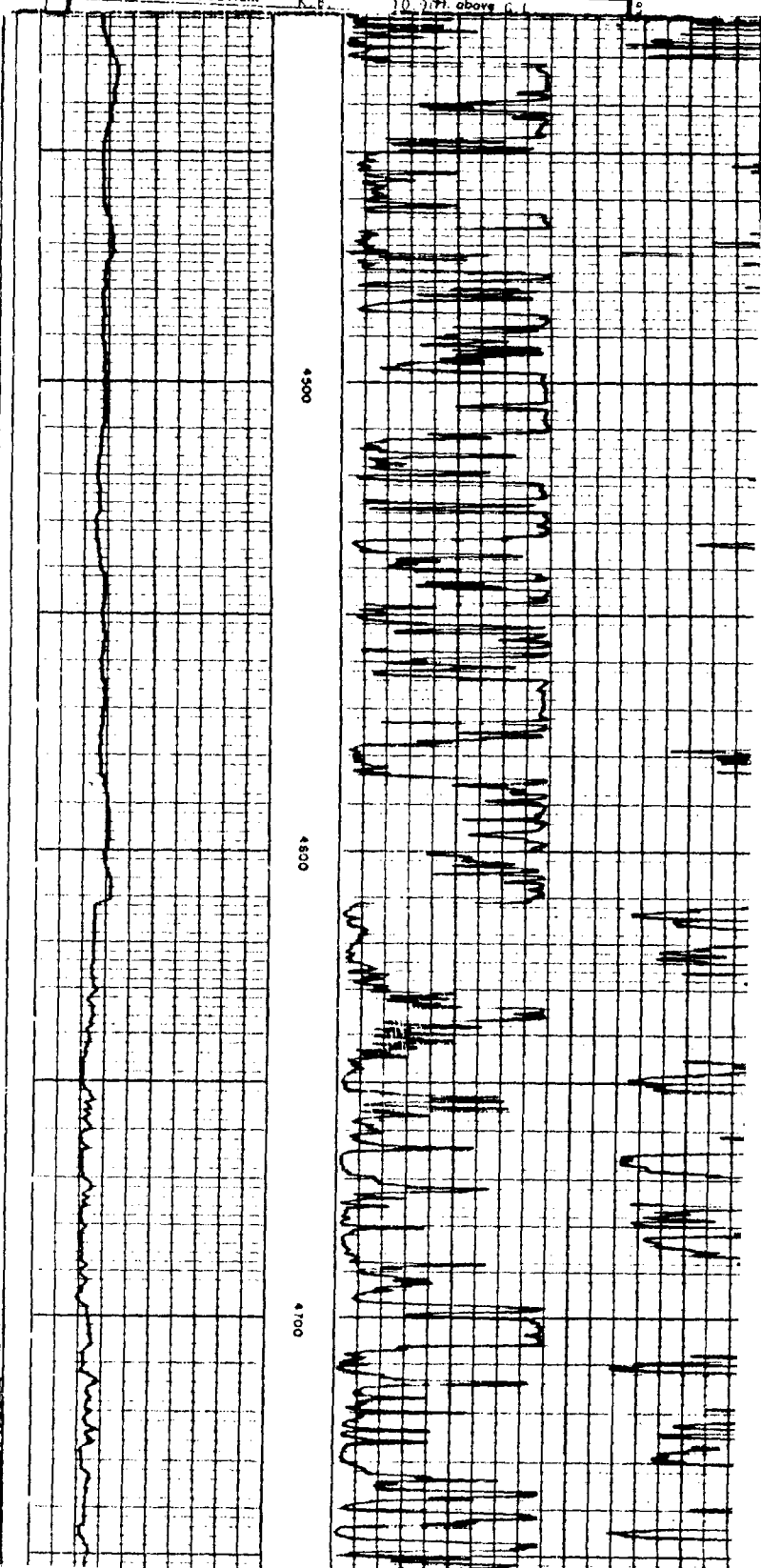
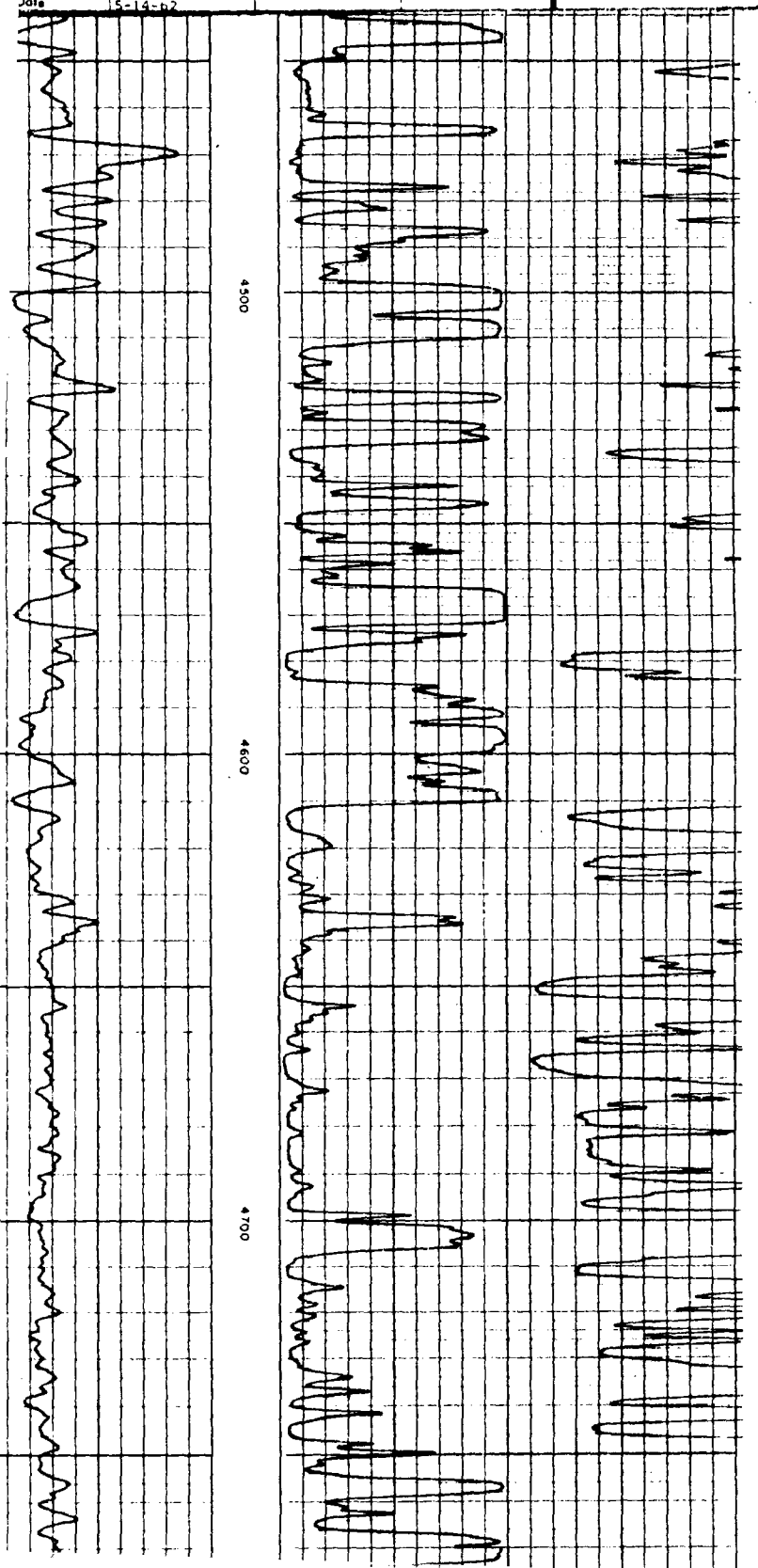


