

Dockets Nos. 27-89 and 28-89 are tentatively set for September 20 and October 4, 1989. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 6, 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 Michael E. Stogner, Examiner, or David R. Catanach, or Victor T. Lyon, Alternate Examiners:

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

CASE 9712: (Continued from August 9, 1989, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Tom L. Ingram, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Chappell "5" Well No. 1 located 2310 feet from the North line and 990 feet from the West line (Unit E) of Section 5, Township 12 North, Range 30 East, as projected into the unsurveyed Baca Location No. 2 Grant, San Miguel County, New Mexico (which is located approximately 9.25 miles north-northwest of Tucumcari, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 9713: (Continued from August 9, 1989, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Tom L. Ingram, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Gihon "31" Well No. 1 located 2970 feet from the South line and 1814 feet from the East line (Unit G) of Section 31, Township 13 North, Range 30 East, as projected into the unsurveyed Baca Location No. 2 Grant/Pablo Montoya Land Grant, San Miguel County, New Mexico (which is located approximately 10.5 miles north-northwest of Tucumcari, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 9742: Application of Murphy Operating Corporation for a unit agreement, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Jennifer Chaveroo San Andres Unit Area comprising 5,147.00 acres, more or less, of State and Federal lands underlying all or portions of Sections 25, 26, 35, and 36, Township 7 South, Range 33 East and all or portions of Sections 18, 19, 20, 21, 29, and 30, Township 7 South, Range 34 East. This area is located approximately 8 miles north of the point common to Chaves, Lea, and Roosevelt Counties, New Mexico.

CASE 9743: Application of Murphy Operating Corporation for a waterflood project, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the proposed Jennifer Chaveroo San Andres Unit Area (Division Case No. 9742) located in all or portions of Sections 25, 26, 35, and 36, Township 7 South, Range 33 East and all or portions of Sections 18, 19, 20, 21, 29, and 30, Township 7 South, Range 34 East, by the injection of water into the Chaveroo-San Andres Pool through 44 wells within the Unit Area which is located approximately 8 miles north of the point common to Chaves, Lea, and Roosevelt Counties, New Mexico.

CASE 9725: (Continued from August 23, 1989, Examiner Hearing.)

Application of Yates Petroleum 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 for its Red Rock "NB" Federal Well No. 2 to be drilled 330 feet from the South line and 1980 feet from the West line (Unit N) of Section 28, Township 6 South, Range 25 East, Pecos Slope-Abo Gas Pool, the SW/4 of said Section 25 to be dedicated to said well forming a standard 160-acre gas spacing and proration unit for said pool. Said well location is approximately 13.25 miles north by west of the Pecos River Bridge on U.S. Highway 70.

CASE 9698: (Continued from August 23, 1989, Examiner Hearing.)

Application of Yates Petroleum 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 for its Dragonfly State Unit Well No. 2 located 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 31, Township 9 South, Range 27 East, Undesignated Poor Ranch-PrePermian Gas Pool, Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) of said Section 31 to be dedicated to said well forming a standard 319.16-acre gas spacing and proration unit for said pool. Said well is approximately 4.5 miles north of Mile Post 172.5 on U. S. Highway 380.

CASE 9700: (Continued from August 23 1989, Examiner Hearing.)

Application of Yares Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 1, 2, 3, and 4 and the S/2 N/2 (N/2 equivalent) of Section 2, Township 20 South, Range 24 East, forming a standard 319.04-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing (which presently includes but is not necessarily limited to the Undesignated Dagger Draw-Strawn Gas Pool, Undesignated Dagger Draw-Atoka Gas Pool, Undesignated North Cemetery-Atoka Gas Pool, Undesignated Cemetery-Morrow Gas Pool, and the Undesignated Hoag Tank-Morrow Gas Pool) and Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) of said Section 2 to form a standard 159.64-acre spacing and proration unit for all formations and/or pools developed on 160-acre spacing (which presently includes but is not necessarily limited to the Undesignated Dagger Draw-Wolfcamp Gas Pool and the Undesignated North Dagger Draw-Upper Pennsylvanian Pool). 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 2. Also to be considered will be the cost of drilling and completing said well and the allocation of 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 miles west by north of Seven Rivers, New Mexico.

CASE 9744: Application of Richmond Petroleum 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 3 and 4, the S/2 NW/4, and the SW/4 of Section 10, Township 32 North, Range 6 West, forming a standard 279-acre gas spacing and proration unit for said pool, said unit to be dedicated to a well to be drilled at an undetermined location at this time. The applicant proposes to submit any proper or required forms, applications, and supporting data for Division approval once a well location is determined. Also to be considered will be the cost of drilling and completing a well within the unit and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the unit and well and a charge for risk involved in drilling said well. Said unit is bounded to the north by the State of Colorado between Mile Posts Nos. 242 and 243.

CASE 9745: Application of Richmond Petroleum 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 1, 2, 3 and 4 and the S/2 N/2 of Section 9, Township 32 North, Range 6 West, forming a non-standard 237.60-acre gas spacing and proration unit for said pool, said unit to be dedicated to a well to be drilled at an undetermined location at this time. The applicant proposes to submit any proper or required forms, applications, and supporting data for Division approval once a well location is determined. Also to be considered will be the cost of drilling and completing a well within the unit and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the unit and well and a charge for risk involved in drilling said well. Said unit is bounded to the north by the State of Colorado at Mile Post No. 243.

