

CASE 10066: (Continued from September 5, 1990, Examiner Hearing.)

Application of Matador Petroleum 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 Morrow formation or to a depth of 13,600 feet, whichever is deeper, underlying the following described acreage in Section 5, Township 20 South, Range 34 East, and in the following manner: Lots 3 and 4, the S/2 NW/4, and SW/4 (W/2 equivalent) to form a standard 320-acre, more or less, gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent (which presently includes but is not necessarily limited to the Undesignated Quail Ridge-Morrow Gas Pool); Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) to form a standard 160-acre, more or less, gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and the SW/4 NW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent (which presently includes but is not necessarily limited to the Undesignated South Quail Ridge-Bone Spring Pool). Said units are to be dedicated to a single well to be drilled at a standard 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 underlies the area underneath Mile Marker No. 77 on U.S. Highway 62/180.

CASE 10092: Application of Chevron U.S.A., Inc. for acreage rededication, two non-standard gas proration units, simultaneous dedication, and two unorthodox gas well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to rededicate certain Eumont Gas Pool acreage in portions of Sections 4 and 9, Township 21 South, Range 36 East, thereby forming: a 160-acre non-standard gas spacing and proration unit for said pool comprising Lots 12 and 13 and the W/2 SW/4 of said Section 4, to be simultaneously dedicated to its existing Bell Ramsay NCT-A Well No. 5 located at a standard gas well location 660 feet from the South and West lines (Unit U) and to Well No. 8 located at an unorthodox gas well location 3258 feet from the North line and 660 feet from the West line (Unit L) both in said Section 4; and, a 240-acre non-standard gas spacing and proration unit comprising the NW/4 and E/2 SW/4 of said Section 9, to be dedicated to a well to be drilled at an unorthodox gas well location 990 feet from the South line and 1980 feet from the West line (Unit N) of said Section 9. Said area is located approximately 1 mile west of Oil Center, New Mexico.

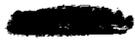
CASE 9962: (Continued and Readvertised)

Application of Stevens & Tull, Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks blanket approval for the downhole commingling of Abo, Drinkard, Tubb and Blinbry production in the wellbore of all existing wells and all wells subsequently drilled on its Carter "23" Prospect acreage, which includes the N/2 SE/4 of Section 23, Township 20 South, Range 38 East. Said area is located approximately 4.75 miles south by east of Nadine, New Mexico.

CASE 10031: (Readvertised) (Continued from September 5, 1990, Examiner Hearing.)

Application of Nearburg Producing Company for a non-standard oil proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non-standard oil spacing and proration unit comprising the W/2 NE/4 of Section 31, Township 19 South, Range 25 East, Undesignated North Dagger Draw-Upper Pennsylvanian Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Said unit is located approximately 9 miles west by south of Lakewood, New Mexico.

CASE 10093: Application of Nearburg Producing Company for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying all of Section 31, Township 19 South, Range 36 East, forming a 636.79-acre non-standard gas spacing and proration unit for the North Osudo-Morrow Gas Pool, said unit to be dedicated to a well to be drilled at a standard 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 approximately 8.5 miles west by south of Monument, New Mexico.

 Application of Chevron U.S.A., 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 for its Lea "YL" late Well No. 2 to be drilled 2230 feet from the South line and 2310 feet from the East line (Unit J) of Section 2, Township 17 South, Range 37 East, Shipp-Strawn Pool, the W/2 SE/4 of said Section 2 to be dedicated to said well forming a standard 80-acre oil spacing and proration unit for said pool. Said unit is located approximately 4.5 miles north of Humble City, New Mexico.

CASE 10095: Application of Texaco Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Moore-Devonian and Moore Permo-Pennsylvanian Pools through the perforated interval from approximately 10,440 feet to 10,700 feet in its New Mexico 80 State Well No. 2 located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 24, Township 11 South, Range 32 East, which is located approximately 3.25 miles southeast by south of Caprock, New Mexico.

CASE 10096: Application of Texaco Producing 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 for its West Dollarhide Drinkard Unit Well No. 111 to be drilled 2630 feet from the South line and 130 feet from the East line (Unit J) of Irregular Section 33, Township 24 South, Range 38 East, Dollarhide Tubb-Drinkard Pool, Skelly West Dollarhide Drinkard Waterflood Project Area, said well to be dedicated to an existing 47.26-acre non-standard oil spacing and proration unit comprising Lot 3 and the NE/4 SW/4 of said Section 33, which is presently dedicated to the West Dollarhide Drinkard Unit Well No. 58 located 1980 feet from the South line and 630 feet from the East line (Unit K) of said Section 33. Said unit is located approximately 3 miles north of New Mexico State Highway No. 128 at that point where it meets the New Mexico/Texas Stateline.

