the E/2 NE/4 of said Section 21 to be dedicated to the well forming a standard 80-acre oil spacing and proration unit for said pool. Said location is approximately 2.5 miles north-northwest of Humble City, New Mexico.

CASE 9573: (Continued from March 1, 1989, Examiner Hearing.)

Application of Dugan Production Corporation for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit for production from the Basin-Fruitland Coal (Gas) Pool comprising the NE/4 of Section 18, Township 29 North, Range 11 West. Said unit is to be dedicated to its Hana Well No. 1 which is presently a dually completed gas well in the Fruitland formation and the Fulcher Kutz-Pictured Cliffs Pool and is located at a standard coal gas well location 790 feet from the North line and 1520 feet from the East line (Unit B) of said Section 18. This well is located approximately 2.5 miles west-northwest of Bloomfield, New Mexico.

CASE 9650: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order extending certain existing pools in Rio Arriba, Sandoval, and San Juan Counties, New Mexico.

- (a) EXTEND the Alamito-Gallup Oil Pool in Sandoval and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM
Section 28: S/2 SE/4
Section 33: N/2 NE/4

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

TOWNSHIP 24 NORTH, RANGE 9 WEST, NMPM
Section 29: S/2 SW/4
Section 30: SE/4
Section 31: NE/4 and S/2 NW/4
Section 32: NW/4

TOWNSHIP 25 NORTH, RANGE 11 WEST, NMPM
Section 31: S/2 NE/4 and S/2

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

TOWNSHIP 23 NORTH, RANGE 10 WEST, NMPM
Section 5: N/2 SE/4

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM
Section 36: S/2 SW/4 and SW/4 SE/4

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

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM
Sections 2 Thru 11: All
Sections 14 Thru 23: All

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM
Sections 1 Thru 2: All
Sections 11 Thru 14: All
Section 15: S/2
Sections 22 Thru 24: All

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM
Section 20: E/2
Section 21: All
Sections 28 and 29: All
Sections 32 Thru 35: All

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

TOWNSHIP 31 NORTH, RANGE 9 WEST, NMPM
Section 28: NW/4

- (f) EXTEND the East Blanco-Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 3 WEST, NMPM
Section 5: NW/4

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

TOWNSHIP 26 NORTH, RANGE 4 WEST, NMPM
Section 19: SE/4

TOWNSHIP 29 NORTH, RANGE 7 WEST, NMPM
Section 25: All
Section 36: All

- (h) EXTEND the South Gallegos Fruitland Sand-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM
Section 35: SW/4

- (i) EXTEND the Gavilan-Mancos Oil Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM
Sections 8 and 9: All
Section 16: All

- (j) EXTEND the Lybrook-Gallup Oil Pool in Rio Arriba, Sandoval and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM
Section 35: SW/4 NE/4, SE/4 NW/4, NE/4 SW/4, and W/2 SE/4

- (k) EXTEND the Regina-Gallup Oil Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 1 WEST, NMPM
Section 36: SE/4 NW/4 and NE/4 SE/4

- (l) EXTEND the Wildhorse-Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 4 WEST, NMPM
Section 20: NW/4

Docket 12-89

DOCKET: COMMISSION HEARING - MONDAY - APRIL 17, 1989

9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

CASE 9543: (Continued from March 9, 1989, Commission Hearing.)

Application of Meridian Oil, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the W/2 of Section 16, Township 32 North, Range 10 West, forming a standard 320-acre gas spacing and proration unit for said pool, to be dedicated to its EPNG Com C Well No. 100 to be drilled at a standard gas well location in the NE/4 SW/4 (Unit K) of said Section 16. 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 3.1 miles north of Cedar Hill, New Mexico. Upon application of Fina Oil and Chemical Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9544: (Continued from March 9, 1989, Commission Hearing.)

