

Dockets Nos. 22-92 and 23-92 are tentatively set for July 23, 1992 and August 6, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - JULY 9, 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 10499: **Application of Mitchell Energy Corporation for a unit agreement, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval of the Comanche State Unit Agreement for an area comprising 2556.56 acres, more or less, of State lands in all or portions of Sections 3, 4, 9, and 10 of Township 21 South, Range 33 East, which is centered approximately 1.5 miles south of State Highway No. 176 at mile marker 19.

CASE 10500: **Application of Giant Exploration and Production Company for a cooperative lease secondary recovery pilot project, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks to initiate a secondary recovery pilot project in the Bisti-Lower Gallup Oil Pool by the injection of water into the perforated interval from approximately 4747 feet to 4757 feet in the Colleen Simpson Well No. 1 located 330 feet from the South line and 1650 feet from the East line (Unit O) of Section 25, Township 25 North, Range 12 West. The proposed project area is to consist of two or more of the applicant's leases in Sections 25 and 36 of Township 25 North, Range 12 West, which is located approximately 7 miles south-southwest of the B.I.A. Huerfano Community School.

CASE 10497: (Readvertised)

Application of Mewbourne Oil Company for two secondary recovery pilot projects, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authorization to institute two secondary recovery pilot projects in the Querecho Plains-Upper Bone Spring Pool within Township 18 South, Range 32 East, on its Government "K" Lease by the injection of water from approximately 8454 feet to 8515 feet in Well No. 2 located 1950 feet from the South line and 1980 feet from the West line (Unit K) of Section 23 and on its Federal "E" Lease by the injection of water into the perforated interval from approximately 8501 feet to 8530 feet in Well No. 10 located 2310 feet from the North and East lines (Unit G) and from approximately 8360 feet to 8486 feet in Well No. 11 located 660 feet from the North line and 530 feet from the East line (Unit A) both in Section 27. Said pool is centered approximately 9 miles south by east of Maljamar, New Mexico.

CASE 10501: **Application of Mewbourne Oil Company 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 Morrow formation underlying the following described acreage in Section 23, Township 19 South, Range 27 East, and in the following manner: the S/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated McMillan-Atoka Gas Pool, Undesignated Angell Ranch-Atoka Morrow Gas Pool, Undesignated North McMillan-Morrow Gas Pool, and Undesignated South Millman-Morrow Gas Pool; the SE/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within said vertical extent; and the NW/4 SE/4 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Millman-Grayburg Pool and Undesignated West Millman-Grayburg Pool. Said units are to be dedicated to a single well to be drilled at a standard location in Unit J. 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 the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 7 miles east by north of Lakewood, New Mexico.

CASE 10502: (This Case will be continued to August 6, 1992.)

Application of Meridian Oil Inc. 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the NW/4 NW/4 (Unit D) of Section 23, Township 22 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6.25 miles north-northwest of the junction of State Highway No. 128 and the Delaware Basin Road.

(This Case will be continued to August 6, 1992.)

Application of Meridian Oil Inc. 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the SW/4 NW/4 (Unit E) of Section 23, Township 22 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles north-northwest of the junction of State Highway No. 128 and the Delaware Basin Road.

CASE 10504: (This Case will be continued to August 6, 1992.)

Application of Meridian Oil Inc. 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the NW/4 SW/4 (Unit L) of Section 24, Township 22 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5.5 miles north by west of the junction of State Highway No. 128 and the Delaware Basin Road.

CASE 10458: (Continued from April 2, 1992, Examiner Hearing.)

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 10479: (Continued from June 25, 1992, Examiner Hearing.)

Application of Bird Creek Resources, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NW/4 NE/4 (Unit B) of Section 22, Township 23 South, Range 28 East, forming 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 East Loving-Delaware Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 1.75 miles east-northeast of Loving, New Mexico.