**PLEASE NOTE THAT THE SEPTEMBER 19, 1990, EXAMINER HEARING WILL BE HELD IN THE STATE HIGHWAY AUDITORIUM, 1120 CERRILLOS ROAD, SANTA FE, NEW MEXICO.**

DOCKET NO. 26-90

Dockets Nos. 28-90 and 29-90 are tentatively set for October 3, 1990 and October 17, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 19, 1990

8:15 A.M. - STATE HIGHWAY AUDITORIUM, 1120 CERRILLOS ROAD,  
SANTA FE, NEW MEXICO

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

CASE 10089: Application of Merrion Oil & Gas Corporation to amend the special rules and regulations for the Dufers Point Gallup-Dakota Oil Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a revision of the special rules and regulations for the Dufers Point Gallup-Dakota Oil Pool, as promulgated by Division Order No. R-7435, to increase the limiting gas/oil ratio to 5000 cubic feet of gas per barrel of oil. Said pool is located in Townships 24, 25 and 26 North, Ranges 8 and 9 West.

CASE 10090: Application of Yates Energy 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 Bone Spring formation underlying the SW/4 SW/4 (Unit M) of Section 1, Township 18 South, Range 31 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 40-acre spacing (which presently includes the Undesignated Tamano-San Andres and Undesignated Tamano-Bone Spring Pools). Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is approximately 5.5 miles south by west of New Mexico State Highway No. 529's intersection with the Lea/Eddy County line.

CASE 10067: (Continued from September 5, 1990, Examiner Hearing.)

Application of Bird Creek Resources, 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 Delaware formation or to a depth of 6,250 feet, whichever is deeper, underlying the SW/4 SE/4 of Section 15, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit for either the Undesignated East Loving-Delaware Pool or Undesignated South Loving-Delaware Pool, to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1.5 miles northeast of Loving, New Mexico.

CASE 10091: Application of Bird Creek Resources, 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 Delaware formation or to a depth of 6250 feet, whichever is deeper, underlying the NW/4 SE/4 (Unit J) of Section 15, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 40-acre oil spacing, which presently includes but is not necessarily limited to the Undesignated Loving-Cherry Canyon Pool and Undesignated East Loving-Delaware Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2 miles east-northeast of Loving, New Mexico.

CASE 10055: (Readvertised)

Application of Meridian Oil, Inc. for a non-standard gas proration unit, an unorthodox coal gas well location, and directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox coal gas well location for its Payne Well No. 271, to be drilled 65 feet from the North line and 300 feet from the East line (Unit A) of Section 27, Township 32 North, Range 10 West, Cedar Hill-Fruitland Basal Coal Pool, Lots 1 through 8 (E/2 equivalent) of said Section 27 to be dedicated to said well to form a non-standard 305.03-acre gas spacing and proration unit for said pool. ALTERNATELY, the applicant seeks to directionally drill said well from the above-described surface location to a standard bottomhole coal gas well location within the NE/4 equivalent of said Section 27. Said unit is located approximately 1.5 miles northeast of Cedar Hill, New Mexico.

CASE 10056: (Continued from September 5, 1990, Examiner Hearing.)

Application of Meridian Oil, Inc. for three non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 6 of Division Order No. R-8768 to establish three non-standard gas spacing and proration units for Basin-Fruitland Coal (Gas) Pool production in Irregular Sections 6, 7, 18, 19, and 30, Township 31 North, Range 8 West. Said row of Sections are located approximately 8.5 miles northwest of the Navajo Reservoir Dam.

CASE 10113: Application of Maralex Resources, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order, pursuant to Division General Rule 1207.1. (ii), pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the S/2 of Section 17, Township 30 North, Range 11 West, forming a standard 320-acre gas spacing and proration unit for said pool, to be dedicated to its Price Well No. 1 to be drilled at a standard coal gas well location in the SW/4 of said Section 17. The Division, upon review of this application, has determined any such order issued should contain provisions for a 156 percent penalty to be assessed as a charge for the risk involved in the drilling of said well, \$2,800.00 per month while drilling and \$280.00 per month while producing to be fixed as reasonable overhead charges, and that the applicant be named operator of said well and unit, which is located approximately 1 mile southwest of the junction of U.S. Highway 550 and New Mexico State Highway 44 in Aztec, New Mexico. IF THERE ARE NO OBJECTIONS AT THE TIME OF THE HEARING, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

CASE 10094: (Continued from September 19, 1990, Examiner Hearing.)

Application of Chevron U.S.A., 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 for its Lea "YL" State Well No. 2 to be drilled 2230 feet from the South line and 2310 feet from the East line (Unit J) of Section 2, Township 17 South, Range 37 East, Shipp-Strawn Pool, the W/2 SE/4 of said Section 2 to be dedicated to said well forming a standard 80-acre oil spacing and proration unit for said pool. Said unit is located approximately 4.5 miles north of Humble City, New Mexico.