COUNTY LEA FIELD or LOCATION JENKINS WOLF CAMP WELL A.T. HUTCHERSON COMPANY TRICE PRODUCTION COMPANY TRICE PRODUCTION		Other Surveys MLL Location of Well 660' FNL 660' FEL Elevation: K.B. 4260 D.F. 4266 or G.L. 4257
COMPANY TRICE PRODUCTION WELL A.T. HUTCHERSON FIELD JENKINS WOLF CAMP LOCATION SEC. 9 T-9-S R-34-E COUNTY LEA STATE NEW MEXICO		
Log Depths Measured From K.B. 10.9 ft. above G.L.		
RUN No. ONE Date 5-14-62		

Exhibit C-2

COUNTY LEA FIELD or LOCATION JENKINS WOLF CAMP WELL A.T. HUTCHERSON COMPANY TRICE PRODUCTION COMPANY TRICE PRODUCTION		Other Surveys LL/CR Location of Well 660' FNL 660' FEL Elevation: D.F. 4265 K.B. 4266 or G.L. 4257
COMPANY TRICE PRODUCTION WELL A.T. HUTCHERSON FIELD JENKINS WOLF CAMP LOCATION SEC. 9 T-9-S R-34-E COUNTY LEA STATE NEW MEXICO		
Log Depths Measured From K.B. 10.9 ft. above G.L.		



# AUTHORITY FOR EXPENDITURE

DATE January 23, 1992

AFE No. 00192 LEASE NAME James Petroleum "A" (Formerly Trice #2 Hutcherson) WELL No. 1  
 DESCRIPTION 660' FNL & 660' FEL, Sec. 9, T9S, R34E COUNTY Lea  
 STATE NM AREA Jenkins, NW (San Andres) OPERATOR Western Reserves Oil Co. Inc.  
 PROJECT Jenkins PREPARED BY Chris Renaud  
 EXPLORATION ☐ DEVELOPMENT ☒ RESULTS: OIL ☐ GAS ☐ DRY ☐ T.D. \_\_\_\_\_ DATE \_\_\_\_\_