CASE 9746: Application of Richmond Petroleum 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 9, Township 32 North, Range 6 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to a well to be drilled at a standard coal gas well location in the SE/4 of said Section 9. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1/2 mile south of Mile Post No. 243 which is located on the Colorado/New Mexico stateline.

CASE 9703: (Readvertised.)

Application of Meridian Oil, Inc. for exemption from the New Mexico Natural Gas Pricing Act (NMPPA), San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the exemption from the NMPPA of certain infill wells in the Basin-Dakota and Blanco-Mesaverde Pools as provided in Section 62-7-5 NMSA, 1978. Applicant further requests that said exemptions be made effective retroactive from the date of first production of natural gas from each well. 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 9747: (This case will be dismissed.)

Application of Amoco Production Company for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle gas production from the Scoggins Draw-Strawn and Scoggins Draw-Morrow Gas Pools within the wellbore of its Federal "DH" Gas Com Well No. 1 located at a previously approved unorthodox gas well location (NSL-1800) 700 feet from the South line and 990 feet from the West line (Unit M) of Section 11, Township 18 South, Range 27 East. Said well is located approximately 5.5 miles south-southeast of Riverside, New Mexico.

CASE 9736: (Continued from August 23, 1989, Examiner Hearing.)

Application of Wallen Production Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to institute a waterflood project on its Wallen Tonto Lease underlying the SW/4, N/2 SE/4, and the SE/4 SE/4 of Section 30, Township 19 South, Range 33 East, by the injection of water into the South Tonto Yates-Seven Rivers Pool through the open hole interval from approximately 2,900 feet to 3,113 feet in the Wallen Tonto Well No. 7 located 1650 feet from the South line and 990 feet from the East line (Unit I) of said Section 30. Said well is located approximately 4 miles north of Laguna Gatuna.

CASE 9748: Application of Conoco Inc. for revision of Division Order No. R-5008 and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to revise the two Eumont Gas Pool proration units described in Division Order No. R-5008 to eliminate the 40-acre tract being the SW/4 NW/4 of Section 10, Township 20 South, Range 37 East, from said order and to establish a 640-acre non-standard gas proration unit comprising the SW/4 of Section 10 and the W/2 and W/2 E/2 of Section 15, both in said Township 20 South, Range 37 East, to be simultaneously dedicated to the Britt "B" Wells Nos. 3, 15, and 25 all located at previously approved unorthodox gas well locations in Unit L of Section 15, Unit M of Section 10, and Unit C of Section 15, respectively. Said unit is located approximately 3.5 miles south-southeast of Monument, New Mexico.

CASE 9749: Application of OGS Operating Company, Inc. for compulsory pooling and an unorthodox oil well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Bluit-San Andres Associated Pool underlying either the N/2 of Section 15, Township 8 South, Range 37 East, forming a standard 320-acre gas spacing and proration unit for said pool if gas is encountered or the E/2 NE/4 of said Section 15, forming a standard 80-acre oil spacing and proration unit for said pool if oil is encountered. Either unit is to be dedicated to a well to be drilled 990 feet from the North and East lines (Unit A) of said Section 15, which is a standard gas well location for the 320-acre unit and a non-standard oil well location for the 80-acre unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is approximately 2.5 miles east of Bluit, New Mexico.

CASE 9750: 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 1 and 2, SE/4 NE/4, and E/2 SE/4 of Section 8, and SW/4 of Section 9, both in Township 32 North, Range 6 West, forming a non-standard 317.51-acre gas spacing and proration unit for said pool, to be dedicated to its Allison Unit Well No. 135 to be drilled at a standard coal gas well location in the SW/4 of said Section 9. 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 bounded to the north by the State of Colorado at Mile Post No. 244.

CASE 9751: Application of Quinoco Petroleum Inc. for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 310.48-acre non-standard gas spacing and proration unit for production from the Basin-Fruitland Coal (Gas) Pool comprising Lots 5, 6, 7, and 8, the E/2 SW/4 and the SE/4 of Section 2, Township 31 North, Range 7 West. Said unit is to be dedicated to its Quinoco State "N" Well No. 4 to be drilled at a standard coal gas well location in the SW/4 of said Section 2. Said unit is located approximately 9.5 miles north-northeast of the Navajo Lake Dam.

CASE 9752: Application of Quinoco Petroleum Inc. for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas spacing and proration unit for production from the Basin-Fruitland Coal (Gas) Pool comprising the W/2 SW/4 of Section 2, the E/2 SE/4 of Section 3, and the NE/4 of Section 10, all in Township 31 North, Range 7 West. Said unit is to be dedicated to its Federal "G" Well No. 4 to be drilled at a standard coal gas well location in the NE/4 of said Section 10. Said unit is located approximately 5.5 miles south of Mile Post No. 245 on the New Mexico/Colorado stateline.

CASE 9753: Application of Quinoco Petroleum Inc. for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas spacing and proration unit for production from the Basin-Fruitland Coal (Gas) Pool comprising the W/2 SE/4 and the E/2 SW/4 of Section 3 and the NW/4 of Section 10, both in Township 31 North, Range 7 West. Said unit is to be dedicated to its Quinoco "N" Well No. 5 to be drilled at a standard coal gas well location in the SW/4 of said Section 3. Said unit is located approximately 8.75 miles north-northeast of the Navajo Lake Dam.