**CASE 10109:** Application of M. B. Resources Corp. 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 an 80-acre non-standard oil spacing and proration unit comprising the NE/4 SE/4 of Section 35 and the NW/4 SW/4 of Section 36, both in Township 16 South, Range 35 East, for the purpose of initiating a horizontal directional drilling pilot project in the Shoe Bar-Pennsylvanian Pool. The applicant proposes to utilize the Manzano Oil Corporation Ramco State "WM" Well No. 2 located 1980 feet from the South line and 660 feet from the East line (Unit I) of said Section 35 by kick-off from the vertical portion of said wellbore in an easterly direction with a medium radius curved hole and continue drilling horizontally for approximately 1000 feet bottoming said wellbore in the adjoining quarter-quarter section to the east in Unit L of said Section 36. 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 can be no closer than 330 feet to the outer boundary of the aforementioned 80-acre non-standard unit. Said project area is located approximately 5.25 miles south by west of the Lovington-Lea County Airport.

**CASE 10110:** Application of Giant Exploration and Production Company for a horizontal directional drilling pilot project, special operating rules therefor, non-standard oil proration unit and an unorthodox oil well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the formation of a 482.64-acre non-standard oil spacing and proration unit comprising Lots 1 through 4, S/2 N/2 and N/2 S/2 of Section 4, Township 24 North, Range 11 West, for the purpose of initiating a horizontal directional drilling pilot project in the Undesignated Bisti-Lower Gallup Oil Pool. The applicant proposes to drill from a tentative non-standard surface location 105 feet from the South line and 125 feet from the East line (Unit P) of Section 32, Township 25 North, Range 11 West, kick-off from vertical in a southeasterly direction until a ninety degree angle is achieved and continue drilling horizontally for approximately 4000 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 said well's producing interval such that it can be no closer than 330 feet to the outer boundary of its assigned spacing and proration unit and for special allowable provisions for the multi-sized oil proration unit ultimately established. Said project area is located approximately 7.5 miles south of the B.I.A. Huerfano Community School.

**CASE 10088:** (Continued from September 5, 1990, Examiner Hearing.)

Application of Circle Ridge Production Inc. for a waterflood expansion, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Rock Queen Waterflood Project, authorized by Division Order No. R-1541, by converting its Rock Queen Unit, Section 26, Well No. 3 located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 26 and its Rock Queen Unit, Section 27, Well No. 9 located 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 27, both in Township 13 South, Range 31 East, Caprock Queen Pool, Rock Queen Unit Area, from producing oil wells to water injection wells. Said Unit Area is located approximately 17 miles south-southwest of Caprock, New Mexico.

**CASE 10008:** (Continued from September 5, 1990, Examiner Hearing.)

Application of Doyle Hartman for a non-standard gas proration unit, 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 in the Jalmat Gas Pool underlying Lots 3 and 4, the SE/4 NW/4, and the E/2 SW/4 of Section 6, Township 24 South, Range 37 East, forming a 197.75-acre non-standard gas spacing and proration unit in the Jalmat Gas Pool to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the North line and 924 feet from the West line (Unit D) of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 10 miles north-northeast of Jal, New Mexico.

**CASE 10111:** Application of Doyle Hartman for amendment of Division Order No. R-8170, as amended, to establish minimum gas allowables in the Jalmat Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend the "General Rules For The Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Jalmat Gas Pool" as promulgated by Division Order No. R-8170, as amended, to provide for a minimum natural gas allowable for the Jalmat Gas Pool for a three-year period of time equal to 600 m.c.f. of gas per day for an Acreage Factor of 1.00 or 2400 m.c.f. of gas per day for a standard Jalmat 640-acre gas spacing and proration unit.

**CASE 10112:** Application of Maralex Resources, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order, pursuant to Division General Rule 1207.1. (ii), pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 1 and 2, NE/4, and E/2 NW/4 (N/2 equivalent) of Section 18, Township 30 North, Range 11 West, forming a standard 326.01-acre gas spacing and proration unit for said pool. Said pool is to be dedicated to either the existing B.H. Keys and M.N. Keys Trust Brimhall Well No. 1, to be recompleted up-hole from the Aztec-Pictured Cliffs Pool to said coal gas zone, at a standard coal gas well location 990 feet from the North and East lines (Unit A) of said Section 18 or, if said Brimhall Well No. 1 is not found to be mechanically sound, to a new well to be drilled at a standard coal gas well location in the NE/4 of said Section 18. The Division, upon review of this application, has determined that any such order issued should contain provisions for a 156 percent penalty to be assessed as a charge for the risk involved in the recompletion of the existing Brimhall Well No. 1 or in the drilling of a new well, \$2,800.00 per month while recompleting said existing well or while drilling a new well, and \$280.00 per month while producing to be fixed as reasonable overhead charges, and that the applicant be named the operator of the subject unit and subsequent producing well dedicated thereto. Said unit is located approximately 2 miles west-southwest of the junction of U.S. Highway 550 and New Mexico State Highway No. 44. IF THERE ARE NO OBJECTIONS AT THE TIME OF THE HEARING, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.