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October 9, 1990

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VIA TELECOPY AND
HAND DELIVERED

Ms. Florene Davidson
New Mexico Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87504

Dear Florene:

Enclosed is an Amended Application in case nos. 10,127 through 10,129 (regarding directional drilling), and a new Application regarding a gas reinjection/pressure maintenance project, both filed on behalf of Samuel Gary Jr. & Associates, Inc. Please set these matters for the October 31, 1990 hearing. The originals of these Applications will be forwarded to you by separate letter. Thank you.

Very truly yours,

HINKLE, COX, EATON, COFFIELD &
HENSLEY

James Bruce
By: James Bruce

JB:le
Enclosures

Case 10/29

RECEIVED
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OIL CONSERVATION DIV.
SANTA FE

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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OIL CONSERVATION DIV.
SANTA FE

Nos. 10,127,
10,128 and
10,129

APPLICATION OF SAMUEL GARY JR.
& ASSOCIATES, INC. FOR THE DRILLING
OF THREE HORIZONTAL WELLS, AND FOR ONE
NON-STANDARD SPACING AND PRORATION UNIT,
WITHIN THE SAN ISIDRO (SHALLOW) UNIT,
SANDOVAL COUNTY, NEW MEXICO.

AMENDED APPLICATION

Applicant Samuel Gary Jr. & Associates, Inc. hereby applies for approval of three horizontal or high angle directionally drilled wells within the San Isidro (Shallow) Unit ("the Unit"), and for one non-standard spacing and proration unit, and in support thereof states:

1. Applicant is a working interest owner in, and the unit operator of, the Unit, which covers the lands described on Exhibit I attached hereto, located in Sandoval County, New Mexico.

2. The Unit comprises 18,897.16 acres, all of which are federal minerals. One hundred percent of working interests in the Unit are committed to the Unit, and the Bureau of Land Management has approved the Unit.

3. Applicant seeks approval to directionally drill the following horizontal/high angle wells within the Unit:

(a) The SGA Johnson #6-14 Well, with a surface location of 500 feet from the South line and 2100 feet from the West line of Section 6, Township 20 North, Range 2 West, N.M.P.M.

(b) The SGA San Isidro #12-16 Well, with a surface location of 1200 feet from the South line and 1800

feet from the West line of Section 12, Township 20 North, Range 3 West, N.M.P.M.

(*) The SGA San Isidro #13-14 Well, with a surface location of 660 feet from the South line and 1980 feet from the East line of Section 13, Township 20 North, Range 3 West, N.M.P.M.

[This is a change in the surface location of each well.]

Each of the above wells will be drilled vertically to an approximate depth of 3,500 feet, at which point they will kick-off in a north-northwestwardly direction, build angle and drill horizontally or at a high angle in the Mancos formation (Rio Puerco-Mancos Oil Pool).

4. In Division Case Nos. 10,099 and 10,100, Applicant requested approval of an initial horizontal well in the Unit and that special rules and operating provisions be instituted for the Unit, including relief from set-back requirements, oversize units, special allowables, and administrative procedures to authorize additional horizontal wells.

5. Applicant will drill the above wells to comply with the special provisions which may be authorized by the Division in Case Nos. 10,099 and 10,100.

6. Applicant intends to dedicate all of Section 13, 20 North-3 West, to the SGA San Isidro #13-14 Well.

7. The proposed well unit in Section 6 comprises

297.79 acres, and Applicant request permission for a non-standard unit for said well.

8. If the administrative procedures requested in Division Case No. 10,100 are instituted, applicant may dismiss all or part of this case and seek administrative approval for all or some of the above-described wells. However, due to time constraints and well economics, this case is being filed to obtain a prompt hearing for subsequent wells in the Unit.

9. Applicant requests expedited approval of this Application.

10. The matters requested herein by Applicant are in the interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, Applicant requests that the above relief be granted.

Respectfully Submitted,

HINKLE, COX, EATON, COFFIELD &
HENSLEY

By 

James Bruce
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Attorneys for Applicant

31-90 and 32-90 are tentatively set for October 31, 1990 and November 14, 1990. Applications for hearing must be filed at 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 17, 1990

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 Jim Morrow, Alternate Examiners:

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

CASE 10103: (Readvertised)

Application of Sage Energy Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its proposed North Vacuum (Abo) North Unit located in all or portions of Sections 35 and 36, Township 16 South, Range 34 East and Sections 1, 2, and 12, Township 17 South, Range 34 East, by the injection of water into the North Vacuum-Abo Pool through 19 certain wells to be converted as injection wells. Said area is located approximately 4 miles north by west of Buckeye, New Mexico.