CASE 9754: Application of Merrion Oil and Gas Corporation for a horizontal directional drilling pilot project, special operating rules therefor, non-standard oil proration unit, unorthodox oil well location, and simultaneous dedication, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the formation of an 80-acre non-standard oil spacing and proration unit in the Papers Wash-Entrada Oil Pool comprising the SW/4 NW/4 and NW/4 SW/4 of Section 15, Township 19 North, Range 5 West, for the purpose of initiating a horizontal directional drilling pilot project. The applicant proposes to either plug-back, sidetrack and directionally drill horizontally through the Entrada formation in its Federal 15 Well No. 2 located 1980 feet from the North line and 990 feet from the West line (Unit E) of said Section 15 or, in the alternative, to drill a new well for the same purpose at a surface location 1400 feet from the North

line and 550 feet from the West line of said Section 15. The horizontal wellbore in either well is to be drilled in a southerly direction within a target window described as a rectangle 1250 feet wide and 2350 feet long, the north end being 1400 feet from the North line of said Section 15, with the western side formed by the Section line. Applicant further seeks special rules and procedures within the pilot project area including allowable provisions for a double sized oil proration unit for this pool where the proposed horizontal well will be simultaneously dedicated with the Navajo Allotted 15 Well No. 5 located 2310 feet from the South line and 990 feet from the West line (Unit L) of said Section 15 and possibly with said Federal 15 Well No. 2. The project area is located approximately 22 miles northwest of San Luis, New Mexico.

CASE 9755: Application of BTA Oil Producers for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its Maxus "B" 8026 JV-P Well No. 3 to be drilled 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 34, Township 22 South, Range 34 East, to test the Antelope Ridge-Atoka Gas Pool and the Antelope Ridge-Morrow Gas Pool, the N/2 of said Section 34 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for both pools. Said well location is approximately 4 miles northwest of the San Simon Sink.

CASE 9740: (Readvertised)
Application of Hondo Oil and Gas Company for a horizontal directional drilling pilot project, special operating rules therefor, simultaneous dedication, 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 re-enter the previously plugged and abandoned Pennzoil United Inc. Atlantic State Well No. 1 located 660 feet from the North and East lines (Unit A) of said Section 6, clean said wellbore out the Bone Spring formation whereby the formation will be evaluated to determine the proper direction for a 1500 feet horizontal extension to said wellbore within the Bone Spring formation. 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 the 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 where the proposed horizontal well will be simultaneously dedicated with the applicant's 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. The project area is located approximately 8 miles west of Arkansas Junction, New Mexico.

CASE 9715: (Continued from August 9, 1989, Examiner Hearing.)
Application of Benson-Montin-Greer Drilling Corporation for a horizontal directional drilling pilot project, special operating rules therefor, and a non-standard oil proration unit, West Puerto Chiquito-Mancos Oil Pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling pilot project in Sections 15 and 16, Township 25 North, Range 1 West, West Puerto Chiquito-Mancos Oil Pool, Canada Ojitos Unit Area. The applicant proposes to utilize its C.O.U. (A16) Well No. 8 located 850 feet from the North line and 1030 feet from the East line (Unit A) of said Section 16 by kicking off from the vertical wellbore in an easterly direction and then drilling horizontally in the Mancos formation for approximately 2000 feet bottoming said wellbore in the adjoining Section 15, whereby it is proposed that both Sections 15 and 16 will be dedicated to the well forming a non-standard 1280-acre oil spacing and proration unit for said pool. Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the horizontal extent of the wellbore and special allowable considerations. This area is located approximately 15 miles north by east of Regina, New Mexico.

CASE 9756: Application of Bill Fenn, Inc. to amend Division Order No. R-8890, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8890, dated March 14, 1989, which authorized the applicant to dually complete its Roaring Springs Federal Com. Well No. 1 in the Indian Basin-Upper Pennsylvanian and Indian Basin-Morrow Gas Pools 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, by allowing the applicant to recomplete up the hole from the Morrow zone to the Strawn formation whereby said well would be dually completed in the Indian Basin-Upper Pennsylvanian Gas Pool and the Strawn formation. Said Order No. R-8890 is to be further amended to include authorization for an unorthodox gas well location in the Strawn formation, the N/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for the Strawn interval. Said well is located approximately 1.25 miles north-northwest of the Marathon Oil Company Indian Basin Gas Plant.

CASE 8668: (Continued from August 9, 1989, Examiner Hearing.) (Reopened.)
In the matter of Case No. 8668 being reopened upon application of Howard Olsen to reconsider the provisions of Division Order No. R-8031, issued in said Case No. 8668 and dated September 27, 1985, which granted the application of Doyle Hartman to compulsorily pool all mineral interests from the surface to the base of the Langlie-Mattix Pool underlying the SE/4 SE/4 (Unit P) of Section 23, Township 25 South, Range 37 East, forming a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard oil well location thereon. Said well is located approximately 4 miles east of Jai, New Mexico.

CASE 8769: (Continued from August 9, 1989, Examiner Hearing.) (Reopened.)