DRILLING INTANGIBLES: REENTRY	DRY HOLE WITHOUT PIPE	COMPLETED WELL	ACTUAL COST	OVER (UNDER)
LOCATION, ROADS, PITS, DAMAGES	\$ 5,000			
FOOTAGE _____ FT. @ _____ /FT.	NA			
DAY WORK <u>4</u> DAYS WDP @ \$ <u>3,000</u> /DAY	12,000			
_____ DAYS WOODP @ \$ _____ /DAY	NA			
CEMENT AND CEMENTING	NA			
TESTING AND CORING	NA			
LOGGING	NA			
PROFESSIONAL SERVICES (LEGAL, ENGINEERING, GEOLOGICAL, SURVEY)	2,750			
MUD MATERIALS, FUEL, WATER	3,000			
BITS, COREHEADS AND RENTALS	2,000			
MISCELLANEOUS SERVICES (INC. MARINE, RIGGING, WELDING ETC.)	750			
MISCELLANEOUS (INC. LABOR & TRANSPORTATION & BLOWOUT INS.)	1,000			
CONTINGENCY — %	2,500			
ADMINISTRATIVE, GENERAL EXPENSE	1,000			
TOTAL DRILLING	30,000			
COMPLETION INTANGIBLES:				
COMPLETION UNIT <u>5</u> DAYS/HRS. @ \$ <u>1,200/day</u>		\$ 6,000		
CEMENT AND CEMENTING		4,000		
PERFORATING AND LOGGING		2,000		
FRAC AND/OR ACID TREATMENT		2,250		
FUEL, WATER, POWER		2,500		
BATTERY CONSTRUCTION - DIRT WORK, ETC.		2,000		
COMPLETION TOOLS AND EQUIPMENT - RENTALS		2,500		
PROFESSIONAL SERVICES (LEGAL, ENGINEER, GEOLOGY, ETC.)		3,000		
MISCELLANEOUS SERVICES (INC. MARINE, WELDING, BACK FILL, ETC.)		1,000		
OTHER (INCLUDING LABOR & TRANSPORTATION)		3,000		
CONTINGENCY — %		2,500		
TOTAL COMPLETION		30,750		
TOTAL INTANGIBLES		\$ 30,750		
DRILLING AND COMPLETION TANGIBLES				
CASING <u>4,800</u> FT. Used <u>5 1/2"</u> @ \$ <u>3.85</u> /FT.		\$ 17,710		
_____ FT. @ \$ _____ /FT.				
_____ FT. @ \$ _____ /FT.				
_____ FT. @ \$ _____ /FT.				
TUBING <u>4,600</u> FT. Used <u>2 3/8"</u> @ \$ <u>1.10</u> /FT.		5,060		
	450	450		
WELLHEAD EQUIPMENT				
FLOATING EQUIPMENT, CENTRALIZERS, SCRATCHERS				
RODS <u>4600</u> FT. <u>3/4" "D"</u> @ \$ <u>1.05</u> /FT.		4,830		
SUBSURFACES EQUIPMENT - BH PUMP, ETC.		1,500		
LINE PIPE _____ FT. @ \$ _____ /FT.		500		
_____ FT. @ \$ _____ /FT.				
TANKS, TREATERS, SEPARATORS, LINERS, WALKS, ETC.		6,500		
GAS PROCESSING UNIT				
MARINE - BARGES, PLATFORMS, ETC.		12,500		
PUMPING UNIT AND ENGINE		1,000		
OTHER MISCELLANEOUS EQUIPMENT (FENCES, CULVERT, TOOLS, ETC.)		2,500		
CONTINGENCY — %				
TOTAL EQUIPMENT COST	450	\$ 52,550		
TOTAL WELL COST	\$ 30,450	\$ 83,300		
LEASES _____ ACRES @ _____ PER ACRE				
TOTAL WELL AND LEASE COST		113,750		

## APPROVALS:

OPERATOR Western Reserves Oil Co. Inc. BY Christopher P. Renaud WI \_\_\_\_\_ % DATE 1-23-92  
 COMPANY \_\_\_\_\_ BY \_\_\_\_\_ WI \_\_\_\_\_ % DATE \_\_\_\_\_  
 COMPANY \_\_\_\_\_ BY \_\_\_\_\_ WI \_\_\_\_\_ % DATE \_\_\_\_\_

Certificate of Notice

Robert G. Elliott, of lawful age, and being first duly sworn, upon his oath, deposes and says:

That the notice provisions of Rule 1207 have been complied with in the matter of the Application of Western Reserves Oil Company, Inc. for Compulsory Pooling;

That applicant has conducted a good-faith diligent effort to find the correct address of all interested persons entitled to receive notice;

That the following interested persons are entitled to receive notice at the address below their name:

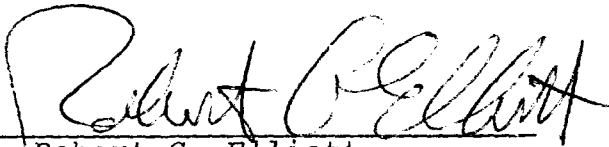
James Petroleum Trust  
Attn: David E. James or Robert James  
P.O. Box 4648  
Tulsa, OK 74159

C.D. Sands  
no known address

Amoco Production Company  
Attn: Mr. Tim Custer  
P.O. Box 3092  
Houston, TX 77253

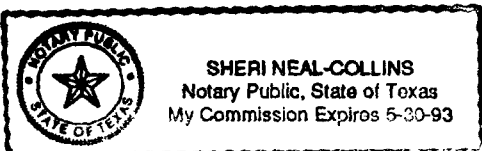
That pursuant to Rule 1207, notice has been given to those parties with known addresses at that correct address as provided by rule,

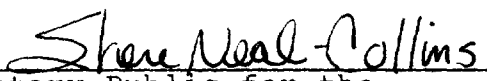
And that the foregoing is true and complete to the best of his knowledge.

  
Robert G. Elliott

Subscribed and sworn before me this 23rd day of January, 1992.

My commission expires:



  
Notary Public for the  
State of Texas

**ROBERT G. ELLIOTT**

Attorney at Law

P.O. Box 5  
Midland, Texas 79702  
(915) 687-6750

January 23, 1992

Mr. Tim Custer  
Amoco Production Company  
P.O. Box 3092  
Houston, TX 77253

CERTIFIED MAIL  
RETURN RECEIPT

Re: NE/4 NE/4 Section 9  
T-9-S, R-34-E  
Lea County, New Mexico

Dear Tim:

Pursuant to Rule 1207, notice is hereby given of an Application for Compulsory Pooling, under authority of Section 70-2-17 NMSA, has been filed by Western Reserves Oil Company, Inc. with the New Mexico Oil Conservation Division for a hearing scheduled for February 20, 1992 at the State Land Office in Sante Fe, New Mexico. Rule 1207 (4) provides that all unopposed pooling applications will be set for hearing and that if the Division finds the application acceptable, the information submitted with the application will be incorporated as the record of the case and an order be written therefrom. At the request of any interested party or the Division the pooling application will be set for full hearing with oral testimony. Should you desire to oppose the application please contact Mr. Michael Stogner, Oil Conservation Division P.O. Box 2088, Sante Fe, New Mexico 87501 with a copy of such request to my attention.