- CASE 10114: 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 Frost Well No. 500 to be located 2510 feet from the North line and 790 feet from the East line (Unit H) of Section 26, Township 27 North, Range 10 West, the N/2 of Section 26 to be dedicated to the subject well, forming a standard 320-acre gas spacing and proration unit for said pool. Said location is within the Angel Peak Recreation Area.

CASE 10066: (Continued from October 3, 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 10105: (Continued from October 3, 1990, Examiner Hearing.)

Application of Anadarko Petroleum Corporation for compulsory pooling, 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 Pennsylvanian formation, or to a depth of 11,500 feet, whichever is deeper, underlying the W/2 of Section 28, Township 17 South, Range 30 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320 acres within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Loco Hills-Atoka Gas Pool, Undesignated Cedar Lake-Morrow Gas Pool, Undesignated Loco Hills-Morrow Gas Pool, and Undesignated South Loco Hills-Morrow Gas Pool. Said unit is 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 approximately 1 mile south of Loco Hills, New Mexico.

- CASE 10115: Application of Marathon Oil Company for the assignment of a special depth bracket oil allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a special depth bracket oil allowable, pursuant to General Rule 505(d), of 460 barrels of oil per day for the Tamano-Bone Spring Pool in Township 18 South, Range 31 East, which is located approximately 8 miles southwest by south of Maljamar, New Mexico.

- CASE 10116: Application of BTA Oil Producers for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to directionally drill its proposed Pardue "C", 8808 JV-P Well No. 1-Y from a surface location 611 feet from the South line and 1504 feet from the West line (Unit M) of Section 11, Township 23 South, Range 28 East, to a standard bottomhole oil well location in the Undesignated East Loving-Delaware Pool. Said well is to be dedicated to the 40-acre oil spacing and proration unit comprising the SE/4 SW/4 of said Section 11, which is located approximately 1/4 mile southwest of the Harroun Dam.

- CASE 10117: Application of Mesa Operating Limited Partnership 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 1 through 5, the S/2 NE/4, and SE/4 NW/4 (N/2 equivalent) of Section 6, Township 29 North, Range 11 West, forming a standard 288.18-acre gas spacing and proration unit for said pool, said unit to be dedicated to its FC Fed. Com Well No. 19 to be drilled at a standard coal gas well location in the NE/4 equivalent 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 1/2 mile north of the City of Bloomfield Nature Park.

- CASE 10118: Application of Mesa Operating Limited Partnership 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 1 and 2, the NE/4, and the N/2 SE/4 (E/2 equivalent) of Section 32, Township 29 North, Range 11 West, forming a standard 314.84-acre gas spacing and proration unit for said pool, said unit to be dedicated to its FC Fed. Com Well No. 43 to be drilled at a standard coal gas well location in the NE/4 of Section 32. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2.5 miles southwest by south of Bloomfield, New Mexico.
- CASE 10119: Application of Mesa Operating Limited Partnership 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 1 through 4 and the N/2 S/2 (S/2 equivalent) of Section 36, Township 29 North, Range 11 West, forming a standard 314.43-acre, more or less, gas spacing and proration unit for said pool, said unit to be dedicated to its FC State Com Well No. 23 to be drilled at a standard coal gas well location in the SW/4 equivalent 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 unit is located approximately 3 miles southeast of Bloomfield, New Mexico.
- CASE 10120: Application of Mesa Operating Limited Partnership 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 5, Township 29 North, Range 12 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to its FC Fed Com Well No. 41 to be drilled at a standard coal gas well location in the SW/4 of said Section 5. 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 2.5 miles south of the San Juan Country Club.
- CASE 10121: Application of Mesa Operating Limited Partnership 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 N/2 of Section 16, Township 29 North, Range 14 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to its FC State Com Well No. 35 to be drilled at a standard coal gas well location in the NE/4 of said Section 16. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2.5 miles east of Kirtland, New Mexico.
- CASE 10122: Application of Mesa Operating Limited Partnership for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the E/2 of Section 32, Township 30 North, Range 10 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to its FC State Com Well No. 29 to be drilled at a standard coal gas well location in the NE/4 of said Section 32. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5 miles northwest of Blanco, New Mexico.
- CASE 10123: Application of Mesa Operating Limited Partnership for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the E/2 of Section 36, Township 30 North, Range 11 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to its FC State Com Well No. 31 to be drilled at a standard coal gas well location in the NE/4 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 unit is located approximately 5 miles southeast by south of Aztec, New Mexico.
- CASE 10124: Application of Mesa Operating Limited Partnership 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 36, Township 30 North, Range 12 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to its FC State Com Well No. 24 to be drilled at a standard coal gas well location in the SW/4 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 unit is located approximately 2.75 miles southeast of Flora Vista, New Mexico.
- CASE 10125: Application of Mesa Operating Limited Partnership 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 1 through 5, the S/2 SW/4, and NE/4 SE/4 (S/2 equivalent) of Section 32, Township 31 North, Range 9 West, forming a standard 319.05-acre gas spacing and proration unit for said pool, said unit to be dedicated to its FC Fed. Com Well No. 42 to be drilled at a standard coal gas well location in the SW/4 equivalent of said Section 32. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 10.5 miles east by north of Aztec, New Mexico.