In the matter of Case No. 8769 being reopened upon application of Howard Olsen to reconsider the provisions of Division Order No. R-8091, issued in said Case No. 8769 and dated December 6, 1985, which granted the application of Doyle Hartman to compulsorily pool all mineral interests from the surface to the base of the Langlie-Mattix Pool underlying the SE/4 NE/4 (Unit H) of Section 26, Township 25 South, Range 37 East, forming a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard oil well location thereon. Said well is located approximately 4 miles east of Jal, New Mexico.

KELLAHIN, KELLAHIN and AUBREY
Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe
Post Office Box 2265

Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

Santa Fé, New Mexico 87504-2265

Fax: 505/982-2047

August 17, 1989

*File
m.s.*

RECEIVED

AUG 21 1989

OIL CONSERVATION DIV.
SANTA FE

Mr. William J. LeMay
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Wallen Production Company
NMOCD Case No. 9736

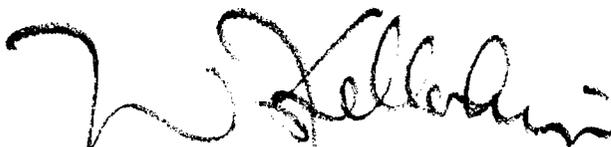
Dear Mr. LeMay:

On behalf of the Applicant, Wallen Production Company, we docketed the referenced waterflood application for hearing on August 23, 1989.

I am informed that my expert witness for that case has a conflict and cannot attend the August 23, 1989 hearing.

Accordingly, please continue this case to the Examiner's docket of September 6, 1989.

Very truly yours,



W. Thomas Kellahin

WTK/rs

cc: Walter Krug

Dockets Nos. 26-89 and 27-89 are tentatively set for September 6 and September 20, 1989. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 23, 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 9724: Application of Nearburg Producing 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 for its Boys Ranch Well No. 1 to be drilled 1100 feet from the North line and 880 feet from the East line (Unit A) of Section 13, Township 17 South, Range 37 East, South Humble City-Strawn Pool, the E/2 NE/4 of said Section 13 to be dedicated to said well forming a standard 80-acre oil spacing and proration unit for said pool. The proposed well site is located approximately 3 miles north by east of Humble City, New Mexico.

CASE 9714: (Continued from August 9, 1989, Examiner Hearing.)

Application of Union Oil Company of California 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 Morrow Formation underlying Lots 1 through 5, the SE/4 NW/4, and the S/2 NE/4 (N/2 equivalent) of Section 6, Township 20 South, Range 34 East, forming a standard 322.03-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing (which presently includes but is not necessarily limited to the Undesignated Quail Ridge-Morrow Gas Pool and the Undesignated Teas-Pennsylvanian Gas Pool), said unit to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located on the north side of U.S. Highway 62/180 at Mile Post No. 76.

CASE 9725: Application of Yates Petroleum 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 for its Red Rock "NB" Federal Well No. 2 to be drilled 330 feet from the South line and 1980 feet from the West line (Unit N) of Section 28, Township 6 South, Range 25 East, Pecos Slope-Abo Gas Pool, the SW/4 of said Section 25 to be dedicated to said well forming a standard 160-acre gas spacing and proration unit for said pool. Said well location is approximately 13.25 miles north by west of the Pecos River Bridge on U.S. Highway 70.

CASE 9698: (Continued from August 9, 1989, Examiner Hearing.)

Application of Yates Petroleum 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 for its Dragonfly State Unit Well No. 2 located 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 31, Township 9 South, Range 27 East, Undesignated Poor Ranch-PrePermian Gas Pool, Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) of said Section 31 to be dedicated to said well forming a standard 319.16-acre gas spacing and proration unit for said pool. Said well is approximately 4.5 miles north of Mile Post 172.5 on U. S. Highway 380.

CASE 9700: (Continued from August 9 1989, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 1, 2, 3, and 4 and the S/2 N/2 (N/2 equivalent) of Section 2, Township 20 South, Range 24 East, forming a standard 319.04-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing (which presently includes but is not necessarily limited to the Undesignated Dagger Draw-Strawn Gas Pool, Undesignated Dagger Draw-Atoka Gas Pool, Undesignated North Cemetery-Atoka Gas Pool, Undesignated Cemetery-Morrow Gas Pool, and the Undesignated Hoag Tank-Morrow Gas Pool) and Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) of said Section 2 to form a standard 159.64-acre spacing and proration unit for all formations and/or pools developed on 160-acre spacing (which presently includes but is not necessarily limited to the Undesignated Dagger Draw-Wolfcamp Gas Pool and the Undesignated North Dagger Draw-Upper Pennsylvanian Pool). 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 2. Also to be considered will be the cost of drilling and completing said well and the allocation of 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 miles west by north of Seven Rivers, New Mexico.

CASE 9726: Application of Haylan Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Ellenberger formation underlying the SW/4 of Section 25, Township 19 South, Range 38 East, forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing and the NE/4 SW/4 of said Section 25 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing (which presently includes but is not necessarily limited to the Undesignated House-Blinebry Pool, the Undesignated North House-Tubb Pool, the Undesignated Nadine Drinkard-Abo Pool and the Undesignated East Nadine-Drinkard Pool). Both aforementioned units are to be dedicated to a single well to be drilled at a standard location in the NE/4 SW/4 (Unit R) of said Section 25. 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 1.3 miles east-northeast of Nadine, New Mexico.

