



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

GARREY CARRUTHERS  
GOVERNOR

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

October 19, 1990

Mr. Jerome P. McHugh & Associates  
Box 809  
Farmington, New Mexico 87499

Gentlemen:

In accordance with the provisions of Division Order No. R-8768 entered on October 17, 1988, the Oil Conservation Division is reopening Case No. 9420 in order to give all operators in the Basin-Fruitland Coal Gas Pool in San Juan, Rio Arriba, McKinley, and Sandoval Counties, New Mexico, the opportunity to appear and present evidence and testimony relative to the determination of permanent rules and regulations for said Basin-Fruitland Coal Gas Pool.

This case will be heard before an examiner on October 31, 1990, in the Oil Conservation Division Conference Room, State Land Office Building, Santa Fe, New Mexico, at 8:15 a.m. A copy of the advertisement for this hearing is enclosed.

Sincerely,

A handwritten signature in cursive script that reads "Florene Davidson".

Florene Davidson  
OC Staff Specialist

Enclosure

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October 19, 1990

Meridian Oil Inc.  
Box 4289  
Farmington, New Mexico 87499

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October 19, 1990

Nassau Resources, Inc.  
650 S. Cherry Street  
Suite 1225  
Denver, Colorado 80222

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October 19, 1990

Simmons Engineering & Consulting Co.  
5704 Villa View Drive  
Farmington, New Mexico 87401

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October 19, 1990


Orville S. Slaughter, Jr.  
2626 Adams Street  
Denver, Colorado 80205

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October 19, 1990

Southland Royalty Company  
P. O. Box 4289  
Farmington, New Mexico 87499

Gentlemen:

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October 19, 1990

Union Oil Company of California  
3300 N. Butler  
Suite 200  
Farmington, New Mexico 87401

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October 19, 1990

Union Texas Petroleum Corporation  
P. O. Box 2120  
Houston, Texas 77252-2120

Gentlemen:

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October 19, 1990

Amoco Production Company  
2325 East 30th Street  
Farmington, New Mexico 87401

Gentlemen:

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October 19, 1990

Basin Minerals, Inc.  
Drawer 419  
Farmington, New Mexico 87499

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October 19, 1990

Mr. Robert L. Bayless  
Box 168  
Farmington, New Mexico 87499

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October 19, 1990

Blackwood & Nichols Co. Ltd.  
Box 1237  
Durango, Colorado 81302-1237

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October 19, 1990

Mr. Joel E. Burr, Jr.  
Drawer 3307  
Farmington, New Mexico 87499

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October 19, 1990

Columbus Energy Corporation  
Box 2038  
Farmington, New Mexico 87401

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October 19, 1990

Dugan Production Corporation  
Box 420  
Farmington, New Mexico 87499-0420

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October 19, 1990

Giant Exploration & Production Company  
Box 2810  
Farmington, New Mexico 87401

Gentlemen:

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October 19, 1990

Manana Gas Inc.  
1002 Trainway Lane N.E.  
Albuquerque, New Mexico 87499

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2325 East 30th Street  
Farmington, New Mexico 87401

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NOTICE OF PUBLICATION  
STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
SANTA FE - NEW MEXICO

The State of New Mexico by its Oil Conservation Division hereby gives notice pursuant to law and Rules and Regulations of said Division promulgated thereunder of the following public hearing to be held at 8:15 A.M. on October 31, 1990, at the Oil Conservation Division Conference Room, State Land Office Building, Santa Fe, New Mexico, before Michael E. Stogner, Examiner, or David R. Catanach or Jim Morrow, Alternate Examiners, all duly appointed for said hearing as provided by law.

STATE OF NEW MEXICO TO:

All named parties and persons  
having any right, title, interest  
or claim in the following cases  
and notice to the public.

NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 10134:

Application of Yates Petroleum Corporation  
for a unit agreement, Lea County, New  
Mexico.

Applicant, in the above-styled cause, seeks the approval of the Red Hat State Unit Agreement for an area comprising 1981.32 acres, more or less, of State lands in all or portions of Sections 2, 3, and 11, Township 16 South, Range 33 East, which is located approximately 10 miles northeast of Maljamar, New Mexico.

CASE 10135:

Application of Yates Petroleum Corporation  
for a unit agreement, Lea County, New  
Mexico.

