

- CASE 9827: Application of Exxon Corporation for special casinghead gas allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to General Rule 506(a) authorizing a special casinghead gas allowable for the applicant's Paddock (San Angelo) Unit Well No. 2 located 764 feet from the South line and 554 feet from the East line (Unit P) of Section 334, Township 21 South, Range 37 East, Paddock Pool, of 1,000,000 SCF/Day, any such order issued in this matter to be reviewed in 24 months. Said well is located approximately 1 mile southeast of Eunice, New Mexico.
- CASE 9828: Application of Bill Fenn, Inc. for amendment of Division Order No. R-8951, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8951, as amended, which order authorized an unorthodox gas well location and dual completion in both the Indian Basin-Upper Pennsylvanian Gas Pool and the Undesignated Indian Basin-Morrow Gas Pool. The applicant now requests that the subject well location be changed to a point 660 feet from the North and West lines (Unit D) of Section 7, Township 22 South, Range 24 East. Said well site is located approximately 4.5 miles south-southeast of the Marathon Oil Company Indian Basin Gas Plant.
- CASE 9829: Application of Roberts and Hammack, Inc. for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authorization to rededicate acreage for its Graham State Com Well No. 1 located at a standard oil well location 1980 feet from the South and West lines (Unit K) of Section 8, Township 11 South, Range 33 East, North Bagley-Permo Pennsylvanian Pool, from a N/2 NW/4 dedication to a NE/4 SW/4 and NW/4 SE/4 dedication forming a non-standard 80-acre oil spacing and proration unit for said pool. The proposed unit is located approximately 5.5 miles east by south of Caprock, New Mexico.
- CASE 9830: Application of Strata Production Company for a horizontal directional drilling pilot project and special operating rules therefor, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal medium radius directional drilling pilot project in the SE/4 of Section 18, Township 26 South, Range 25 East, forming a standard 160-acre gas spacing and proration unit in the Bone Spring Formation, by commencing its Yeso Hills Federal Well No. 1 at a surface location 660 feet from the South line and 1980 feet from the East line of said Section 18. Applicant proposes to drill to a true vertical depth of approximately 4,900 feet in the Bone Spring Formation whereby the formation will be evaluated to determine the proper direction for a 1200-foot horizontal extension to said wellbore within said Bone Spring interval. The 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 proposed wellbore such that it cannot be any closer than 660 feet to the SW/4 quarter section lines of said Section 18. Said location is approximately 2.5 miles east of Mile Post No. 6 on U.S. Highway 62/180.
- CASE 9831: Application of TXO Production Corp. for directional drilling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its proposed Burton Flat Federal Well No. 1 from a surface location 900 feet from the South line and 1815 feet from the West line (Unit M) of Section 11, Township 20 South, Range 29 East, in such a manner as to penetrate the top of the Undesignated East Burton Flat-Strawn Gas Pool at a point within 150 feet of a target point 2145 feet from the North line and 1815 feet from the West line and continue drilling in such a manner as to bottom the well at the base of the Strawn formation within 150 feet of a target point 2345 feet from the North line and 1815 feet from the West line, both in Section 14, Township 20 South, Range 29 East, said bottomhole location being an unorthodox gas well location for said pool. The W/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. This location is approximately 4 miles north-northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.
- CASE 9832: Application of Exxon Company, U.S.A. for compulsory pooling, a non-standard gas proration unit, an unorthodox gas well location, and an exemption to Special Rules and Regulations governing the Rock Tank-Upper and Lower Morrow Gas Pools, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow Formation, underlying the NW/4 NE/4 and Lots 1, 6, 7, 8, 9, 14 and 15 (E/2 equivalent) of Section 20, Township 23 South, Range 25 East, forming a non-standard 301.11-acre gas spacing and proration unit for any and all formations and or pools developed on 320-acre spacing within said vertical extent. Applicant further seeks to be exempt from the Special Rules and Regulations governing the Rock Tank-Upper and Lower Morrow Gas Pools as promulgated by Division Order No. R-3452, as amended. Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 600 feet from the North line and 660 feet from the East line (Unit A) of said Section 20. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision and a charge for risk involved in drilling said well. Applicant also seeks to have Santa Fe Energy Operating Partners, L.P. designated as operator of said well. Said unit is located approximately 6 miles south by east of Riverside, New Mexico.
- CASE 9796: (Continued from November 15, 1989, Examiner Hearing.)
- Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 22, Township 19 South, Range 33 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools being developed on 320-acre spacing (which presently includes but is not necessarily limited to the Undesignated Gem-Morrow Gas Pool and the Undesignated East Gem-Morrow Gas Pool). Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of said Section 22. 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 an operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 4.5 miles north of Mile Post No. 73 located on U.S. Highway 62/180.

35-89 and 36-89 are tentatively set for December 13 and December 27, 1989. Applications for hearing must be filed at least 30 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 29, 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:

CASE 9712: (Continued from November 1, 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 November 1, 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 9824: Application of Ralph E. Williamson for a unit agreement, Lea County, New Mexico. Applicant, in the above styled cause, seeks approval of the Southeast Salado Unit Agreement for an area comprising 2,378.15 acres, more or less, of Federal and Fee lands in all or portions of Sections 23, 24, 26, 27, 34 and 35, Township 26 South, Range 33 East. Said area is bounded on the south by the Texas/New Mexico stateline between Mile Post Nos. 29 and 28.5.