CASE 9663: (Continued from July 26, 1989, Examiner Hearing.)

Application of The Petroleum Corporation of Delaware for downhole commingling, the amendment of Division Order No. R-7269, and the amendment of Division Administrative Order NSP-1290, Eddy County, New Mexico. Applicant, in the above-styled cause, and as operator of the Superior Federal Well No. 6 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 6, Township 20 South, Range 29 East, seeks to downhole commingle production from the Undesignated East Burton Flat-Atoka Gas Pool and the East Burton Flat-Morrow Gas Pool. Applicant also seeks to permit such commingled production to be produced through tubing and the production of gas from the East Burton Flat-Strawn Gas Pool through the casing-tubing annulus of said well and that Division Order No. R-7269 be amended accordingly. Applicant further seeks to amend Division Administrative Order No. NSP-1290, dated April 28, 1982; which authorized a 299.84-acre, more or less, gas spacing and proration unit for the East Burton Flat-Strawn Gas Pool comprising Lots 6 and 7, the E/2 SW/4, and the SE/4 of said Section 6 for said well; to include both the Undesignated East Burton Flat-Atoka Gas Pool and the East Burton Flat-Morrow Gas Pool. Applicant also requests that any such order issued in this case be made effective retroactively to May 1987. Said well is located approximately 7.5 miles northwest of the junction of New Mexico Highway No. 31 North and U.S. Highway 62/180.

CASE 9710: (Continued from July 26, 1989, Examiner Hearing.)

Application of Mallon Oil Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water into the Brushy Canyon formation in the perforated interval from approximately 5593 feet to 5636 feet in its Amoco Federal Well No. 1 located 1665 feet from the South line and 330 feet from the East line (Unit I) of Section 27, Township 26 South, Range 29 East, Brushy Draw-Delaware Pool. Said well is located approximately 3/4 of a mile north of Mile Corner No. 53 located on the New Mexico/Texas Stateline.

CASE 9727: Application of Mallon Oil Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water into the Cherry Canyon formation in the perforated intervals from approximately 3856 feet to 3886 feet and from 3904 feet to 3940 feet in its Amoco Federal Well No. 1 located 1665 feet from the South line and 330 feet from the East line (Unit I) of Section 27, Township 26 South, Range 29 East, Brushy Draw-Delaware Pool. Said well is located approximately 3/4 of a mile north of Mile Corner No. 53 located on the New Mexico/Texas Stateline.

CASE 9728: Application of Conoco Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 660 feet from the South Line and 330 feet from the East line (Unit P) of Section 34, Township 16 South, Range 37 East, Undesignated Casey-Strawn Pool or Undesignated Shipp-Strawn Pool, the S/2 SE/4 of said Section 34 to be dedicated to said well forming a standard 80-acre oil spacing and proration unit for both pools. This location is approximately 5 miles north by west of Humble City, New Mexico.

CASE 9707: (Continued from August 9, 1989, Examiner Hearing.)

Application of Meridian Oil, Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its Heizer Well No. 100 to be drilled 1430 feet from the North line and 2250 feet from the East line (Unit G) of Section 15, Township 32 North, Range 10 West, Basin-Fruitland Coal (Gas) Pool, Lots 1, 2, 3, and 4 and the W/2 E/2 (E/2 equivalent) of said Section 15 to be dedicated to said well forming a standard 311.43-acre gas spacing and proration unit for said pool. Said location is approximately 1 mile south of the Colorado/New Mexico Stateline on U.S. Highway 550.

CASE 9641: (Continued from June 7, 1989, Examiner 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 (equivalent) of Section 23, Township 31 North, Range 10 West, forming a standard 315.75-acre gas spacing and proration unit for said pool, to be dedicated to its Atlantic "B" Com Well No. 205 to be drilled at a standard coal gas well location in the SW/4 of said Section 23. 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 location is approximately 9 miles northeast of Aztec, New Mexico.

CASE 9729: Application of Meridian Oil Inc. for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas spacing and proration unit comprising the NE/4 NW/4, S/2 NW/4, and the SW/4 of Section 24 and the SE/4 SE/4 of Section 23, both in Township 31 North, Range 12 West, Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to the East Well No. 102 to be located at a standard coal gas well location 1310 feet from the South line and 1490 feet from the West line (Unit N) of said Section 24, which is approximately 4.5 miles northwest of Aztec, New Mexico.

CASE 9730: Application of Meridian Oil Inc. for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a non-standard 308.75-acre, more or less, gas spacing and proration unit comprising Lots 3 and 4 and the SW/4 NW/4 of Section 8 and Lots 1, 2, 3, 4 and 5, the SE/4 NW/4, and the S/2 NE/4 of Section 7, both in Township 32 North, Range 6 West, Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to the Allison Unit Well No. 133 located at a standard coal gas well location 790 feet from the North line and 2490 feet from the East line (Unit G) of said Section 7, which is approximately 3/8 mile west-southwest of Mile Post No. 245 on the Colorado/New Mexico Stateline.