Application of Meridian Oil, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the E/2 of Section 16, Township 32 North, Range 10 West, forming a standard 320-acre gas spacing and proration unit for said pool, to be dedicated to its Burroughs Com A Well No. 100 to be drilled at a standard gas well location in the SW/4 NE/4 (Unit G) of said Section 16. 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 of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 3.1 miles north of Cedar Hill, New Mexico. Upon application of Fina Oil and Chemical Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Gas Pool production up the casing/tubing annulus in said wellbore, which is an unorthodox gas well location for the Wolfcamp zone, the N/2 of said Section 13 to be dedicated to said well in the Wolfcamp zone and the NW/4 of said Section 13 to be dedicated to the Abo zone. Said well is located approximately 5.5 miles southwest by south of the Campbell railroad switch.

CASE 9680: Application of Meridian Oil, Inc. for an unorthodox coal gas well location and an exception to General Rule 104.C.II (simultaneous dedication), Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox coal gas well location for its San Juan 30-6 Unit Well No. 406R to be drilled 2560 feet from the North line and 2610 feet from the West line (Unit F) of Section 15, Township 30 North, Range 7 West, Basin-Fruitland Coal (Gas) Pool. Applicant further seeks an exception to General Rule 104.C.II. to allow the W/2 of said Section 15 to form a standard 320-acre gas spacing and proration unit for said pool, to be simultaneously dedicated to the subject well and to the existing San Juan 30-6 Unit Well No. 402 located at a standard coal gas well location 1455 feet from the South and West lines (Unit K) of said Section 15. Said unit is located approximately 3 miles east by north of the Navajo Reservoir Dam.

CASE 9681: Application of Meridian Oil, Inc. for a non-standard proration unit and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 282.50-acre non-standard gas proration unit for production in the Basin-Fruitland Coal (Gas) Pool comprising Lots 3, 10, and 11 and the NE/4 SW/4 of Section 30 and Lots 7 through 10 and Lots 15 through 18 of Section 31, all in Township 30 North, Range 8 West, to be dedicated to a well to be drilled at an unorthodox coal gas well location 1590 feet from the South line and 875 feet from the West line (Unit K) of said Section 31. Said well location is approximately 2 miles south-southwest of Archuleta, New Mexico.

CASE 9572: (Continued from April 12, 1989, Examiner Hearing.)

Application of Dugan Production Corporation for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 164.87-acre non-standard gas spacing and proration unit for production from the Basin-Fruitland Coal (Gas) Pool comprising Lots 1 and 2 and the E/2 NW/4 of Section 31, Township 28 North, Range 10 West. Said unit is to be dedicated to its Knauff Well No. 1 which is presently completed in the Kutz-Fruitland Pool and is located at a previously authorized unorthodox coal gas well location pursuant to Decretory Paragraph No. (4) of Division Order No. R-8768) 1015 feet from the North line and 1650 feet from the West line (Unit C) of said Section 31. This well is located approximately 6.5 miles south-southeast of Bloomfield, New Mexico.

CASE 9573: (Continued from April 12, 1989, Examiner Hearing.)

Application of Dugan Production Corporation for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit for production from the Basin-Fruitland Coal (Gas) Pool comprising the NE/4 of Section 18, Township 29 North, Range 11 West. Said unit is to be dedicated to its Hana Well No. 1 which is presently a dually completed gas well in the Fruitland formation and the Fulcher Kutz-Pictured Cliffs Pool and is located at a standard coal gas well location 790 feet from the North line and 1520 feet from the East line (Unit B) of said Section 18. This well is located approximately 2.5 miles west-northwest of Bloomfield, New Mexico.

CASE 9682: Application of Kerr-McGee Corporation for statutory unitization, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the designated and Undesignated Chaveroo-San Andres Pool underlying 1280.37 acres, more or less, of State lands in all of Sections 1 and 2, Township 8 South, Range 33 East. Said unit is to be designated the K-M Chaveroo San Andres Unit Area. 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 the horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of the production and costs of production, including capital investment, 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 limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any nonconsenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said unit area is located approximately 11 miles west of Milnesand, New Mexico.

CASE 9683: Application of Kerr-McGee Corporation for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the designated and Undesignated Chaveroo-San Andres Pool, in its proposed K-M Chaveroo San Andres Unit (Division Case No. 9682) underlying all of Sections 1 and 2, Township 8 South, Range 33 East. Said area is located approximately 11 miles west of Milnesand, New Mexico.