- CASE 10126: Application of BHP Petroleum (Americas) 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 Kimbrough State Well No. 1 to be drilled 1250 feet from the South line and 1725 feet from the East line (Unit O) of Section 20, Township 17 South, Range 37 East, to test the Strawn formation, the SW/4 SE/4 of said Section 20 to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said unit is located approximately 3.5 miles west-northwest of Humble City, New Mexico.
- CASE 10099: (Readvertised)
- Application of Samuel Gary Jr. and Associates, Inc. for a horizontal directional drilling pilot project and special operating rules therefor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a horizontal directional drilling pilot project in the W/2 of Section 11, Township 20 North, Range 3 West, forming a standard 320-acre oil spacing and proration unit in the Rio Puerco-Mancos Oil Pool. The applicant proposes to commence a well to be located on the surface 450 feet from the South line and 1975 feet from the West line (Unit M) of said Section 11, drill vertically and kick-off in a northwesterly direction, build angle to approximately 90 degrees, and drill horizontally in the Mancos formation. Applicant further requests that special operating provisions be established for said project area including the designation of a prescribed area limiting the horizontal extent of said wellbore such that it can be no closer than 660 feet to the outer boundary of said spacing unit. Said project area is located approximately 6.5 miles south of New Mexico State Highway No. 44 at Mile Post 76.
- CASE 10127: Application of Samuel Gary Jr. and Associates, Inc. for a non-standard oil proration unit, horizontal directional drilling project, and special operating rules therefor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a horizontal directional drilling pilot project in Lots 2 and 3, S/2 NW/4, and SW/4 (W/2 equivalent) of Section 6, Township 20 North, Range 2 West, forming a non-standard 297.79-acre oil spacing and proration unit in the Rio Puerco-Mancos Oil Pool. The applicant proposes to commence its SGA Johnson "6" Well No. 14 to be located on the surface 1070 feet from the South line and 1449 feet from the West line (Unit M) of said Section 6, drill vertically and kick-off in a northwesterly direction, build angle to approximately 90 degrees, and drill horizontally in the Mancos formation. Applicant further requests that special operating provisions be established for said project area including the designation of a prescribed area limiting the horizontal extent of said wellbore such that it can be no closer than 660 feet to the outer boundary of said spacing unit. Said project area is located approximately 7.5 miles west by south of Cuba, New Mexico.
- CASE 10128: Application of Samuel Gary Jr. and Associates, Inc. for a non-standard oil proration unit, horizontal directional drilling project, and special operating rules therefor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a horizontal directional drilling pilot project in Section 12, Township 20 North, Range 3 West, forming a non-standard 640-acre oil spacing and proration unit in the Rio Puerco-Mancos Oil Pool. The applicant proposes to commence its SGA San Isidro "12" Well No. 16 to be located on the surface 928 feet from the South line and 1176 feet from the East line (Unit P) of said Section 12, drill vertically and kick-off in a northwesterly direction, build angle to approximately 90 degrees, and drill horizontally in the Mancos formation. Applicant further requests that special operating provisions be established for said project area including the designation of a prescribed area limiting the horizontal extent of said wellbore such that it can be no closer than 660 feet to the outer boundary of said spacing unit and for special allowable provisions for the proposed double sized oil proration unit. Said project area is located approximately 9 miles west-southwest of Cuba, New Mexico.
- CASE 10129: Application of Samuel Gary Jr. and Associates, Inc. for a horizontal directional drilling project and special operating rules therefor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a horizontal directional drilling pilot project in the W/2 of Section 13, Township 20 North, Range 3 West, forming a standard 320-acre oil spacing and proration unit in the Rio Puerco-Mancos Oil Pool. The applicant proposes to commence its SGA San Isidro "13" Well No. 14 to be located on the surface 660 feet from the South line and 1980 feet from the West line (Unit M) of said Section 13, drill vertically and kick-off in a northwesterly direction, build angle to approximately 90 degrees, and drill horizontally in the Mancos formation. Applicant further requests that special operating provisions be established for said project area including the designation of a prescribed area limiting the horizontal extent of said wellbore such that it can be no closer than 660 feet to the outer boundary of said spacing unit. Said project area is located approximately 9.5 miles west-southwest of Cuba, New Mexico.
- CASE 10130: Application of Yates Petroleum Corporation for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its Spanish Dagger "AID" Com Well No. 1 to be drilled 660 feet from the South line and 725 feet from the West line (Unit M) of Section 12, Township 20 South, Range 24 East, to test the Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool, the S/2 of said Section 12 to be dedicated to said well forming a standard 320-acre oil spacing and proration unit for said pool. Said unit is located approximately 7 miles west by south of Seven Rivers, New Mexico.
- CASE 10131: Application of Yates Petroleum Corporation for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its John "AGU" Well No. 2 to be drilled 660 feet from the North and East lines (Unit A) of Section 14, Township 20 South, Range 24 East, South Dagger Draw- Upper Pennsylvanian Associated Pool, said well to be simultaneously dedicated, with its John "AGU" Well No. 1 located at a standard oil well location 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 14, to the existing 320-acre standard oil proration unit comprising the N/2 of said Section 14. Said unit is located approximately 8 miles west by south of Seven Rivers, New Mexico.
- CASE 10132: Application of Yates Petroleum Corporation for an exception to Division General Rule 303.A., Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Division General Rule 303.A. whereby perforated intervals in both the Wolfcamp formation and the South Dagger Draw-Upper Pennsylvanian Associated Pool would be allowed to remain in communication in the wellbore of its Hillview AHE Com Well No. 3 located 660 feet from the South line and 1980 feet from the West line (Unit M) of Section 23, Township 20 South, Range 24 East, being located approximately 8.5 miles west-southwest of Seven Rivers, New Mexico. FURTHERMORE, the applicant at the time of the hearing shall be prepared to show cause why the Wolfcamp interval in said well should not be properly plugged off and abandoned.