Very truly yours,

Robert G. Elliott

Attorney for Applicant  
Western Reserves Oil Company, Inc.

**ROBERT G. ELLIOTT**

Attorney at Law

P.O. Box 5  
Midland, Texas 79702  
(915) 687-6750

January 23, 1992

Mr. Robert James  
James Petroleum Trust  
P.O. Box 4648  
Tulsa, OK 74159

CERTIFIED MAIL  
RETURN RECEIPT

Re: NE/4 NE/4 Section 9  
T-9-S, R-34-E  
Lea County, New Mexico

Dear Mr. James:

Pursuant to Rule 1207, notice is hereby given of an Application for Compulsory Pooling, under authority of Section 70-2-17 NMSA, has been filed by Western Reserves Oil Company, Inc. with the New Mexico Oil Conservation Division for a hearing scheduled for February 20, 1992 at the State Land Office in Sante Fe, New Mexico. Rule 1207 (4) provides that all unopposed pooling applications will be set for hearing and that if the Division finds the application acceptable, the information submitted with the application will be incorporated as the record of the case and an order be written therefrom. At the request of any interested party or the Division the pooling application will be set for full hearing with oral testimony. Should you desire to oppose the application please contact Mr. Michael Stogner, Oil Conservation Division P.O. Box 2088, Sante Fe, New Mexico 87501 with a copy of such request to my attention.

Very truly yours,

Robert G. Elliott

Attorney for Applicant  
Western Reserves Oil Company, Inc.

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR



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

January 30, 1992

Western Reserves Oil Company, Inc.  
c/o Robert G. Elliott  
P.O. Box 5  
Midland, TX 79702

*RE: Application for compulsory pooling. Western Reserves Oil Company, Inc.; NE/4 NE/4 (Unit A), Section 9, Township 9 South, Range 34 East, NMPM, Undesignated Northwest Jenkins San Andres Pool, Rio Arriba County, New Mexico.*

Dear Mr. Elliott:

The Division is in receipt of the subject filing requesting the Division to consider this application under the provisions of General Rule 1207.A.(2), "Procedures for Unopposed Compulsory Pooling Application." In the time since these procedures were adopted in 1984, the Division has only received four such applications, and with each filing problems and questions arose which lead the Division to reevaluate the use this process.

Because the force-pooling affects property rights, the Division is no longer processing such applications in this manner even though Rule 1207.A.(2) is still on the books. Your application has been placed on the docket for the February 20, 1992 Examiner Hearing. At that time Western Reserves will be expected to present testimony and evidence to support their case.

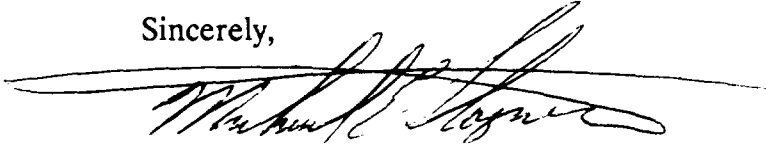
I apologize for any inconvenience this change may have caused. In the long term, however, it may serve to avoid many legal problems and lengthy proceedings.

*Western Reserves Oil Company, Inc.*  
*c/o Robert G. Elliott*  
*January 30, 1992*  
*Page No. 2*

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Should you have any questions, please contact either myself or Bob Stovall, attorney for the Division, in Santa Fe at (505) 827-5800.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Stogner", written over a horizontal line.

Michael E. Stogner  
Chief Hearing Officer/Engineer

cc: Bob Stovall - Oil Conservation Division, Santa Fe, NM  
David James - James Petroleum Trust, Tulsa, OK  
Amoco Production Co. - Houston, TX

**CASE 10422:** (Continued from February 6, 1992, Examiner Hearing.)

**Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the SE/4 of Section 8, Township 19 South, Range 25 East, forming a standard 160-acre gas spacing and proration unit for any and all formations spaced on 160-acre spacing within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location in the NW/4 SE/4 (Unit J) of said Section 8. 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 southwest by west of Dayton, New Mexico.

**CASE 10445:** **Application of Western Reserves Oil Company Inc. for compulsory pooling, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Northwest Jenkins-San Andres Pool underlying the NE/4 NE/4 (Unit A) of Section 9, Township 9 South, Range 34 East, forming a standard 40-acre oil spacing and proration unit for said pool. Said unit is to be dedicated to the plugged and abandoned Midwest Oil Corporation James Petroleum "A" Well No. 1 located 660 feet from the North and East lines of said Section 9. Also to be considered will be the cost of re-entering and recompleting 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 re-entering and recompleting said well. Said well is located approximately 7.5 miles west-northwest of Crossroads, New Mexico.

**CASE 10441:** (Continued from February 6, 1992, Examiner Hearing.)

**Application of Manzano Oil Corporation for compulsory pooling and an unorthodox oil well location, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Northeast Lovington-Pennsylvanian Pool underlying the S/2 SE/4 of Section 1, Township 16 South, Range 36 East, forming a standard 80-acre oil spacing and proration unit for said pool, to be dedicated to a well to be drilled at an unorthodox oil well location 330 feet from the South line and 1980 feet from the East line (Unit W) of said Section 1. 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 of the Lea County Fair Grounds.