Dockets Nos. 17-89 and 18-89 are tentatively set for June 7 and June 21, 1989. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 24, 1989

**8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO**

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

CASE 9673: Application of Grand Resources, Inc. for a unit agreement, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Mesa-Gallup Unit Area comprising 2,680.00 acres, more or less, of Navajo Indian lands in all or portions of Sections 10, 13, 14, 15, 23, 24 and 25, Township 32 North, Range 18 West, all as projected into the unsurveyed Navajo Indian Reservation. Said unit is located approximately 12 miles north of Shiprock, New Mexico.

CASE 9674: Application of Texaco Producing, Inc. for pool reclassification, to rescind Division Order No. R-2439, as amended, and to amend Division Order No. R-5353, as amended, Lea County, New Mexico. Applicant, in the above-styled cause, seeks reclassification of the West Jal-Strawn Gas Pool as an associated pool. Applicant further seeks to replace the Special Pool Rules presently in effect for said pool, which includes 640-acre spacing, by rescinding Division Order No. R-2439, as amended, with the General Rules and Regulations for Associated Pools in Southeast New Mexico, as promulgated by Division Order No. R-5353, as amended, including provisions for 40-acre oil and 320-acre gas spacing and proration units. The horizontal limits of said pool presently comprises all of Sections 8, 17 and 20, Township 25 South, Range 36 East, being approximately 5.5 miles west by north of Jal, New Mexico.

CASE 9675: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Abo formation, underlying the NW/4 of Section 20, Township 6 South, Range 25 East, forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 160-acre spacing (which includes but is not necessarily limited to the Pecos Slope-Abo Gas Pool) and the NE/4 NW/4 of said Section 20 to form a standard 40-acre oil spacing and proration unit for all formations and/or pools developed on statewide 40-acre spacing. Both aforementioned units are to be dedicated to a well to be drilled at a standard location 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 20. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 8.5 miles east of Milepost No. 137 on U.S. Highway 285.

CASE 9109: (Reopened)

In the matter of Case 9109 being reopened pursuant to the provisions of Division Orders Nos. R-6129-A and R-8446, whereby the Benson-Strawn Pool was redesignated as a gas pool and developed on statewide 320-acre gas spacing units, Eddy County. Operators in the subject pool may appear and show cause why the Benson-Strawn Gas Pool should not be redesignated as an oil pool and the special rules and regulations reinstated as promulgated by said Order No. R-6129-A.

CASE 9676: Application of McKay Oil Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 2480 feet from the South line and 360 feet from the East line (Unit I) of Section 31, Township 4 South, Range 22 East, to test the Abo formation, the SE/4 of said Section 31 to be dedicated to said well to form a standard 160-acre gas spacing and proration unit. Said location is approximately 3.75 miles west of the junction of U.S. Highway 285 and New Mexico State Highway No. 20.

CASE 9677: Application of Charles B. Gillespie, Jr. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 510 feet from the North line and 990 feet from the West line (Unit D) of Section 11, Township 17 South, Range 37 East, Undesignated Shipp-Strawn Pool or Undesignated Humble City-Strawn Pool, the W/2 NW/4 of said Section 11 to be dedicated to the well forming a standard 80-acre oil spacing and proration unit for said pool. Said location is approximately 4 miles north by west of Humble City, New Mexico.

CASE 9678: Application of Phillips Petroleum Company to amend Division Order No. R-3668 by authorizing a carbon dioxide pilot project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-3668 to authorize the injection of carbon dioxide into its previously approved Maljamar Grayburg-San Andres Waterflood Project through its Philmex Well No. 38 to be drilled at an unorthodox location 1440 feet from the South line and 1340 feet from the West line (Unit K) of Section 26, Township 17 South, Range 33 East. Applicant further seeks authority to drill two observation wells at unorthodox locations in said Section 26 as follows: Philmex Well No. 39 to be drilled 1552 feet from the South line and 1261 feet from the West line (Unit L) and Philmex Well No. 40 to be drilled 1702 feet from the South line and 1156 feet from the West line (Unit L). Said project area is located approximately 7.5 miles west of Buckeye, New Mexico.