CASE 10111: (Continued from October 3, 1990, Examiner Hearing.)

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 10133: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Chaves and Eddy Counties, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the South Cotton Draw-Atoka Gas Pool. The discovery well is Texaco, Inc. Cotton Draw Unit #67 located in Unit L of Section 35, Township 24 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM
Section 35: W/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Fadeaway Ridge-Delaware Pool. The discovery well is Chevron USA, Pacheco Fed. #1 located in Unit J of Section 31, Township 19 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 31: SE/4

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Jennings Springs-Wolfcamp Gas Pool. The discovery well is Amoco Production Co., Hondo Fed Gas Com. #1 located in Unit J of Section 27, Township 17 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 27: E/2

- (d) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Livingston Ridge-Bone Spring Pool. The discovery well is Union Oil of California, Medano State #1 located in Unit K of Section 36, Township 22 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM
Section 36: SW/4

- (e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Rock Spur-Bone Spring Pool. The discovery well is Hallwood Pet. Inc., Craft 25 Com #1 located in Unit B of Section 25, Township 25 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM
Section 25: NE/4

- (f) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Scanlon Draw-Bone Spring Pool. The discovery well is Read & Stevens, Marbob State #1 located in Unit A of Section 19, Township 19 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 19: NE/4

- (g) EXTEND the Avalon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 28: N/2

- (h) EXTEND the East Burton-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 16: NE/4

- (i) EXTEND the East Burton Flat-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 14: E/2
Section 15: All

- (j) EXTEND the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 28: SE/4

- (k) EXTEND the North Dagger Draw-Upper Penn Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 22: SE/4
Section 27: NE/4
Section 35: All