**CASE 10446:** **Application of Yates Petroleum Corporation for authorization to drill, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval to drill within the "Potash Area" pursuant to all applicable rules and procedures governing said area, as promulgated by Division Order No. R-111-P. The proposed well is to be located 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 2, Township 22 South, Range 31 East, to test the Delaware formation at an approximate depth of 8500 feet for oil. Lot 2 of said Section 2 is to be dedicated to said well forming a 39.81-acre oil spacing and proration unit for the Undesignated Lost Tank-Delaware Pool. Said unit is located approximately 11 miles east of IMC Inc.'s Potash Mining and Refining Facilities.

**CASE 10447:** **Application of Yates Petroleum Corporation for authorization to drill, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval to drill within the "Potash Area" pursuant to all applicable rules and procedures governing said area, as promulgated by Division Order No. R-111-P. The proposed well is to be located 1980 feet from the North line and 1650 feet from the East line (Unit G) of Section 2, Township 22 South, Range 31 East, to test the Delaware formation at an approximate depth of 8500 feet for oil. The SW/4 NE/4 of said Section 2 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for the Undesignated Lost Tank-Delaware Pool. Said unit is located approximately 11 miles east of IMC Inc.'s Potash Mining and Refining Facilities.

**CASE 10448:** **Application of Yates Petroleum Corporation for authorization to drill, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval to drill within the "Potash Area" pursuant to all applicable rules and procedures governing said area, as promulgated by Division Order No. R-111-P. The proposed well is to be located 660 feet from the South line and 2310 feet from the West line (Unit N) of Section 2, Township 22 South, Range 31 East, to test the Delaware formation at an approximate depth of 8500 feet for oil. The SE/4 SW/4 of said Section 2 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for either the Undesignated Lost Tank-Delaware Pool or the Undesignated Livingston Ridge-Delaware Pool. Said unit is located approximately 11 miles east of IMC Inc.'s Potash Mining and Refining Facilities.



Dockets Nos. 7-92 and 8-92 are tentatively set for March 5, 1992 and March 19, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 20, 1992**

**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, Alternate Examiner:

**CASE 10372:** (Continued from December 19, 1991, Examiner Hearing - This case will be dismissed.)

Application of Parker & Parsley Development Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the S/2 equivalent of Section 33, Township 31 North, Range 4 West, forming a standard 320-acre, more or less, spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes only the Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard coal gas well location in the SW/4 of said Section 33. 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 15 miles west-southwest of Dulce, New Mexico.

**CASE 10216:** (Reopened)

In the matter of Case 10216 being reopened pursuant to the provisions of Division Order No. R-6849-A, which order approved a limiting gas-oil ratio of 7,000 to 1 for the West Nadine-Blinbry Pool in Lea County, New Mexico. Said Case 10216 is being reopened to allow the operators in the pool to appear and present evidence and show cause why the foregoing rule should remain in effect.

**CASE 10442:** Application of Marbob Energy Corporation for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location to be drilled 2263 feet from the South line and 1430 feet from the East line (Unit J) of Section 13, Township 11 South, Range 27 East, Chisum-Devonian Pool. Said well is to be simultaneously dedicated with the existing State CF Well No. 4, located at a standard oil well location 1980 feet from the South and East lines of said Section 13, to the NW/4 SE/4 of said section being a standard 40-acre oil spacing and proration unit in said pool. The subject unit is located approximately 4 miles south of U.S. Highway 380 at milemarker No. 175.

**CASE 10443:** Application of Marathon Oil Company to amend Division Order No. R-9503, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an amendment of Division Order No. R-9503 to authorize an increase of the vertical extension of the injection interval in its McDonald State A/C-1 Well Nos. 30 and 33 located in Units L and I of Section 16, Township 22 South, Range 36 East, McDonald State A/C-1 Lease Waterflood Project, to include the lowermost 100 feet of the Seven Rivers Formation. Said waterflood project is located approximately 7 miles south of Oil Center, New Mexico.

**CASE 10444:** Application of Amerada Hess Corporation for pool contraction, pool creation, and promulgation of special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Lower Blinbry formation and the promulgation of special pool rules therefor, including provisions for 80-acre oil spacing and proration units, designated well location requirements and a special gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil. Applicant also seeks the concomitant contraction of the vertical limits of the Hobbs-Blinbry Pool in conjunction with the creation of said new Lower Blinbry oil pool within the existing horizontal boundaries of the Hobbs-Blinbry Pool in portions of Townships 18 and 19 South, Range 38 East. Said area is located on the west side of Hobbs, New Mexico.

**CASE 9854:** (Readvertised)

In the matter of Case 9854 being reopened pursuant to the provisions of Division Order No. R-9131-A/R-5353-K, which order reclassified the Diablo-Fusselman Pool in Chaves County, New Mexico, as an associated pool with special rules and regulations including provisions for 80-acre oil and 160-acre gas spacing and proration units, designated well location requirements, and established a gas/oil ratio (GOR) limitation of 6,500 cubic feet of gas per barrel of oil. All interested parties may appear and show cause why the Diablo-Fusselman Associated Pool should not be reclassified as either a gas pool or oil pool, to be governed by applicable statewide rules or to make any such recommendations regarding the proper spacing and development for said pool on a permanent basis.

Dockets Nos. 10-92 and 11-92 are tentatively set for April 2, 1992 and April 16, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - THURSDAY - MARCH 19, 1992**

**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, Alternate Examiner:

**CASE 7894:** (Continued and Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Petro-Lewis Corporation, Dyna Ray Oil and Gas Company, Inc., Floyd J. Ray and all other interested parties to appear and show cause why the Earnhardt Well No. 1 located in Unit G of Section 35, Township 24 North, Range 1 West, Rio Arriba County, should not be plugged and abandoned in accordance with a Division-approved plugging program. Said Case 7894 was originally called in June of 1983 and continued indefinitely at that time. The subject well has now been plugged and, therefore, this case will be dismissed.