CASE 10505: Application of United Gas Search, Inc. for a credit for enhanced oil recovery, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a credit for enhanced oil recovery covering the following leases: Glenn-Ryan (Leonard Federal) Lease comprising all of Section 11 and the S/2 of Section 14, Township 26 South, Range 37 East, save and except as to depths below 3600 feet subsurface in the SE/4 SE/4 of said Section 11 and as to depths between the surface and 3600 feet subsurface in the SW/4 SW/4 of said Section 14; Glenn-Ryan (Leonard Brothers) Lease comprising all of Section 13 and the N/2 of Section 14, Township 26 South, Range 37 East, save and except as to the Queen formation in the SE/4 SW/4 of said Section 13; and the Leonard Brothers "A" Lease comprising the N/2 N/2, SE/4 NW/4, and the SW/4 NE/4 of Section 23, Township 26 South, Range 37 East, save and except as to the Queen formation in the NE/4 NE/4 of said Section 23. Said leases are located approximately 5 miles east-southeast of Bennett, New Mexico.

CASE 10506: Application of American Hunter Exploration, Ltd. for an exception to the provisions of the Division's No-Flare Rule 306; cancellation of overproduction or, in the alternative, special provisions governing overproduction; and the adoption of special operating procedures, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order permitting the Jicarilla "3F" Well No. 1, surface location being 1845 feet from the North line and 1900 feet from the West line (Unit F) of Section 3, Township 27 North, Range 1 West, (which is approximately 24 miles south of Dulce, New Mexico), to continue to produce at a rate no higher than that which corresponds to the 800 barrels of oil per day and associated GOR of 2,000 to 1 which is established by the Special Pool Rules and Regulations for the West Puerco Chiquito-Mancos Oil Pool; granting an exception to the No-Flare Provisions of Division General Rule 306; canceling the current overproduction for the Jicarilla "3F" Well No. 1 or, in the alternative, adopting special provisions governing how this overproduction shall be calculated and made up; and adopting special operating procedures which will permit the Jicarilla "3F" Well No. 1 to be produced in accordance with a Division approved program for the effective production and development of the Mancos Formation in this area; and granting such other relief as the Division deems appropriate.

CASE 10507: Application of C & C Landfarm Inc. for a commercial surface waste disposal facility, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authorization to construct and operate a commercial landfarm facility for remediation of non-hazardous hydrocarbon-contaminated soils using an enhanced biodegradation process. Said area is to be located in the SW/4 NE/4 (Unit G) of Section 3, Township 20 South, Range 37 East, which is approximately 2 miles southeast of Monument, New Mexico. This application has been administratively determined to be approvable, and this hearing is scheduled to allow parties the opportunity to present technical evidence why the application should not be approved pursuant to the rules of the Division. In the absence of objection, this application will be taken under advisement.

DOCKET 21-92

DOCKET: COMMISSION HEARING - THURSDAY - JULY 16, 1992
9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO

The Land Commissioner's designee for this hearing will be Gary Carlson

CASE 10508: In the matter of Case 10508 being called by the Oil Conservation Commission on its own motion pursuant to the provisions of Division Order No. R-6446-B which approved the Bravo Dome Carbon Dioxide Gas Unit Agreement in Harding, Union and Quay Counties, New Mexico, to permit Amoco Production Company, the operator of said unit, to review operations and demonstrate to the Commission that its operations within the unit are resulting in the prevention of waste and the protection of correlative rights on a continuing basis.

CASE 10462: (De Novo)

Application of Marathon Oil Company for termination of oil prorationing in the Vacuum-Glorieta Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Division General Rule 505 for the Vacuum-Glorieta Pool, located in portions of Townships 17 and 18 South, Ranges 34 and 35 East, whereby the allowable for each well producing from said pool would equal its producing capability. Said pool is centered approximately 11 miles east of Buckeye, New Mexico. Upon application of Marathon Oil Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

Dockets Nos. 25-92 and 26-92 are tentatively set for August 20, 1992 and September 3, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 6, 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 10509: Application of Barber Oil, Inc. for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Barber Unit Agreement for an area comprising 2080.00 acres, more or less, of State, Federal and Fee lands within the Undesignated and designated Barber-Yates Pool in portions of Sections 16, 17, 18, 19, 20, 21 and 30, Township 20 South, Range 30 East, which is approximately 17.5 miles south of Loco Hills, New Mexico.