CASE 9726: (Continued from October 18, 1989, Examiner Hearing.)

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-Blinbry 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 K) 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 9825: Application of Sage Energy Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the West Tres Papalotes Penn Unit Agreement for an area comprising 1120 acres, more or less, of State and Fee lands in portions of Sections 29, 30, 31, and 32, Township 14 South, Range 34 East. Said area is located approximately 13 miles west of Hilburn City, New Mexico.

CASE 9826: Application of Sage Energy Company for waterflood expansion, directional drilling, and to amend Division Order No. R-8505, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8505, which order authorized the Sage Energy Company State "30" Lease Waterflood Project, by redesignating said project the West Tres Papalotes Penn Waterflood Project and to assign an area for said project to coincide with the applicant's proposed West Tres Papalotes Penn Unit Area. Applicant further seeks to expand said project by re-entering the John Etcheverry, Jr. "A" Well No. 2 located 2080 feet from the North line and 560 feet from the West line (Unit E) of Section 29, Township 14 South, Range 34 East, and recomplete by side tracking and directionally drilling from a kick-off depth of approximately 5500 feet and bottom the well in the West Tres Papalotes-Pennsylvanian Pool at a depth of approximately 10,600 feet within 50 feet of a target point 1580 feet from the North line and 560 feet from the West line (Unit E) of said Section 29, and convert said well to an injection well in said pool through perforations at approximately 10402 feet to 10470 feet. Said area is located approximately 13 miles west of Hilburn City, New Mexico.

CASE 9801: (Continued from November 15, 1989, Examiner Hearing.)

Application of Conoco, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Cisco Canyon formation underlying the SW/4 of Section 36, Township 19 South, Range 24 East, forming a standard 160-acre 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 Undesignated Dagger Draw-Wolfcamp Gas Pool and North Dagger Draw-Upper Pennsylvanian Pool). Said unit is to be dedicated to a well to be drilled at a standard location 660 feet from the South line and 990 feet from the West line (Unit M) of said Section 36. 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 15 miles west by south of Lakewood, New Mexico.

(Continued from November 29, 1989, Examiner Hearing.)

Application of Roberts and Hammack, Inc. for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authorization to rededicate acreage for its Graham State Com Well No. 1 located at a standard oil well location 1980 feet from the South and West lines (Unit K) of Section 8, Township 11 South, Range 33 East, North Bagley-Permo Pennsylvanian Pool, from a N/2 NW/4 dedication to a NE/4 SW/4 and NW/4 SE/4 dedication forming a non-standard 80-acre oil spacing and proration unit for said pool. The proposed unit is located approximately 5.5 miles east by south of Caprock, New Mexico.

CASE 9841: Application of Tahoe Energy Inc. for four non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the following four non-standard gas spacing and proration units for Jalmat Gas Pool production in Sections 3 and 4, Township 25 South, Range 37 East:

1. 160.23 acres comprising Lot 2, SW/4 NE/4, and W/2 SE/4 of Section 3;
2. 160.25 acres comprising Lot 3, SE/4 NW/4, and E/2 SW/4 of Section 3;
3. 160.29 acres comprising Lot 4, SW/4 NW/4, and W/2 SW/4 of Section 3;
4. 120.29 acres comprising Lot 1, SE/4 NE/4, and NE/4 SE/4 of Section 4.

Said area is located approximately 4 miles northeast by north of Jal, New Mexico.

CASE 9842: Application of Tahoe Energy Inc. for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authorization to deepen and recomplete into the Jalmat Gas Pool its existing King Foundation et al Well No. 1 located 2310 feet from the North line and 330 feet from the West line (Unit E) of Section 20, Township 24 South, Range 37 East, which is an unorthodox gas well location for said Jalmat Pool. Applicant also seeks to have said well simultaneously dedicated along with the W. H. Harrison "C" WN Well No. 3 located at a standard Jalmat gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 20 and the W. H. Harrison "C" WN Well No. 5 located at a previously approved unorthodox Jalmat gas well location (NSL-1328) 1700 feet from the South line and 1680 feet from the West line (Unit K) of said Section 20, to the existing 240-acre non-standard Jalmat gas spacing and proration unit comprising the NW/4 and N/2 SW/4 of said Section 20 (previously approved by R-2867), being approximately 6 miles north of Jal, New Mexico.

CASE 9812: (Continued from November 15, 1989, Examiner Hearing.)

Application of Meridian Oil Inc., on behalf of El Paso Natural Gas Company, for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its San Juan 30-6 Unit Well No. 479 to be drilled 1310 feet from the South line and 2300 feet from the West line (Unit N) of Section 29, Township 30 North, Range 6 West, Basin-Fruitland Coal Gas Pool, the W/2 of said Section 29 to form a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 6.25 miles east-southeast of the Navajo Reservoir Dam.