(Continued from February 20, 1992, Examiner Hearing.)

Application of Western Reserves Oil Company Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Northwest Jenkins-San Andres Pool underlying the NE/4 NE/4 (Unit A) of Section 9, Township 9 South, Range 34 East, forming a standard 40-acre oil spacing and proration unit for said pool. Said unit is to be dedicated to the plugged and abandoned Midwest Oil Corporation James Petroleum "A" Well No. 1 located 660 feet from the North and East lines of said Section 9. Also to be considered will be the cost of re-entering and recompleting 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 re-entering and recompleting said well. Said well is located approximately 7.5 miles west-northwest of Crossroads, New Mexico.

**CASE 10453:** Application of Yates Petroleum Corporation for a non-standard gas proration unit and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause seeks approval to complete its Mojave "AJY" Com. Well No. 1 in the Undesignated Cemetery-Morrow Gas Pool at an unorthodox gas well location 990 feet from the North line and 660 feet from the East line (Unit D) of Irregular Section 35, Township 20 1/2 South, Range 23 East, all of said Section 35 to be dedicated to said well forming a non-standard 334.92-acre gas spacing and proration unit for said pool. Said unit is located approximately 10 miles west-southwest of Seven Rivers, New Mexico.

**CASE 10454:** Application of Southland Royalty Company for downhole commingling, unorthodox gas well location and to amend Division Administrative Order NWU-56, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle gas productions from the Fulcher Kutz-Pictured Cliffs Pool and the Basin Fruitland Coal (Gas) Pool within the wellbore of its proposed Cozzens Com Well No. 10 to be drilled at an unorthodox gas well location for both producing horizons 975 feet from the North line and 1785 feet from the West line (Unit C) of Section 19, Township 29 North, Range 11 West. Lots 1 and 2, the NE/4 and E/2 NW/4 (N/2 equivalent) of said Section 19 forming a standard 317.55-acre gas spacing and proration unit for the Basin Fruitland Coal (Gas) Pool is to be dedicated to said well. Further, Division Administrative Order NWU-56, dated May 17, 1955, which authorized a non-standard 160-acre gas spacing and proration unit in the Fulcher Kutz-Pictured Cliffs Pool comprising the W/2 NE/4 and E/2 NW/4 of said Section 19 is to be amended to show that the proposed Well No. 10 is to replace the existing Cozzens Well No. 2 located in Unit B as the unit's only producing well. Said area is located approximately 2 miles west of Bloomfield, New Mexico.

**CASE 10455:** Application of Southland Royalty Company for an unorthodox gas well location, downhole commingling, and to amend Division Administrative Order NWU-80, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle gas production from the Fulcher Kutz-Pictured Cliffs Pool and the Basin Fruitland Coal (Gas) Pool within the wellbore of its proposed Aztec Well No. 700 to be drilled at an unorthodox well location for both producing horizons 2280 feet from the South line and 1500 feet from the West line (Unit K) of Section 14, Township 28 North, Range 11 West. The S/2 of said Section 14 forming a standard 320-acre gas spacing and proration unit for the Basin Fruitland Coal (Gas) Pool is to be dedicated to said well. Further, Division Administrative Order NWU-80, dated May 20, 1955, which authorized a non-standard 160-acre gas spacing and proration unit in the Fulcher Kutz-Pictured Cliffs Pool comprising the W/2 NW/4 and N/2 SW/4 of said Section 14 is to be amended to show that the proposed Aztec Well No. 700 is to replace the existing Aztec Well No. 3 located in Unit E as the unit's only producing well. Said area is located approximately 4 miles south by east of Bloomfield, New Mexico.

**CASE 10451:** (Continued from March 5, 1992, Examiner Hearing.)

**Application of Yates Petroleum Corporation for a special poolwide depth bracket oil allowable, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks a special depth bracket oil allowable, pursuant to Division (General) Rule 505-D, for the East Lusk-Delaware Pool located in portions of Sections 26 and 35, Township 19 South, Range 32 East, whereby the pool wide allowable would be based on the deeper perforations (rather than the shallowest as provided for in General Rule 505-A) in the wells presently completed in this pool. Said pool area is located approximately 13.5 miles west-southwest of the Hobbs Army Airforce Auxiliary Airfield No. 4.

**CASE 10446:** (Continued from February 20, 1992, Examiner Hearing.)

Application of Yates Petroleum Corporation for authorization to drill, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill within the "Potash Area" pursuant to all applicable rules and procedures governing said area, as promulgated by Division Order No. R-111-P. The proposed well is to be located 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 2, Township 22 South, Range 31 East, to test the Delaware formation at an approximate depth of 8500 feet for oil. Lot 2 of said Section 2 is to be dedicated to said well forming a 39.81-acre oil spacing and proration unit for the Undesignated Lost Tank-Delaware Pool. Said unit is located approximately 11 miles east of IMC Inc.'s Potash Mining and Refining Facilities.

**CASE 10447:** (Continued from February 20, 1992, Examiner Hearing.)

Application of Yates Petroleum Corporation for authorization to drill, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill within the "Potash Area" pursuant to all applicable rules and procedures governing said area, as promulgated by Division Order No. R-111-P. The proposed well is to be located 1980 feet from the North line and 1650 feet from the East line (Unit G) of Section 2, Township 22 South, Range 31 East, to test the Delaware formation at an approximate depth of 8500 feet for oil. The SW/4 NE/4 of said Section 2 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for the Undesignated Lost Tank-Delaware Pool. Said unit is located approximately 11 miles east of IMC Inc.'s Potash Mining and Refining Facilities.