CASE 9679: Application of Fred Pool Drilling, Inc. for an unorthodox gas well location and dual completion, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Eastland State Well No. 4 located 660 feet from the North and West lines (Unit D) of Section 13, Township 9 South, Range 26 East, by producing gas from the Foor Ranch-Wolfcamp Gas Pool up tubing and South Pecos Slope-Abo

CASE 9739: Application of Kelt Oil and Gas, Inc. for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the designated and Undesignated Cato-San Andres Pool, in its proposed Cato Unit underlying portions of Townships 8 and 9 South, Range 30 East. Said area is located approximately 11 miles south-southeast of Boaz, New Mexico.

CASE 9740: Application of Hondo Oil and Gas Company for a horizontal directional drilling pilot project, special operating rules therefor, and a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the formation of a 159.40-acre non-standard oil spacing and proration unit in the Scharb-Bone Spring Pool comprising Lots 1 and 2 and the S/2 NE/4 of Section 6, Township 19 South, Range 35 East, for the purpose of initiating a horizontal directional drilling pilot project. The applicant proposes to utilize its State "AZ" Well No. 2 located 1980 feet from the North line and 660 feet from the East line (Unit H) of said Section 6 by kick-off from the vertical portion of said wellbore in a northeasterly direction and then drill horizontally in the Bone Spring formation for approximately 1500 feet. Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the horizontal displacement of the wellbore such that said well cannot be any closer than 330 feet to the NE/4 quarter section lines of said Section 6. Also to be considered will be special allowable provisions for a double sized proration unit for this pool. The project area is located approximately 8 miles west of Arkansas Junction, New Mexico.

CASE 9572: (Continued from May 24, 1989, Examiner Hearing.)

Application of Dugan Production Corporation for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 164.87-acre non-standard gas spacing and proration unit for production from the Basin-Fruitland Coal (Gas) Pool comprising Lots 1 and 2 and the E/2 NW/4 of Section 31, Township 28 North, Range 10 West. Said unit is to be dedicated to its Knauff Well No. 1 which is presently completed in the Kutz-Fruitland Pool and is located at a previously authorized unorthodox coal gas well location (pursuant to Decretory Paragraph No. (4) of Division Order No. R-8768) 1015 feet from the North line and 1650 feet from the West line (Unit C) of said Section 31. This well is located approximately 6.5 miles south-southeast of Bloomfield, New Mexico.

CASE 9573: (Continued from May 24, 1989, Examiner Hearing.)

Application of Dugan Production Corporation for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit for production from the Basin-Fruitland Coal (Gas) Pool comprising the NE/4 of Section 18, Township 29 North, Range 11 West. Said unit is to be dedicated to its Hana Well No. 1 which is presently a dually completed gas well in the Fruitland formation and the Fulcher Kutz-Pictured Cliffs Pool and is located at a standard coal gas well location 790 feet from the North line and 1520 feet from the East line (Unit B) of said Section 18. This well is located approximately 2.5 miles west-northwest of Bloomfield, New Mexico.

CASE 9703: (Continued from August 9, 1989, Examiner Hearing.)

Application of Meridian Oil, Inc. for exemption from the New Mexico Natural Gas Pricing Act (NMPA), San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Basin-Dakota and Blanco-Mesaverde Pools as provided in Section 62-7-5 NMSA, 1978. A list of wells for which exemptions are being sought may be obtained by contacting the Santa Fe office of the Oil Conservation Division.