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 10: NE/4
Section 12: NW/4
- (l) EXTEND the South Dagger Draw-Upper Penn Associated Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 15: All
- (m) EXTEND the Dark Canyon-Penn Gas Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM
Section 32: N/2
- (n) EXTEND the Foor Ranch-Pre Permian Gas Pool in Chaves County, New Mexico, to include therein:
TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM
Section 27: S/2
Section 28: S/2
- (o) EXTEND the Golden Lane-Morrow Gas Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 21: All
- (p) EXTEND the Livingston Ridge-Delaware Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM
Section 24: NE/4
Section 26: NE/4
- (q) EXTEND the East Loving-Delaware Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 10: SE/4
Section 11: N/2
Section 14: SE/4
Section 15: E/2
Section 23: SE/4
Section 24: NW/4
Section 34: NE/4
- (r) EXTEND the North Loving-Morrow Gas Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 9: E/2
- (s) EXTEND the South Loving-Delaware Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 17: E/2
- (t) EXTEND the South Poker Lake-Delaware Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM
Section 33: NE/4
- (u) EXTEND the Red Lake-Atoka/Morrow Gas Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 16: E/2
- (v) EXTEND the Red Lake-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 10: N/2 SW/4

- (w) EXTEND the North Shugart-Morrow Gas Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 16: E/2
- (x) EXTEND the North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:
TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 22: S/2
Section 23: S/2
- (y) EXTEND the South Wolf Lake-San Andres Pool in Chaves County, New Mexico, to include therein:
TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM
Section 13: NE/4

Docket No. 30-90

DOCKET: COMMISSION HEARING - THURSDAY - OCTOBER 25, 1990

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

CASE 9954: De Novo

Application of Marathon Oil Company for an addendum to Division Order No. R-9050-A, to include provision for dual completion and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an addendum to Division Order No. R-9050-A, dated November 21, 1989 and issued in De Novo Case 9802; which order authorized, in part, an unorthodox gas well location in the Indian Basin-Upper Pennsylvanian Gas Pool for the applicant's North Indian Basin Unit Well No. 8 drilled 330 feet from the South line and 1650 feet from the West line (Unit N) of Section 9, Township 21 South, Range 23 East; to include provisions for said well to be deepened to the Undesignated Indian Basin-Morrow Gas Pool at the above-described unorthodox gas well location and authorization to dually complete said well in such a manner as to permit production of gas from the Undesignated Indian Basin-Morrow Gas Pool through a string of 2 7/8-inch tubing and the production of gas from the Indian Basin-Upper Pennsylvanian Gas Pool through the 5 1/2-inch casing/tubing annulus. All of said Section 9 is to be dedicated to the Morrow production from said well to form a standard 640-acre gas spacing and proration unit as provided by the Special Rules and Regulations governing the Indian Basin-Morrow Gas Pool. Said unit is located approximately 2.5 miles northwest of the applicant's Indian Basin Gas Plant. Upon application of Marathon Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF SAMUEL GARY JR.
& ASSOCIATES, INC. FOR THE DRILLING
OF THREE HORIZONTAL WELLS, AND FOR ONE
NON-STANDARD SPACING AND PRORATION
UNIT, WITHIN THE SAN ISIDRO (SHALLOW)
UNIT, SANDOVAL COUNTY, NEW MEXICO.

No. 10129

RECEIVED

SFP 25 1990

APPLICATION

OIL CONSERVATION DIVISION

Applicant Samuel Gary Jr. & Associates, Inc. hereby applies for approval of three horizontal or high angle directionally drilled wells within the San Isidro (Shallow) Unit ("the Unit"), and for one non-standard spacing and proration unit, and in support thereof states:

1. Applicant is a working interest owner in, and the unit operator of, the Unit, which covers the lands described on Exhibit I attached hereto, located in Sandoval County, New Mexico.

2. The Unit comprises 18,897.16 acres, all of which are federal minerals. One hundred percent of working interests in the Unit are committed to the Unit, and the Bureau of Land Management has approved the Unit.

3. Applicant seeks approval to directionally drill the following horizontal/high angle wells within the Unit:

(a) The SGA Johnson #6-14 Well, with a surface location of 1070 feet from the South line and 1449 feet from the West line of Section 6, Township 20 North, Range 2 West, N.M.P.M.

(b) The SGA San Isidro #12-16 Well, with a

surface location of 928 feet from the South line and 1176 feet from the East line of Section 12, Township 20 North, Range 3 West, N.M.P.M.

(c) The SGA San Isidro #13-14 Well, with a surface location of 660 feet from the South line and 1980 feet from the West line of Section 13, Township 20 North, Range 3 West, N.M.P.M.

Each of the above wells will be drilled vertically to an approximate depth of 3,500 feet, at which point they will kick-off in a north-northwestwardly direction, build angle to approximately 75°-95°, and drill horizontally in the Mancos formation (Rio Puerco-Mancos Oil Pool).

4. In Division Case Nos. 10,099 and 10,100, Applicant requested approval of an initial horizontal well in the Unit and that special rules and operating provisions be instituted for the Unit, including relief from set-back requirements, oversize units, special allowables, and administrative procedures to authorize additional horizontal wells.