**CASE 10448:** (Continued from February 20, 1992, Examiner Hearing.)

Application of Yates Petroleum Corporation for authorization to drill, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill within the "Potash Area" pursuant to all applicable rules and procedures governing said area, as promulgated by Division Order No. R-111-P. The proposed well is to be located 660 feet from the South line and 2310 feet from the West line (Unit N) of Section 2, Township 22 South, Range 31 East, to test the Delaware formation at an approximate depth of 8500 feet for oil. The SE/4 SW/4 of said Section 2 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for either the Undesignated Lost Tank-Delaware Pool or the Undesignated Livingston Ridge-Delaware Pool. Said unit is located approximately 11 miles east of IMC Inc.'s Potash Mining and Refining Facilities.

**CASE 10449:** (Continued from February 20, 1992, Examiner Hearing.)

Application of Yates Petroleum Corporation for authorization to drill, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill within the "Potash Area" pursuant to all applicable rules and procedures governing said area, as promulgated by Division Order No. R-111-P. The proposed well is to be located 1980 feet from the South line and 2310 feet from the West line (Unit K) of Section 2, Township 22 South, Range 31 East, to test the Delaware formation at an approximate depth of 8500 feet for oil. The NE/4 SW/4 of said Section 2 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for either the Undesignated Lost Tank-Delaware Pool or the Undesignated Livingston Ridge-Delaware Pool. Said unit is located approximately 11 miles east of IMC Inc.'s Potash Mining and Refining Facilities.

Dockets Nos. 12-92 and 13-92 are tentatively set for April 16, 1992 and April 30, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - THURSDAY - APRIL 2, 1992**

**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, Alternate Examiner:

**CASE 3344: (Reopened)**

Application of Texaco Inc. for amendment of Division Order No. R-3007, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-3007, dated December 3, 1965, which authorized its West Vacuum Unit Agreement covering 2000 acres, more or less, of state lands in portions of Townships 17 and 18 South, Range 34 East. The applicant at this time seeks to revise the definition of the "Unitized Formation" as originally incorporated in said agreement. Said unit is centered approximately 3 miles west southwest of Buckeye, New Mexico.

**CASE 10445: (Readvertised)**

Application of Western Reserves Oil Company Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order, pursuant to Division General Rule 1207.A.(2), pooling all mineral interests in the Undesignated Northwest Jenkins-San Andres Pool underlying the NE/4 NE/4 (Unit A) of Section 9, Township 9 South, Range 34 East, forming a standard 40-acre oil spacing and proration unit for said pool. Said unit is to be dedicated to the plugged and abandoned Midwest Oil Corporation James Petroleum "A" Well No. 1 located 660 feet from the North and East lines of said Section 9. The Division, upon review of this application, has determined that any such order issued should contain provisions for a 200 percent penalty to be assessed as a charge for the risk involved in re-entering and recompletion of the existing well, \$3,000.00 per month while re-entering/recompleting said well and \$300.00 per month while producing to be fixed as reasonable overhead charges, and that the applicant be named the operator of said well and unit, which is located approximately 7.5 miles west-northwest of Crossroads, New Mexico. IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.

**CASE 10456:** Application of Blackwood & Nichols Co. A Limited Partnership, for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to drill its Northeast Blanco Unit Well No. 505 at an unorthodox coal gas well location 975 feet from the North line and 1935 feet from the West line (Unit C) of Section 21, Township 30 North, Range 7 West, Basin-Fruitland Coal (Gas) Pool, as a replacement well for the Northeast Blanco Unit Well No. 405, located at a standard coal gas well location in Unit M, in the existing 320-acre standard gas spacing unit comprising the W/2 of said Section 21. The proposed well site is located approximately 2 miles east of the Navajo Reservoir Dam.

**CASE 10457:** Application of Union Oil Company of California D/B/A UNOCAL, for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special rules for the Red Hills-Pennsylvanian Gas Pool, including a provision for 640-acre spacing units and designated well location requirements. Said pool comprises Sections 31, 32 and 33, Township 25 South, Range 33 East and Sections 4, 5, and 6, Township 26 South, Range 33 East and is located approximately 23 miles west of Jal, New Mexico.

**CASE 9854: (Continued from February 20, 1992, Examiner Hearing.)**

In the matter of Case 9854 being reopened pursuant to the provisions of Division Order No. R-9131-A/R-5353-K, which order reclassified the Diablo-Fusselman Pool in Chaves County, New Mexico, as an associated pool with special rules and regulations including provisions for 80-acre oil and 160-acre gas spacing and proration units, designated well location requirements, and established a gas/oil ratio (GOR) limitation of 6,500 cubic feet of gas per barrel of oil. All interested parties may appear and show cause why the Diablo-Fusselman Associated Pool should not be reclassified as either a gas pool or oil pool, to be governed by applicable statewide rules or to make any such recommendations regarding the proper spacing and development for said pool on a permanent basis.

**CASE 10458:** Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard gas-oil proration unit, an unorthodox well location and a special project allowable, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Angel Peak-Gallup Associated Pool underlying all of Section 35, Township 27 North, Range 10 West, thereby creating a non-standard 640-acre gas or oil spacing and proration unit for said pool. The applicant proposes to drill its Huerfano Unit Well No. 306 from a tentative unorthodox surface location 1455 feet from the South line and 1550 feet from the West line (Unit K) of Section 35, Township 27 North, Range 10 West, kick-off from vertical in a southeasterly direction until an angle of approximately 90 degrees is achieved and continue drilling horizontally for approximately 3015 feet. Applicant, further seeks the adoption of special operating provisions and rules within the pilot project area including the designation of a target window for said horizontal wellbore described as a rectangle 790 feet from the South, East, and West lines and 3430 feet from the North line of said Section 35 and for a special project allowable. Said unit is centered a mile south of the U.S. Bureau of Land Management's Angel Peak Recreational Area Campground.