CASE 9741: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, contracting, and extending certain pools in Lea County, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the North Gam-Wolfcamp Pool. The discovery well is the Oryx Energy Company Hudson Federal Well No. 1 located in Unit G of Section 17, Township 19 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 17: NE/4

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the East Lane-Abo Pool. The discovery well is the Petroleum Production Management Inc. State 8 Well No. 1 located in Unit A of Section 8, Township 10 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 34 EAST, NMPM
Section 8: NE/4

(c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the Lane-San Andres Pool. The discovery well is the Petroleum Production Management Inc. Lane B Well No. 3 located in Unit C of Section 1, Township 10 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 33 EAST, NMPM
Section 1: NW/4

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the North Teague-Abo Pool. The discovery well is the American Exploration Company Elk State Well No. 1 located in Unit N of Section 16, Township 23 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 16: SW/4

(e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the North Young-Wolfcamp Pool. The discovery well is the Meridian Oil Inc. Federal AF Well No. 2 located in Unit N of Section 8, Township 18 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 8: SW/4

(f) CONTRACT the East Caprock-Wolfcamp Pool in Lea County, New Mexico, in order to correct the overlap with the North Bagley-Permian Pennsylvanian Pool and to delete acreage which is non-productive in the Wolfcamp formation, by the deletion of the following described acreage:

TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM
Section 1: E/2, NW/4, E/2 SW/4, and SW/4 SW/4

(g) EXTEND the North Bagley-Permian Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM
Section 1: E/2 SW/4 and SW/4 SW/4

(h) EXTEND the Bishop Canyon-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM
Section 11: N/2

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

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 9: SE/4
Section 16: N/2

(j) EXTEND the Hare-San Andres Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 15: SW/4

(k) EXTEND the Lovington-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 24: S/2

(l) EXTEND the West Lusk-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 16: SW/4

(m) EXTEND the Querecho Plains-Upper Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 24: NW/4

(n) EXTEND the Reeves-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 21: SE/4

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

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 36: SE/4

TOWNSHIP 16 SOUTH, RANGE 38 EAST, NMPM
Section 31: SW/4

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 2: SE/4
Section 12: NW/4

MERIDIAN OIL

December 9, 1988

FEDERAL EXPRESS

State of New Mexico
Oil Conservation Division
Attention: Mr. William J. Lemay, Director
310 Old Santa Fe Trail, Room 206
Santa Fe, New Mexico 87503

Case 9573

Re: Objection to
Application for Administrative
Approval of Non-Standard Spacing Unit
Hana #1 Well
NE/4 Section 18, T-29-N, R-11-W
San Juan County, New Mexico

Gentlemen:

Meridian Oil Inc., on behalf of itself and Southland Royalty Company, hereby objects to the Application for Administrative Approval filed by Dugan Production Corporation on the captioned well. Said application seeks non-standard 160.00 acre spacing for the Hana #1 well under the "grandfather" clause of Case No. 9420, Order No. R-8768 for the Basin - Fruitland Coal Gas Pool.

We would respectfully ask that a hearing be set for such application so that all interested parties can hear and give testimony concerning the complex issues that we feel are involved.

Thank you in advance for your consideration.

Very truly yours,

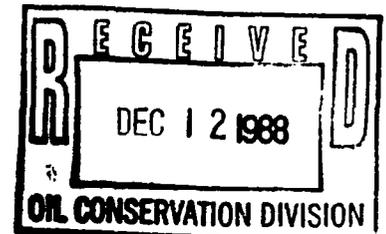


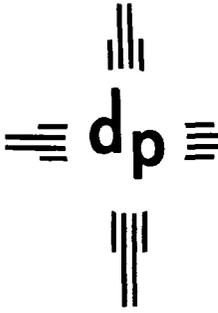
Robert J. Hopkins
Senior Landman

RJH:gm

Dugan Production File

cc: Dugan Production

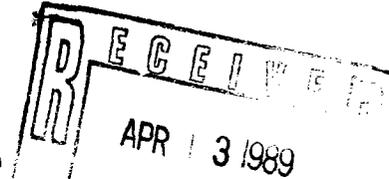




dugan production corp.

April 11, 1989

Mr. David Catanach
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504



JDR



Re: **NMOCD Case #9573**
Application of Dugan Production for
Non-Standard Gas Spacing & Proration Unit
Hana #1 - Basin-Fruitland Coal Gas Pool
NE/4 of Sec. 18, T29N, R11W, NMPM
San Juan County, NM

Dear Mr. Catanach:

I am writing to confirm our phone conversation this morning during which I asked that the subject case be continued from its currently scheduled April 12, 1989 hearing date to an examiner hearing scheduled for May 24, 1989.