CASE 9731: Application of Meridian Oil Inc. for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 377.66-acre non-standard gas spacing and proration unit comprising Lots 2, 5, 6, and 7, the SW/4, and the W/2 SE/4 of Section 11, Township 32 North, Range 7 West, Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to the Allison Unit Well No. 124 located at a standard coal gas well location 1570 feet from the South line and 1650 feet from the West line of said Section 11, which is approximately 1/2 mile south of Mile Corner No. 247.5 on the Colorado/New Mexico Stateline.

CASE 9732: Application of Meridian Oil Inc. for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 357.45-acre non-standard gas spacing and proration unit comprising Lots 1 and 2, NE/4 SW/4, S/2 SW/4, and SE/4 of Section 10 and Lots 3 and 4 of Section 11, both in Township 32 North, Range 7 West, Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to the Allison Unit Well No. 103 located at a standard coal gas well location 1745 feet from the South line and 2270 feet from the West line (Unit K) of said Section 10, which is approximately 1/2 mile southwest of Mile Corner No. 248 located on the Colorado/New Mexico Stateline.

CASE 9718: (Continued from August 9, 1989, Examiner Hearing.)

Application of Meridian Oil Inc. for the vertical contraction and redesignation of an existing Delaware Oil Pool and for a new pool creation, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to contract the vertical limits of the Parkway-Delaware Pool by excluding the upper portion of the Delaware formation identified as the "B" Sand interval and to redesignate said pool as the Parkway-Delaware "A" Sand Pool or the Parkway-Lower Delaware Pool. Applicant further seeks the concomitant creation of a new oil pool for Upper Delaware production designated as the Parkway-Delaware "B" Sand Pool or Parkway-Upper Delaware Pool with its horizontal limits to include all of Section 35, Township 19 South, Range 29 East. The applicant also requests that the effective date for such an order issued in this matter be June 16, 1989. The Parkway-Delaware Pool presently comprises all of Section 35 and the NW/4 of Section 36, Township 19 South, Range 29 East, which is located approximately 26 miles southeast by east of Artesia, New Mexico.

CASE 9721: (Continued from August 9, 1989, Examiner Hearing.)

Application of Marathon Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle gas production from the Blanco-Mesaverde Pool and Basin-Dakota Pool within the wellbore of its Jicarilla Apache Well No. 13E located 1850 feet from the North line and 930 feet from the West line (Unit E) of Section 33, Township 26 North, Range 5 West. Said well is located approximately 11 miles west of the Southern Union Gas Company Ojito Camp.

CASE 9722: (Continued from August 9, 1989, Examiner Hearing.)

Application of Marathon Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle gas production from the Blanco-Mesaverde Pool and Basin-Dakota Pool within the wellbore of its Jicarilla Apache Well No. 14E located 1850 feet from the North line and 1685 feet from the West line (Unit F) of Section 34, Township 26 North, Range 5 West. Said well is located approximately 9.5 miles west of the Southern Union Gas Company Ojito Camp.

CASE 9733: Application of Marathon Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle gas production from the Blanco-Mesaverde and Basin-Dakota Pools within the wellbore of the following 11 wells, all located on its Jicarilla Apache Lease in Township 26 North, Range 5 West, (which is located approximately 10 miles west of the Southern Union Gas Company Ojito Camp):

WELL NO.	FOOTAGE LOCATION	UNIT	SECTION
8	990' FSL and EL	P	27
8-E	1685' FS and WL	K	27
9	990' FNL - 1100' FEL	A	28
9-E	1040' FSL - 1685' FEL	O	28
10-E	1040' FNL - 1685' FWL	C	27

11-E	955' FNL - 1685' FWL	C	28
12	800' FN and EL	A	33
13-E	1850' FNL - 930' FWL	E	33
14-E	1850' FNL - 1685' FWL	F	34
16	1600' FSL - 900' FEL	I	34
16-E	825' FNL - 955' FEL	A	34

CASE 9734: Application of Devon Energy Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the ETZ State Unit Area comprising 640 acres, more or less, of State and Federal lands in portions of Sections 16 and 17, Township 17 South, Range 30 East. Said unit is located approximately 1 mile north of Loco Hills, New Mexico.

CASE 9735: Application of Devon Energy Corporation for waterflood expansion and to amend Division Order No. R-7926, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-7926, which approved the Texas American Oil Corporation Etz-Randel State Cooperative Waterflood Project in a portion of Section 16, Township 17 South, Range 30 East, Grayburg Jackson Pool, by including the N/2 NE/4 and SE/4 NE/4 of Section 17 whereby the project area would conform to its proposed ETZ State Unit Area. Applicant also requests that said waterflood project be redesignated the ETZ State Unit Waterflood Project and that it be named as the designated operator.

Further, the applicant requests approval to convert and utilize the ETZ "J" State Well No. 22 located 990 feet from the South line and 2310 feet from the East line (Unit O) of Section 16 and the Collier Federal Well No. 1 located 660 feet from the North and East lines (Unit A) of Section 17 into water injection wells and a proposed maximum surface injection pressure of 1600 psi for each well. Said area is located approximately 1 mile north of Loco Hills, New Mexico.