Applicant, in the above-styled cause, seeks the approval of the Hourglass State Unit Agreement for an area comprising 560 acres, more or less, of State lands in portions of Sections 9, 10, 15, and 16, Township 18 South, Range 35 East, which is located approximately 4.5 miles southeast of Buckeye, New Mexico.

CASE 10136:

Application of Marbob Energy Corporation  
for an unorthodox oil well location, Eddy  
County, New Mexico.

Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its Holder "CB" Well No. 3 to be drilled 1295 feet from the North line and 990 feet from the West line (Unit D) of Section 17, Township 17 South, Range 30 East, Grayburg Jackson Pool. Said well is to be simultaneously dedicated, along with the Holder "CB" NCT-A Federal Well No. 2 located at a standard oil well location 660 feet from the North and West lines of said Section 17, to the existing 40-acre oil spacing and proration unit comprising the NW/4 NW/4 of said Section 17, which is located approximately 1.5 miles north-northwest of Loco Hills, New Mexico.

CASE 10137:

Application of C. W. Trainer for directional  
drilling and an unorthodox gas well location,  
Lea County, New Mexico.

Applicant, in the above-styled cause, seeks authority to directionally drill from its existing Harris Federal Well No. 1 located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 5, Township 22 South, Range 34 East, in such a manner as to bottom the well in the Undesignated Grama Ridge-Morrow Gas Pool at a target point that is no closer to the South and East lines (Unit P) of said Section 5 than 330 feet, which is an unorthodox gas well location for said pool. Lots 1 and 2, S/2 NE/4, and SE/4 (E/2 equivalent) of said Section 5 is to be dedicated to said well forming a 321.58-acre gas spacing and proration unit for said pool. Said unit is located approximately 19 miles west by south of Eunice, New Mexico.

CASE 10138:

Application of Arco Oil & Gas Company for amendment of the special rules and regulations for the Empire-Abo Pressure Maintenance Project, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks the amendment of the special rules and regulations for the Empire-Abo Pressure Maintenance Project Area, as promulgated by Division Orders No. R-4549 through R-4549-F, to permit the withdrawal of extraneous gas during winter months and the make-up of amounts withdrawn by injection of additional gas during the succeeding months. Said Pressure Maintenance Project Area is located in Townships 17 and 18 South, Ranges 27, 28 and 29 East.

CASE 10139:

Application of Pacific Enterprises Oil Company (USA) for compulsory pooling, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests from 5000 feet below the surface to the top of the Mississippian Chester Limestone formation or to a depth of 11,200 feet, whichever is deeper, underlying the N/2 of Section 12, Township 17 South, Range 29 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing which presently includes but is not necessarily limited to the Undesignated Grayburg-Morrow Gas Pool, said unit to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 3.5 miles northwest of Loco Hills, New Mexico.

CASE 10140:

Application of OXY USA, Inc. for a waterflood project, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its State "BN" Lease underlying the SW/4 of Section 14, Township 10 South, Range 32 East, by the injection of water into the Mescalero-San Andres Pool, through a well to be drilled 1410 feet from the South line and 1405 feet from the West line (Unit K) of said Section 14. Said lease is located approximately 5 miles northeast of Caprock, New Mexico.

CASE 10102: (Readvertised)

Application of Sage Energy Company for statutory unitization, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the North Vacuum-Abo Pool, underlying 1763 acres, more or less, of State land comprising all or portions of Sections 35 and 36, Township 16 South, Range 34 East. Said Unit is to be designated the North Vacuum (Abo) North Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator, the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production tracts in the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said Unit Area is located approximately 4 miles north by west of Buckeye, New Mexico.

CASE 10127: (Readvertised)

Application of Samuel Gary Jr. & 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 500 feet from the South line and 2100 feet from the West line (Unit N) 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: (Readvertised)

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 12, 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 "12" Well No. 16 to be located on the surface 1200 feet from the South line and 1800 feet from the West line (Unit N) 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. Said project area is located approximately 9 miles west-southwest of Cuba, New Mexico.

CASE 10129: (Readvertised)

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 13, 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 "13" Well No. 14 to be located on the surface 660 feet from the South line and 1980 feet from the East line (Unit O) 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 and for special allowable provisions for the proposed double sized oil proration unit. Said project area is located approximately 9.5 miles west-southwest of Cuba, New Mexico.