As I mentioned, our reason for requesting this extension is to allow us additional time to possibly resolve this issue amongst the parties involved and avoid the need for the subject hearing. I did visit with John Caldwell (Meridian Oil) prior to calling you and he was in agreement that the subject hearing should be continued in order to, hopefully, resolve this issue prior to a hearing. We both agreed that an extension to May 24th will be our last request for an extension and that we will either have this issue resolved by then or proceed with the hearing as scheduled.

By copy of this letter we are notifying Meridian Oil, Inc. (the objecting party) and the Aztec Oil Conservation Division office, as well as the other offsetting operators, of our request.

Should you have any questions, please feel free to contact me.

Sincerely,

John D. Roe

John D. Roe
Petroleum Engineer

JDR/cg/hana.ext

cc: NMOCD, Aztec
Offsetting Operators (see attached list)
Tommy Roberts
Tom Kellahin

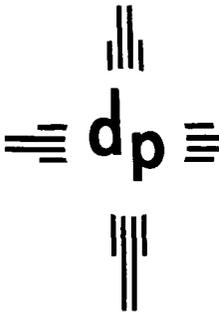
Fax sent to NMOCD at (505) 827-5741. Original sent by regular mail.

Offsetting Operators & Owners
DPC's Hana #1 Well:

Southland Royalty Company
801 Cherry
Ft. Worth, TX 76102

Southern Union Gas Company
Renaissance Tower
1201 Elm Street, Suite 1800
Dallas, Texas 75270-2090

Meridian Oil
P.O. Box 4289
Farmington, NM 87499



dugan production corp.

May 22, 1989

Mr. David Catanach
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

RECEIVED

MAY 23 1989

OIL CONSERVATION DIV.
SANTA FE



Re: **MMOCD Case #9573**
Application of Dugan Production for
Non-Standard Gas Spacing & Proration Unit
Hana #1 - Basin-Fruitland Coal Gas Pool
NE/4 of Sec. 18, T29N, R11W, NMPM
San Juan County, NM

Dear Mr. Catanach:

I am writing to confirm our phone conversation this morning during which I asked that the subject case be continued from its currently scheduled May 24, 1989 hearing date to an examiner hearing scheduled for August 16, 1989.

As I mentioned, our reason for requesting this extension is to allow us additional time to possibly resolve this issue amongst the parties involved and avoid the need for the subject hearing. In my April 11, 1989 request for an extension, I was confident that all matters would be resolved by the May 24, 1989 hearing date and that we would either ask for a dismissal or we would hear the case. As luck would have it, this is not the case, but I am still optimistic that Meridian and Dugan will be able to resolve this matter without a hearing - we just need more time. I did visit with John Caldwell (Meridian Oil) prior to calling you and he was in agreement that the subject hearing should be continued in order to, hopefully, resolve this issue prior to a hearing. We both agreed that an extension to August 16th will be our very last request for an extension and that we will either have this issue resolved by then or proceed with the hearing as scheduled.

By copy of this letter we are notifying Meridian Oil, Inc. (the objecting party) and the Aztec Oil Conservation Division office, as well as the other offsetting operators, of our request.

Should you have any questions, please feel free to contact me.

Sincerely,

John D. Roe

John D. Roe
Petroleum Engineer

JDR/cg/hana-1.ext

cc: MMOCD, Aztec
Offsetting Operators (see attached list)
Tommy Roberts
Tom Kellahin

Fax sent to MMOCD at (505) 827-5741. Original sent by regular mail.