CASE 9813: (Continued from November 15, 1989, Examiner Hearing.)

Application of Meridian Oil Inc., on behalf of El Paso Natural Gas Company, for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its San Juan 30-6 Unit Well No. 482 to be drilled 835 feet from the South line and 2440 feet from the West line (Unit N) of Section 31, Township 30 North, Range 6 West, Basin-Fruitland Coal Gas Pool, the W/2 of said Section 31 to form a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 6.25 miles east-southeast of the Navajo Reservoir Dam.

CASE 9834: (Continued from November 29, 1989, Examiner Hearing.)

Application of Texaco, Inc. for a non-standard gas proration unit, 2 unorthodox gas well locations and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to redesignate acreage in the Eumont Gas Pool to form a non-standard 320-acre gas proration unit comprising the SE/4 SW/4, NE/4 SE/4, and S/4 SE/4 of Section 23, the W/2 NW/4 of Section 25, and the E/2 NE/4 of Section 26, all in Township 19 South, Range 36 East. Said unit is to be simultaneously dedicated to its William Weir Wells Nos. 1 and 2, both located at unorthodox gas well locations 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 25 and 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 23, respectively. Said unit is located approximately 4.5 miles south-southeast of Arkansas Junction, New Mexico.

CASE 9788: (Continued from November 29, 1989, Examiner Hearing.)

Application of Yates Petroleum Corporation for directional drilling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to directionally drill a well from a surface location of 563 feet from the South line and 2125 feet from the East line (Unit O) of Section 11, Township 20 South, Range 29 East, to an unorthodox bottomhole gas well location in the Morrow formation within 50 feet of a point 2480 feet from the North line and 1980 feet from the East line (Unit G) of Section 14, Township 20 South, Range 29 East, the E/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for the Undesignated East Burton Flat-Morrow Gas Pool. This well location is approximately 4 miles north-northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.

Dockets Nos. 36-89 and 1-90 are tentatively set for December 27, 1989 and January 10, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 13, 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:

- ALLOWABLE:**
- (1) Consideration of the allowable production of gas for January 1990, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for January, 1990, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

**CASE 9712:** (Continued from November 29, 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 November 29, 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 9839:** Application of Robert J. Mannes Oil & Gas Exploration for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the White Draw Unit Agreement for an area comprising 6680 acres, more or less of State and Federal lands in Townships 3 and 4 South, Ranges 27 and 28 East. Said area is located approximately 20 miles north of Elkins, New Mexico.

**CASE 9840:** Application of Merrion Oil and Gas Corporation for a unit agreement, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Papers Wash Corporative Unit Agreement for an area comprising 400 acres, more or less, of State, Federal and/or Indian Allotted Lands underlying the W/2 of Section 15 and the SE/4 NE/4 and NE/4 SE/4 of Section 16, both in Township 19 North, Range 5 West. This area is located approximately 22 miles northwest of San Luis, New Mexico.

**CASE 9828:** (Continued from November 29, 1989, Examiner Hearing.)

Application of Bill Fenn, Inc. for amendment of Division Order No. R-8951, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8951, as amended, which order authorized an unorthodox gas well location and dual completion in both the Indian Basin-Upper Pennsylvanian Gas Pool and the Undesignated Indian Basin-Morrow Gas Pool. The applicant now requests that the subject well location be changed to a point 660 feet from the North and West lines (Unit D) of Section 7, Township 22 South, Range 24 East. Said well site is located approximately 4.5 miles south-southeast of the Marathon Oil Company Indian Basin Gas Plant.

**CASE 9838:** (Continued from November 29, 1989, Examiner Hearing.)

Application of Parker Drilling Company for the institution of gas prorationing and the adoption of Special Rules for the Pitchfork Ranch-Atoka Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the limitation of gas production from the Pitchfork Ranch-Atoka Gas Pool in all or portions of Sections 28, 32, 33 and 34 of Township 24 South, Range 34 East, and Sections 3, 4, 5, and 10, Township 25 South, Range 34 East, to reasonable market demand and to the capacity of gas transportation facilities, and that Special Rules and Regulations be adopted for the pool including provisions for allocating the allowable production among the wells in the pool on a 100% surface acreage basis. Said area is located approximately 17 miles west-northwest of Jal, New Mexico.

**CASE 9799:** (Continued from November 29, 1989, Examiner Hearing.)

Application of Bannon Energy Incorporated for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its Grace Federal "24" Well No. 1-R to be drilled 330 feet from the North line and 2130 feet from the West line (Unit C) of Section 24, Township 24 North, Range 7 West, Devil's Fork-Gallup Associated Pool, said well to be simultaneously dedicated to an existing standard 160-acre oil spacing and proration unit comprising the NW/4 of said Section 24 along with the Grace Federal "24" Well Nos. 1 and 2 located 950 feet from the North line and 1640 feet from the West line (Unit C) and 1850 feet from the North line and 1820 feet from the West line (Unit F) of said Section 24, respectively. Said unit is located approximately 5 miles north by east of the Southern Union Gas Company Lybrook Plant.