5. Applicant will drill the above wells to comply with the special provisions which may be authorized by the Division in Case Nos. 10,099 and 10,100.

6. Applicant intends to dedicate all of Section 12, 20 North-3 West, to the SGA San Isidro #12-16 Well.

7. If the administrative procedures requested in Division Case No. 10,100 are instituted, applicant may dismiss

all or part of this case and seek administrative approval for all or some of the above-described wells. However, due to time constraints and well economics, this case is being filed to obtain a prompt hearing for subsequent wells in the Unit.

8. The proposed well unit in Section 6 comprises 595.72 acres, and Applicant requests permission for a non-standard unit for said well.

9. Applicant requests expedited approval of this Application.

10. The matters requested herein by Applicant are in the interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, Applicant requests that the above relief be granted.

Respectfully Submitted,

HINKLE, COX, EATON, COFFIELD &
HENSLEY

By James Bruce G. O. Hoff

James Bruce
500 Marquette, N.W.
Suite 800
Albuquerque, New Mexico 87102
(505) 768-1500

Attorneys for Applicant

Exhibit I

San Isidro (Shallow) Unit Area
Sandoval County, New Mexico

Township 21 North, Range 2 West
Sections 31, 32 & 33

Township 21 North, Range 3 West
Sections 35 & 36

Township 20 North, Range 2 West
Sections 5, 6, 7, 8 & 18

Township 20 North, Range 3 West
Sections 1, 2, 3, 4, 5, 7, 8, 9,
10, 11, 12, 13, 14, 15,
16, 17, 18, 22, 23 & 24

(EAST SKAGGS-ABO POOL - Cont'd.)

(6) That the discovery well for said pool, the Conoco Inc. Southeast Monument Unit Well No. 71, located 660 feet from the South line and 1830 feet from the East line of said Section 18, is entitled to and should receive a bonus discovery allowable in the amount of 35,145 barrels of oil, based upon the top perforations in said well at 7083 feet, to be assigned over a two-year period.

(7) That the reservoir characteristics of the subject pool justify the establishment of a gas-oil limitation of 6000 cubic feet of gas per barrel of liquid hydrocarbons.

(8) That in order to afford to the owners in the proposed East Skaggs-Abo Pool the opportunity to produce their just and equitable share of the oil and gas in the subject pool and for this purpose to use their just and equitable share of the reservoir energy, a limiting gas-oil ratio of 6000 cubic feet of gas per barrel of liquid hydrocarbons should be established for the subject pool.

IT IS THEREFORE ORDERED:

(1) That a new pool in Lea County, New Mexico, classified as an oil pool for Abo production, is hereby created and designated the East Skaggs-Abo Pool, with vertical limits comprising the Abo formation and horizontal limits comprising the following described area:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 18: SE/4 and E/2 SW/4
Section 19: N/2 NE/4 and NE/4 NW/4

(2) That the discovery well for said pool, the Conoco Inc. Southeast Monument Unit Well No. 71, located 660 feet from the South line and 1830 feet from the East line of Section 18, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, is hereby assigned an oil discovery allowable in the amount of 35,415 barrels of oil, to be produced in addition to said well's regularly assigned allowable, at a rate of 49 barrels of oil per day during the next two years.

(3) That special rules and regulations for the East Skaggs-Abo Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
EAST SKAGGS-ABO POOL

RULE 1. That the limiting gas-oil ratio for said East Skaggs-Abo Pool shall be 6000 cubic feet of gas for each barrel of oil produced.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

RIO PUERCO-MANCOS POOL
Sandoval County, New Mexico

Order No. R-7471, Creating and Adopting Temporary Operating Rules for the Rio Puerco-Mancos Pool, Sandoval County, New Mexico, April 1, 1984, as Amended by Order No. R-7471-A, May 22, 1985, and Corrected by Order No. R-7471-A-1, May 31, 1985.

Order No. R-7471-B, June 2, 1986, continues in full force and effect the temporary rules adopted in Order No. R-7471, as amended.

Application of Samuel Gary Oil Producers, Inc. for New Pool Creation and Special Pool Rules, Sandoval County, New Mexico.

CASE NO. 8030
Order No. R-7471

ORDER OF THE COMMISSION

BY THE COMMISSION: This cause came for hearing at 9:00 a.m. on February 2, 1984, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 7th day of March, 1984, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Samuel Gary Oil Producers, Inc., seeks an order creating a new oil pool for the Mancos formation with special pool rules including a provision for 320-acre spacing, Sandoval County, New Mexico.