**CASE 10454:** (Continued from March 19, 1992, Examiner Hearing.)

**Application of Southland Royalty Company for downhole commingling, unorthodox gas well location and to amend Division Administrative Order NWU-56, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval to commingle gas productions from the Fulcher Kutz-Pictured Cliffs Pool and the Basin Fruitland Coal (Gas) Pool within the wellbore of its proposed Cozzens Com Well No. 10 to be drilled at an unorthodox gas well location for both producing horizons 975 feet from the North line and 1785 feet from the West line (Unit C) of Section 19, Township 29 North, Range 11 West. Lots 1 and 2, the NE/4 and E/2 NW/4 (N/2 equivalent) of said Section 19 forming a standard 317.55-acre gas spacing and proration unit for the Basin Fruitland Coal (Gas) Pool is to be dedicated to said well. Further, Division Administrative Order NWU-56, dated May 17, 1955, which authorized a non-standard 160-acre gas spacing and proration unit in the Fulcher Kutz-Pictured Cliffs Pool comprising the W/2 NE/4 and E/2 NW/4 of said Section 19 is to be amended to show that the proposed Well No. 10 is to replace the existing Cozzens Well No. 2 located in Unit B as the unit's only producing well. Said area is located approximately 2 miles west of Bloomfield, New Mexico.

**CASE 10455:** (Continued from March 19, 1992, Examiner Hearing.)

**Application of Southland Royalty Company for an unorthodox gas well location, downhole commingling, and to amend Division Administrative Order NWU-80, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval to commingle gas production from the Fulcher Kutz-Pictured Cliffs Pool and the Basin Fruitland Coal (Gas) Pool within the wellbore of its proposed Aztec Well No. 700 to be drilled at an unorthodox well location for both producing horizons 2280 feet from the South line and 1500 feet from the West line (Unit K) of Section 14, Township 28 North, Range 11 West. The S/2 of said Section 14 forming a standard 320-acre gas spacing and proration unit for the Basin Fruitland Coal (Gas) Pool is to be dedicated to said well. Further, Division Administrative Order NWU-80, dated May 20, 1955, which authorized a non-standard 160-acre gas spacing and proration unit in the Fulcher Kutz-Pictured Cliffs Pool comprising the W/2 NW/4 and N/2 SW/4 of said Section 14 is to be amended to show that the proposed Aztec Well No. 700 is to replace the existing Aztec Well No. 3 located in Unit E as the unit's only producing well. Said area is located approximately 4 miles south by east of Bloomfield, New Mexico.

**CASE 10459:** **Application of Bright & Company for a high angle/horizontal directional drilling pilot project, special operating rules therefor, and an exception to the pool's gas/oil ratio limitation factor, Sandoval County, New Mexico.** Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Undesignated Rio Puerco-Mancos Oil Pool by commencing its Cuba Mesa Unit Well No. 1 at a standard surface oil well location 730 feet from the North line and 1000 feet from the West line (Unit M) of Section 35, Township 21 North, Range 2 West, drill vertically to a depth of approximately 4000 feet, kick-off in a northerly direction, build angle up to approximately 88 degrees, drill horizontally for approximately 3000 feet, and bottom said wellbore at a location approximately 1250 feet from the North line and 660 feet from the West line of said Section 35. Said well is to be dedicated to the W/2 of said Section 35 forming a standard 320-acre oil spacing and proration unit for said pool. Applicant further seeks the adoption of special operating provisions and rules within the pilot project area including a special gas/oil ratio of 1,000 to 1. Applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 660 foot setback from the outer boundary of the assigned spacing unit. Said unit is located approximately 3.5 miles west by south of Cuba, New Mexico.

**CASE 10460:** **Application of Yates Petroleum Corporation for directional drilling and a non-standard oil proration unit, Eddy and Lea Counties, New Mexico.** Applicant, in the above-styled cause, seeks approval to directionally drill its proposed Bonneville "AKK" Federal Well No. 3, to be located at a surface location at or around a point 660 feet from the South line and 200 feet from the East line (Unit P) of Section 24, Township 21 South, Range 31 East, in Eddy County, in such a manner as to bottom the well in the Undesignated Lost Tank-Delaware Pool at a standard oil well location in Lot 3 (NW/4 SW/4 equivalent), of Section 19, Township 21 South, Range 32 East, Lea County, being a non-standard 43.39-acre oil spacing and proration unit for said pool. Said unit is located approximately 15 miles north of State Highway 128 at the Lea/Eddy County line.

**CASE 10461:** **Application of Yates Petroleum Corporation for directional drilling and a non-standard oil proration unit, Eddy and Lea Counties, New Mexico.** Applicant, in the above-styled cause, seeks approval to directionally drill its proposed Bonneville "AKK" Federal Well No. 2, to be located at a surface location at or around a point 660 feet from the South line and 200 feet from the East line (Unit P) of Section 24, Township 21 South, Range 31 East, in Eddy County, in such a manner as to bottom the well in the Undesignated Lost Tank-Delaware Pool at a standard oil well location in Lot 4 (SW/4 SW/4 equivalent), of Section 19, Township 21 South, Range 32 East, Lea County, being a non-standard 43.46-acre oil spacing and proration unit for said pool. Said unit is located approximately 15 miles north of State Highway 128 at the Lea/Eddy County line.