709 EAST MURRAY DRIVE • P. O. BOX 5820 • FARMINGTON, NEW MEXICO 87499-5820 • PHONE: (505) 325-1821

Offsetting Operators & Owners
DPC's Hana #1 Well:

Southland Royalty Company
801 Cherry
Ft. Worth, TX 76102

Southern Union Gas Company
Renaissance Tower
1201 Elm Street, Suite 1800
Dallas, Texas 75270-2090

Meridian Oil
P.O. Box 4289
Farmington, NM 87499



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

May 23, 1989

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Dugan Production Corporation
P.O. Box 5820
Farmington, New Mexico 87499-5820

Attention: John D. Roe

Dear Mr. Roe:

We are in receipt of your letters dated May 22, 1989, whereby you have requested that Division Case Nos. 9572 and 9573, the applications of Dugan Production Corporation for non-standard gas proration units in the Basin Fruitland Coal Gas Pool, currently scheduled for hearing on May 24, 1989, be continued until August 16, 1989. I have been advised that examiner hearings are scheduled for August 9, and 23, so I have taken the liberty of continuing said cases until the August 23 hearing.

Inasmuch as these cases have been on the docket since January 4, 1989, please be advised that no further continuation requests for the referenced cases will be granted. If Dugan Production Corporation is unprepared to go forth with the cases on August 23, they will be dismissed.

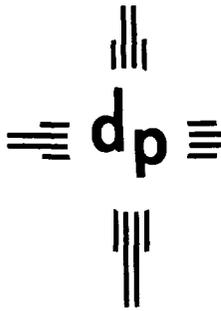
Please advise all parties to these cases of the continuation granted herein.

Sincerely,

A handwritten signature in cursive script that reads "David Catanach".

David Catanach
Hearing Examiner

xc: Case Files-9572 9573

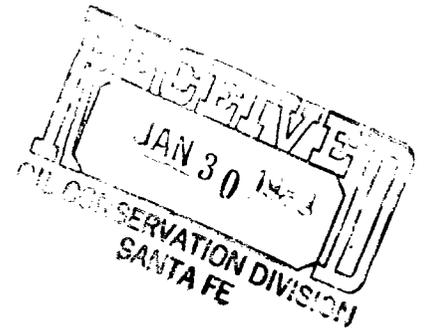


dugan production corp.

January 26, 1989

Mr. David Catanach
New Mexico Oil Conservation Division
310 Old Santa Fe Trail, Room 206
Santa Fe, NM 87503

Re: **NMOCD Case #9573** *M.S.*
Application of Dugan Production for
Non-Standard Gas Spacing & Proration Unit
Hana #1 - Basin-Fruitland Coal Gas Pool
NE/4 of Sec. 18, T29N, R11W, NMPM
San Juan County, New Mexico



Dear Mr. Catanach:

I am writing to confirm our phone conversation on January 25, 1989 during which I asked that the subject case be continued from its currently scheduled February 1, 1989 hearing date to an examiner hearing scheduled for March 1, 1989.

As I mentioned, our reason for requesting this extension is to allow us time to possibly resolve this issue amongst the parties involved and avoid the need for the subject hearing.

By copy of this letter we are notifying Meridian Oil, Inc. (the objecting party) and the Aztec Oil Conservation Division office, as well as the other offsetting operators, of our request.

Should you have any questions, please feel free to contact me.

Sincerely,

John D. Roe

John D. Roe
Petroleum Engineer

JDR/cg/hana#1.ocd

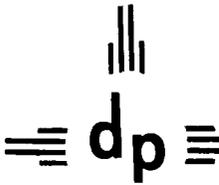
cc: NMOCD, Aztec
Offsetting Operators (see attached list)

**Offsetting Operators & Owners
DPC's Hana #1 Well:**

Southland Royalty Company
801 Cherry
Ft. Worth, TX 76102

Southern Union Gas Company
Renaissance Tower
1201 Elm Street, Suite 1800
Dallas, Texas 75270-2090

Meridian Oil
P.O. Box 4289
Farmington, NM 87499



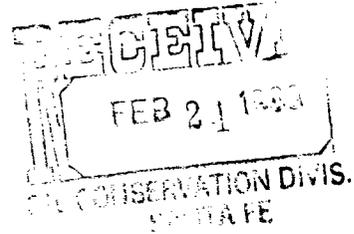
dugan production corp.