(3) That in companion Case No. 8063, Champlin Petroleum Company seeks an order creating a new oil pool from the Mancos formation, with special pool rules including a provision for 160-acre spacing, Sandoval County, New Mexico.

(4) That Cases 8030 and 8063 were consolidated for the purpose of obtaining testimony.

(5) That the Mancos formation in the area is a fractured reservoir with low porosity and a matrix permeability that should be conducive for wide spacing.

(6) That the oil in the Mancos formation in this area is an under-saturated crude with a solution gas-oil ratio of 340 cubic feet per barrel.

(RIO PUERCO-MANCOS POOL - Cont'd.)

(7) That the reservoir drive mechanism appears to be solution gas drive.

(8) That to ensure maximum efficiency of the solution gas, the limiting gas-oil ratio should be 500 cubic feet per barrel.

(9) That the currently available information indicates that one well in this area should be capable of effectively and efficiently draining 320 acres.

(10) That in order to prevent the economic loss caused by the drilling of unnecessary wells, and to otherwise prevent waste and protect correlative rights, the Rio Puerco-Mancos Oil Pool should be created with temporary Special Rules providing for 320-acre spacing.

(11) That the vertical limits of the Rio Puerco-Mancos Oil Pool should be the Niobrara member of the Mancos shale with horizontal limits as follows:

TOWNSHIP 20 NORTH, RANGE 2 WEST, NMPM
Sections 6 and 7: All
Section 18: All

TOWNSHIP 20 NORTH, RANGE 3 WEST, NMPM
Sections 1 through 4: All
Sections 9 through 16: All

(12) That the said Temporary Special Rules and Regulations should be established for a two-year period in order to allow the operators in the Rio Puerco-Mancos Oil Pool to gather reservoir information to establish whether the temporary rules should be made permanent.

IT IS THEREFORE ORDERED:

(1) (As Amended by Order No. R-7471-A, May 22, 1985) That a new pool in Sandoval County, New Mexico, classified as an oil pool for Mancos production is hereby created and designated as the Rio Puerco-Mancos Oil Pool, with the vertical limits comprising the Niobrara member of the Mancos shale and with horizontal limits as follows:

TOWNSHIP 20 NORTH, RANGE 2 WEST, NMPM
Secs. 3 through 10: All
Secs. 15 through 18: All

TOWNSHIP 20 NORTH, RANGE 3 WEST, NMPM
Secs. 1 through 4: All
Secs. 9 through 16: All
Secs. 21 through 28: All

TOWNSHIP 21 NORTH, RANGE 2 WEST, NMPM
Secs. 19 through 22: All
Secs. 27 through 34: All

TOWNSHIP 21 NORTH, RANGE 3 WEST, NMPM
Secs. 25 and 26: All
Secs. 35 and 36: All

(2) That temporary Special Rules and Regulations for the Rio Puerco-Mancos Oil Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
RIO PUERCO-MANCOS OIL POOL

RULE 1. Each well completed or recompleted in the Rio Puerco-Mancos Oil Pool or in a correlative interval within one mile of its boundary, shall be spaced, drilled, operated and produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. No more than one well shall be completed or recompleted on a standard unit containing 320 acres, more or less, consisting of the N/2, S/2, E/2, or W/2 of a governmental section.

RULE 3. (As Amended by Order No. R-7471-A, May 22, 1985, as Corrected by Order No. R-7471-A-1, May 31, 1985.) Each well shall be located no nearer than 660 feet to the outer boundary of the spacing or proration unit, nor nearer than 330 feet to a governmental quarter-quarter section line, nor nearer than 1800 feet to any other well completed or drilling within the pool.

RULE 4. The limiting gas-oil ratio shall be 500 cubic feet per barrel of oil.

RULE 5. A standard proration unit (316 through 324 acres) shall be subject to a 320-acre depth bracket allowable of 320 barrels per day. The allowable assigned to a non-standard proration unit shall bear the same ratio to a standard allowable as the acreage in such non-standard unit bears to 320 acres.

IT IS FURTHER ORDERED:

(1) That the Special Rules and Regulations for the Rio Puerco-Mancos Oil Pool shall become effective April 1, 1984.

(2) That any well presently producing from the Rio Puerco-Mancos Oil Pool which does not have a standard 320-acre proration unit, an approved non-standard proration unit, or which does not have a pending application for a standard or non-standard proration unit by April 1, 1984, shall be shut-in until a standard or non-standard unit is assigned the well.