CASE 10141:

Application of Samuel Gary Jr. and Associates, Inc. for a gas reinjection/pressure maintenance project, Sandoval County, New Mexico.

Applicant, in the above-styled cause, seeks authority to institute a gas reinjection/pressure maintenance project in its San Isidro (Shallow) Unit Area located in Townships 20 and 21 North, Ranges 2 and 3 West, by the injection of gas into the Rio Puerco-Mancos Oil Pool through the open hole interval from approximately 3793 feet to 4188 feet in its San Isidro 11 Well No. 16 located 660 feet from the South line and 630 feet from the East line (Unit P) of Section 11, Township 20 South, Range 3 West. Said project area is located approximately 5 to 13 miles west-southwest of Cuba, New Mexico.

CASE 9998: (Reopened)

In the matter of Case 9998 being reopened pursuant to the provisions of Division Order No. R-9093-B, which order temporarily denied the application of Yates Energy Corporation to amend Division Order No. R-9093 by expanding the pooled interval from the surface to the base of the Undesignated Tamano-Bone Spring Pool in Eddy County, New Mexico. Said Case 9998 is being reopened to allow the Division to consider additional evidence regarding conductance of negotiations, the proportionate share of well costs which are allocated to the San Andres completion, and the assignment of a risk penalty which is fair to both parties involved.

CASE 9362: (Reopened)

In the matter of Case 9362 being reopened pursuant to the provisions of Division Order No. R-7588-B, which order expanded the vertical limits of the Cedar Hill-Fruitland Basal Coal Pool in San Juan County. Operators in said pool may appear and show cause why the temporary extension of the Cedar Hill-Fruitland Basal Coal Pool should not be rescinded.

CASE 9420: (Reopened)

In the matter of Case 9420 being reopened pursuant to the provisions of Division Order No. R-8768, which order created the Basin-Fruitland Coal Gas Pool in San Juan County and promulgated temporary special rules and regulations therefor. Operators in said pool may appear and present evidence and testimony relative to the determination of permanent rules and regulations for the Basin-Fruitland Coal Gas Pool.

CASE 10142:

In the matter of the hearing called by the Oil Conservation Division on its own motion to consider:

The creation of the following pools in Lea County:

Big Dog-Mississippian Gas Pool in  
Township 15 South, Range 35 East;

North Billbrey-Atoka Gas Pool in  
Township 21 South, Range 32 East;

E-K Delaware Pool in Township 18  
South, Range 33 East;

Southwest Jabalina-Atoka Gas Pool  
in Township 26 South, Range 34 East;

West Lovington-Lower San Andres Pool  
in Township 17 South, Range 36 East;

Southwest Lovington-San Andres Pool  
in Township 17 South, Range 36 East;

Salt Lake-Wolfcamp Pool in Township  
20 South, Range 32 East;

The abolishment of the East Pitchfork Ranch-Atoka Gas Pool in Lea County;

The contraction of the vertical limits of the West Lovington-San Andres Pool in Lea County to include only the Upper San Andres formation and the redesignation of said pool as West Lovington-Upper San Andres Pool;

The extension of the following pools in Lea County:

Bilbrey-Morrow Gas  
South Corbin-Wolfcamp  
East Gem-Morrow Gas  
Grama Ridge-Morrow Gas  
East Grama Ridge-Strawn Gas  
Lane-San Andres  
Lea-Bone Spring  
West Lusk-Delaware  
Maljamar Grayburg-San Andres  
Midway-San Andres  
Quail Ridge-Morrow Gas  
Querecho Plains-Delaware  
Sand Springs-Atoka Gas  
Mid Vacuum-Delaware  
West Wilson-Yates  
North Young-Bone Spring

The extension of the Milnesand-Abo Pool in Roosevelt County.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 11th day of October, 1990.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*William J. Lemay*  
by *FD*  
WILLIAM J. LEMAY  
DIRECTOR

S E A L

**ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**

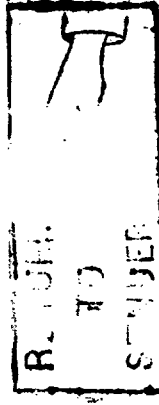
Oil Conservation Division

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ATTENTION: \_\_\_\_\_  
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 FORWARDING  
EMPLOYEE: *AD* RTD