February 23, 1989



etc

Mr. David Catanach
New Mexico Oil Conservation Division
310 Old Santa Fe Trail, Room 206
Santa Fe, NM 87503



Re: **NMOCD Case #9573**
Application of Dugan Production for
Non-Standard Gas Spacing & Proration Unit
Hana #1 - Basin-Fruitland Coal Gas Pool
NE/4 of Sec. 18, T29N, R11W, NMPM
San Juan County, New Mexico

Dear Mr. Catanach:

I am writing to confirm our phone conversation on February 22, 1989 during which I asked that the subject case be continued from its currently scheduled March 1, 1989 hearing date to an examiner hearing scheduled for April 12, 1989.

As I mentioned, our reason for requesting this extension is to allow us time to possibly resolve this issue amongst the parties involved and avoid the need for the subject hearing. I did visit with John Caldwell (Meridian Oil) prior to calling you and he was in agreement that the subject hearing should be continued in order to, hopefully, resolve this issue prior to a hearing.

By copy of this letter we are notifying Meridian Oil, Inc. (the objecting party) and the Aztec Oil Conservation Division office, as well as the other offsetting operators, of our request.

Should you have any questions, please feel free to contact me.

Sincerely,

John D. Roe

John D. Roe
Petroleum Engineer

JDR/cg/hana#1a.oed

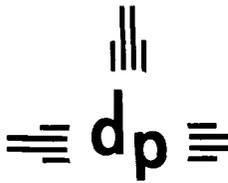
cc: NMOCD, Aztec
Offsetting Operators (see attached list)
Tommy Roberts
Tom Kellahin

**Offsetting Operators & Owners
DPC's Hana #1 Well:**

Southland Royalty Company
801 Cherry
Ft. Worth, TX 76102

Southern Union Gas Company
Renaissance Tower
1201 Elm Street, Suite 1800
Dallas, Texas 75270-2090

Meridian Oil
P.O. Box 4289
Farmington, NM 87499



dugan production corp.

August 16, 1989

Mr. David Catanach
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

DC
RECEIVED

AUG 17 1989

OIL CONSERVATION DIV.
SANTA FE

m.s.
Re: NMOCD Case #9573
Application of Dugan Production Corp. for
Non-Standard Gas Spacing & Proration Unit
Hana #1 - Basin Fruitland Coal Gas Pool
NE/4 of Section 18, T29N, R11W, NMPM
San Juan County, NM

Dear Mr. Catanach:

I am writing to confirm our phone conversation this morning during which I requested that the Oil Conservation Division dismiss our application for the captioned non-standard spacing and proration unit. After extensive negotiations with Meridian Oil, Dugan Production has decided to establish a standard 320 acre spacing unit for the Basin Fruitland Coal completion or abandon the Basin Fruitland Coal completion in this wellbore. Our exact plan is dependant upon the election of the four other working interest owners in this well in addition to Dugan Production. No matter which option we pursue, the need for the subject application no longer exists.

Please take the necessary steps to dismiss this case from the August 23, 1989 docket and consider this matter resolved.

By copy of this letter, we are notifying the offset operators, Meridian Oil, and the Aztec Oil Conservation Division office.

Should you have any questions or need additional information, please feel free to contact me.

Sincerely,

John D. Roe

John D. Roe
Petroleum Engineer

JDR/cg

cc: Offsetting Operators (Address List Attached)
NMCOD, Aztec
Tommy Roberts
Tom Kellahin

Offsetting Operators & Owners
Dugan Production's Hana #1 Well:

Southland Royalty Company
801 Cherry
Ft. Worth, TX 76102

Southern Union Gas Company
Renaissance Tower
1201 Elm Street, Suite 1800
Dallas, Texas 75270-2090

Meridian Oil
P.O. Box 4289
Farmington, NM 87499



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

August 29, 1989

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Mr. John D. Roe
Petroleum Engineer
Dugan Production Corp.
P. O. Box 5820
Farmington, New Mexico 87499-5820

Re: CASE NO. 9573
ORDER NO. R-8983

Applicant:
Dugan Production Corp.

Dear Sir:

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

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD x

Other Robert J. Hopkins