CASE 9736: Application of Wallen Production Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to institute a waterflood project on its Wallen Tonto Lease underlying the SW/4, N/2 SE/4, and the SE/4 SE/4 of Section 30, Township 19 South, Range 33 East, by the injection of water into the South Tonto Yates-Seven Rivers Pool through the open hole interval from approximately 2,900 feet to 3,113 feet in the Wallen Tonto Well No. 7 located 1650 feet from the South line and 990 feet from the East line (Unit I) of said Section 30. Said well is located approximately 4 miles north of Laguna Gatuna.

CASE 9737: Application of Phillips Petroleum Company to amend Division Order No. R-3668-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-3668-A, dated June 15, 1989, by changing the locations of the previously authorized Philmex Well No. 38, to be utilized as an injection well, to be drilled 1307 feet from the South line and 1245 feet from the West line (Unit M) and the Philmex Wells Nos. 39 and 40 (both to be utilized as observation wells) at the following respective locations 1478 feet from the South line and 1175 feet from the West line (Unit L) and 1682 feet from the South line and 1090 feet from the West line (Unit L), all locations are in Section 26, Township 17 South, Range 33 East. In addition, the applicant seeks to include the San Andres formation into its previously approved Maljamar Philmex Carbon Dioxide Injection Pilot Project. Said area is located approximately 7.5 miles west of Buckeye, New Mexico.

CASE 9708: (Continued and Readvertised.)

Application of Phillips Petroleum Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Cruces Lease underlying the S/2 of Section 26, Township 20 South, Range 34 East, by the injection of water into the Yates formation of the Lynch Yates-Seven Rivers Pool thru the perforated interval from approximately 3509 feet to 3629 feet in the Cruces Well No. 3 located 330 feet from the South line and 1655 feet from the West line (Unit N) of said Section 26. This well is located approximately 4.5 miles south of Mile Post No. 77 on U.S. Highway 62/180.

CASE 9738: Application of Kelt Oil and Gas, Inc. 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 Cato-San Andres Pool underlying 15,321.83 acres, more or less, of State, Federal, and Fee lands in Townships 8 and 9 South, Range 30 East. Said unit is to be designated the Cato Unit. Among the matters to be considered at the hearing will be the necessity of unit operation; 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 south-southeast of Boaz, New Mexico.

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 Gem-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

Examiner Hearing - Wednesday - August 23, 1989

(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-Permo 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-Permo 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

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

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 35: NW/4

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

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 1: SE/4

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

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM
Section 11: NW/4

(s) EXTEND the North Vacuum Atoka-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 17: S/2

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 12: NE/4

OIL CONSERVATION DIVISION
RECEIVED

'89 OCT 30 AM 10 01
KELLAHIN, KELLAHIN and AUBREY
Attorneys at Law

W. Thomas Kellahin
Karen Aubrey

El Patio - 117 North Guadalupe
Post Office Box 2265

Telephone 982-4285
Area Code 505

Jason Kellahin
Of Counsel

Santa Fé, New Mexico 87504-2265

Fax: 505/982-2047

October 27, 1989

Mr. Michael E. Stogner
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: Application of Wallen Production Company
for Approval of a Waterflood Project,
Lea County, New Mexico.
NMOCD Case 9736

Dear Mr. Stogner:

On behalf of the Applicant, Wallen Production Company,
I presented the referenced case to you at the Division
Examiner's hearing held on September 7, 1989.

While the Division notice rules do not require it, you
requested at the hearing that we advise you if the potash
lessee within a one-half mile area of the waterflood project
had any objection to the application.

We have contacted Noranda Exploration, Inc., who is the
potash lessee and have obtained and enclosed the original of
their waiver to the application.

I believe this should complete all the information you
desired from us. If not, please let me know.

Very truly yours,


W. Thomas Kellahin

WTK/tic
Encl.

cc: Mr. Walter Krug

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

RECEIVED

OCT 27 1989

IN THE MATTER OF THE APPLICATION
OF WALLEN PRODUCTION COMPANY FOR
APPROVAL OF A WATERFLOOD PROJECT,
LEA COUNTY, NEW MEXICO

CARPENTER CROUT & OLMSTED

Case No. 9736

WAIVER OF OBJECTION

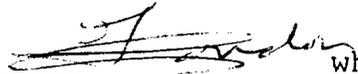
COMES NOW, Noranda Exploration Inc., and states:

(1) that it is the potash lessee of record for the potash leases within a one-half mile radius of the Wallen Production Company Tonto #7 well located in 990 feet FEL and 1660 feet FSL of Section 30, T19S, R33E, NMPM, Lea County New Mexico;

(2) that it has received and reviewed the Wallen Production Company completed Division form C-108 (pages 1-30); and

(3) that Noranda Exploration Inc. has not objected to the Division entering an order approval of the proposed waterflood project as described by the applicant.

Date: Oct. 18, 1989, 1989. F. CONDON

Signed by  who is
the Director, Business Development of Noranda
Exploration Inc., for and on behalf
of the company

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

23 August 1989

EXAMINER HEARING

IN THE MATTER OF:

In the matter of cases called on this
date and continued or dismissed with-
out testimony presented.

CASES
9725
9698
9700
9726
9710
9727
9641
9729
9721
9722
9736
9572
9573
9703

*Transcript in
Case 9725*

BEFORE: David R. Catanach, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division:

Robert G. Stovall
Attorney at Law
Legal Counsel to the Division
State Land Office Building
Santa Fe, New Mexico

DRAFT

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9736
ORDER No. R-

APPLICATION OF WALLEN PRODUCTION COMPANY
FOR A WATERFLOOD PROJECT,
LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on
September 7, 1989, at Santa Fe, New Mexico, before Examiner
Michael E. Stogner.