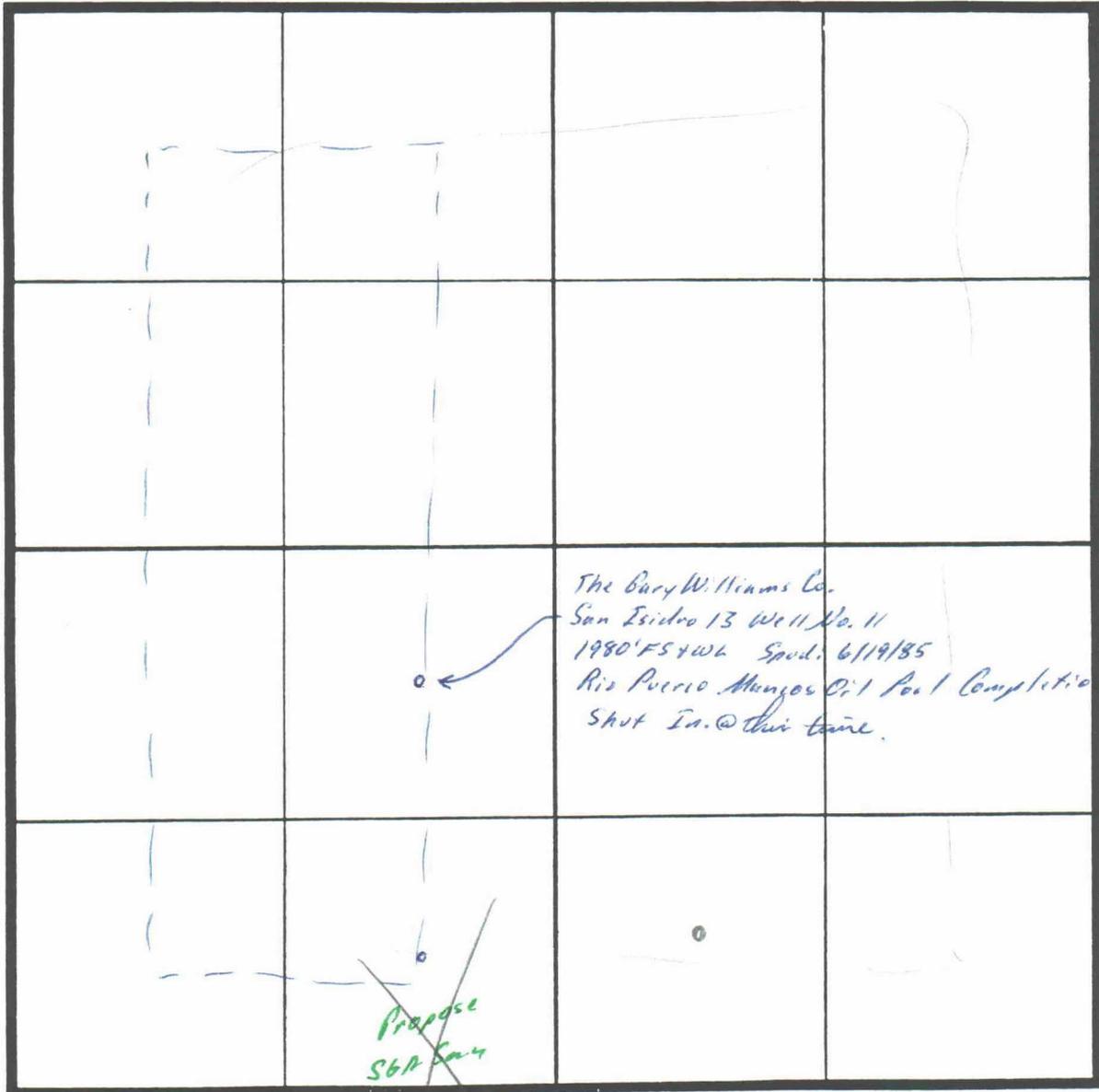
(3) That this case shall be reopened at an examiner hearing in April, 1986, at which time the operators in the subject pool should be prepared to appear and show cause why the Rio Puerco-Mancos Oil Pool should not be developed on 40-acre spacing units.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

Sec. 13 Township No. 20 South of Range No. 2 West

*Standard
640 acre
Section*



*The Gary Williams Co.
San Isidro 13 Well No. 11
1980' FS + WL Spud. 6/19/85
Rio Puerco Manjos Oil Pool Completion
Shut In @ this time.*

*Propose
S&A San
Isidro
13 Well
No. 14*