CASE 10517: Application of Shackelford Oil Properties, on behalf of Plains Radio Petroleum Company, for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Tomcat Unit Agreement for an area comprising 1960.0 acres, more or less, of State and Federal lands in all or portions of Sections 28, 29, 31, 32 and 33, Township 8 South, Range 31 East, which is approximately 18 miles south by west of Kenna, New Mexico. The applicant further requests that either Plains Radio Petroleum Company or Fred Pool Drilling Inc. be named the initial operator of said unit.

CASE 10329: (Reopened and Continued from July 23, 1992, Examiner Hearing.)

In the matter of Case 10329 being reopened pursuant to the provisions of Division Order No. R-9554, which order promulgated temporary special rules and regulations for the Cedar Lake-Strawn Pool in Eddy County, New Mexico, including provisions for 80-acre spacing and proration units and designated well location requirements. Operators in said pool may appear and show cause why the temporary special rules and regulations for the Cedar Lake-Strawn Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

CASE 10518: Application of Mewbourne Oil Company for the amendment of Division Order No. R-9554, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-9554 (which order promulgated special pool rules for the Cedar Lake-Strawn Pool located in the W/2 equivalent of Section 2, Township 18 South, Range 30 East, being approximately 4 miles southeast by south of Loco Hills, New Mexico) providing for 160-acre spacing, special well location requirements, and a limiting gas/oil ratio of 4000 cubic feet of gas per barrel of oil.

CASE 10519: Application of Yates Petroleum Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 360 feet from the South line and 2080 feet from the West line and (Unit N) of Section 34, Township 20 South, Range 24 East, Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool, the W/2 of said Section 34 to be dedicated to said well forming a standard 320-acre spacing and proration unit for either oil or gas. Said unit is located approximately 10.5 miles west-southwest of Seven Rivers, New Mexico.

CASE 10520: 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 NE/4 of Section 20, Township 19 South, Range 25 East, forming a 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which presently includes only the Undesignated North Dagger Draw-Upper Pennsylvanian Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles northwest of Seven Rivers, New Mexico.

CASE 10521: Application of Union Oil Company of California d/b/a UNOCAL for termination of gas prorationing in the South Blanco-Pictured Cliffs Pool, Rio Arriba, Sandoval and San Juan Counties, New Mexico. Applicant, in the above-styled cause, seeks an order terminating gas prorationing in the South Blanco-Pictured Cliffs Pool and to exclude said pool from the provisions of Division Order No. R-8170, as amended (General Rules For The Prorated Gas Pools of New Mexico). The current pool boundaries include portions of Townships 23 through 29 North, Ranges 1 through 9 West, in the three country area as stated above.

CASE 10483: (Continued from June 11, 1992, Examiner Hearing.)

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the SE/4 NW/4 (Unit F) in all formations developed on 40-acre spacing from the surface to the base of the Strawn formation in Section 33, Township 15 South, Range 36 East, said unit to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately one-half mile southeast of the junction of U.S. Highway 82 and New Mexico No. 18.

CASE 10502: (Readvertised - This Case will be Continued to August 20, 1992.)

Application of Meridian Oil Inc. 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the NW/4 NW/4 (Unit D) of Section 23, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6.25 miles north-northwest of the junction of State Highway No. 128 and the Delaware Basin Road.

CASE 10503: (Readvertised - This Case will be Continued to August 20, 1992.)

Application of Meridian Oil Inc. 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the SW/4 NW/4 (Unit E) of Section 23, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles north-northwest of the junction of State Highway No. 128 and the Delaware Basin Road.

CASE 10504: (Readvertised - This Case will be Continued to August 20, 1992.)

Application of Meridian Oil Inc. 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the NW/4 SW/4 (Unit L) of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5.5 miles north by west of the junction of State Highway No. 128 and the Delaware Basin Road.

CASE 10522: **Application of Southland Royalty Company for an unorthodox gas well location, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval to deepen its South Corbin Federal Well No. 3, located 554 feet from the South and East lines (Unit P) of Section 20, Township 18 South, Range 33 East, from the South Corbin-Wolfcamp Pool to test the Undesignated South Corbin-Morrow Gas Pool. Said location is considered unorthodox pursuant to General Rule 104.C.(2). Further, the E/2 of said Section 20 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit in the Morrow interval. Said well is located approximately 10 miles south-southeast of Maljamar, New Mexico.