NOW, on this ____ day of December, 1989, the Division
Director, having considered the testimony, the record, and
the recommendations of the Examiner, and being fully advised
in the premises,

FINDS THAT:

(1) Due public notice having been given as
required by law, the Division has jurisdiction of this cause
and the subject matter thereof.

CASE NO. 9736
ORDER NO. R-
PAGE TWO

(2) The applicant, Wallen Production Company, seeks authority to institute a waterflood project on its Wallen Tonto Lease underlying the SW/4, N/2SE/4 and SE/4 of Section 30, T19S, R33E, NMPM, Lea County, New Mexico, by the injections of water into the South Tonto Yates-Seven Rivers Pool through the open hole interval from approximately 2,900 feet to 3,113 feet in the Wallen Tonto Well No. 7, located 1650 feet from the South line and 990 feet from the East line (Unit I) of said Section 30.

(3) The wells in the project area are in an advanced state of depletion and should properly be classified as "stripper" wells.

(4) The proposed waterflood area is within the Oil Conservation Division "Oil Potash Area" which is governed by the provision of Division Rule R-111-P.

(5) Applicant has provided Noranda Exploration Inc., the only potash lessee in the area, with a copy of the applicant's complete Division Form C-108 with attachments and Noranda has signed and filed its waiver with the Division indicating it has no objection to the applicant conducting a waterflood project as proposed.

CASE NO. 9736
ORDER NO. R-
PAGE THREE

(6) When the proposed injection well, Wallen Tonto Well No. 7, was originally drilled and completed it was cased and cemented as a producing Yates Seven Rivers formation well as required by Division rules for wells in the Oil-Potash Area.

(7) Applicant proposes to limit injection into the Yates formation of the South Tonto Yates Seven Rivers Pool.

(8) The approval of the application is estimated to result in the recovery of an additional 63,700 barrels of oil that would not otherwise be recovered thereby preventing waste and protecting correlative rights.

(9) The operator should take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface from injection, production, or plugged and abandoned wells.

(10) Prior to commencing injection operations, the casing in the subject well should be pressure-tested throughout the interval from the surface down to the proposed packer-setting depth to assure the integrity of such casing.

CASE NO. 9736
ORDER NO. R-
PAGE FOUR

(11) The injection well or injection pressurization system should be so equipped as to limit injection pressure at the wellhead to no more than 1,000 psi, but the Division Director should have the authority to increase said pressure limitation, should circumstances warrant.

(12) The operator should give advanced notification to the supervisor of the Hobbs district office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity pressure-test in order that the same may be witnessed.

(13) The subject application should be approved and the project should be governed by the provisions of Rules 701 through 708 of the Division Rules and Regulations.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Wallen Production Company, is hereby authorized to institute a waterflood project on its Wallen Tonto Lease underlying the SW/4, N/2SE/4, and the SE/4 of Section 30, T19S, R33E, by the injection of water into the South Tonto Yates-Seven Rivers Pool through the open hole interval from approximately 2,900 feet to 3,113 feet in the Wallen Tonto Well No. 7 located 1650 feet from the South line and 990 feet from the East line (Unit I) of said Section 30.

CASE NO. 9736
ORDER NO. R-
PAGE FIVE

PROVIDED HOWEVER THAT prior to commencing injection operations, the casing in the subject well shall be pressure-tested to assure that integrity of such casing in a manner that is satisfactory to the supervisor of the Division's district office at Hobbs.

(2) Injection into said well shall be down the 2-3/8" internally coated tubing, set in a packer which is located at approximately 2,850 feet and into the open hole interval from approximately 2,900 feet to 3,113 feet; the casing-tubing annulus shall be loaded with an inert fluid and equipped with an approved pressure gauge or attention-attracting leak detection device.

(3) The operator shall notify the supervisor of the Hobbs district office of the Division in advance of the date and time of the installation of injection equipment and of the mechanical integrity pressure-test in order that the same may be witnessed.

(4) The operator shall immediately notify the supervisor of the Division's Hobbs district office of the failure of the tubing or packer in said injection well, the leakage of water or oil from or around any producing well, or the leakage of water or oil from any plugged and abandoned well.

CASE NO.9736
ORDER NO. R-
PAGE SIX

within the project area and shall take such timely steps as may be necessary or required to correct such failure or leakage.

(5) The injection well herein authorized and/or the injection pressurization system shall be so equipped as to limit injection pressure at the wellhead to no more than 1,000 psi, provided however, the Division Director may authorize a higher surface injection pressure upon satisfactory showing that such higher pressure will not result in fracturing of the confining strata.

(6) The subject waterflood is hereby designed the Wallen Tonto Lease Waterflood Project and shall be governed by the provisions of Rules 701 and 708 of the Division Rules and Regulations.

(7) Monthly progress reports of the waterflood project herein authorized shall be submitted to the Division in accordance with Rules 706 and 1115 of the Division Rules and Regulations.

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

CASE NO. 9736
ORDER NO. R-
PAGE SEVEN

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

SEAL