CASE 10512: (Continued from July 23, 1992, Examiner Hearing.)

Application of Phillips Petroleum Company for three unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks exception to RULE 4 of the Special Rules and Regulations for the Four Lakes-Pennsylvanian Pool, as promulgated by Division Order No. R-2326, for three unorthodox oil well locations each to be drilled within a fifty foot radius of the following described sites all within its South Four Lakes Unit which is located approximately 10 miles west-northwest of Tatum, New Mexico:

- 2200' FSL & 1980' FEL (Unit J) of Section 2, Township 12 South, Range 34 East, the 80 acres comprising the N/2 SE/4 is to be dedicated to said well;
- 1250' FSL & 2450' FWL (Unit N) of Section 35, Township 11 South, Range 34 East, the 80 acres comprising the E/2 SW/4 is to be dedicated to said well; and,
- 2200' FNL & 2150' FWL (Unit F) of Section 2, Township 12 South, Range 34 East, the 80.11 acres comprising Lot 2 and the SE/4 NW/4 is to be dedicated to said well.

CASE 10523: Application of Phillips Petroleum Company for three unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for three unorthodox oil well locations each to be drilled within a fifty foot radius of the following described sites all within Section 4, Township 15 South, Range 32 East, Tulk-Wolfcamp Pool, which is located approximately 24 miles south of Caprock, New Mexico:

- . 1050' FSL & 1450' FEL (Unit O), the 40 acres comprising the SW/4 SE/4 is to be dedicated to said well;
- . 2500' FNL & 660' FEL (Unit H), the 40 acres comprising the SE/4 NE/4 is to be dedicated to said well; and,
- . 1300' FSL & 660' FWL (Unit M), the 40 acres comprising either the NW/4 SW/4 or SW/4 SW/4, whichever is appropriate, is to be dedicated to said well.

CASE 10524: Application of BK Exploration 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 Delaware formation or 6350 feet, whichever is deeper, underlying the SE/4 SE/4 (Unit P) of Section 3, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately north-northeast of Loving, New Mexico.

CASE 10507: (Continued from July 23, 1992, Examiner Hearing.)

Application of C & C Landfarm Inc. for a commercial surface waste disposal facility, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authorization to construct and operate a commercial landfarm facility for remediation of non-hazardous hydrocarbon-contaminated soils using an enhanced biodegradation process. Said area is to be located in the SW/4 NE/4 (Unit G) of Section 3, Township 20 South, Range 37 East, which is approximately 2 miles southeast of Monument, New Mexico. This application has been administratively determined to be approvable, and this hearing is scheduled to allow parties the opportunity to present technical evidence why the application should not be approved pursuant to the rules of the Division. In the absence of objection, this application will be taken under advisement.

CASE 10490: (Continued from June 11, 1992, Examiner Hearing.)

Application of Noranda Minerals Inc. requesting the Division to rescind or deny an application to drill a certain well in the oil/potash area, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order denying or rescinding the approval of an "Application for Permit to Drill" which would authorize Yates Petroleum Corporation to drill its Snyder "AKY" Well No. 1 at a standard oil well location in the NW/4 SW/4 (Unit L) of Section 1, Township 20 South, Range 32 East, (approximately 3 miles north of the junction of U.S. Highway 62/180 and State Highway 176). Said location is within the designated oil/potash area as described in and governed under the provisions of Division Order No. R-111-P.

CASE 10525: 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 Eddy and Chaves Counties, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Bandana Point-Morrow Gas Pool. The discovery well is the Azotea AJZ Federal Well No. 1 located in Unit E of Section 9, Township 23 South, Range 24 East, NMPM.

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM
Section 9: W/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the South Bandana Point-Strawn Gas Pool. The discovery well is the Azotea AJZ Federal Well No. 1 located in Unit E of Section 9, Township 23 South, Range 24 East, NMPM.

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM
Section 9: W/2

- (c) **CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Yates production and designated as the South Burton-Yates Gas Pool. The discovery well is the State Well No. 1 located in Unit M of Section 20, Township 20 South, Range 29 East, NMPM.**

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 21: SW/4

- (d) **CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the Cottonwood Spring-Upper Pennsylvanian production. The discovery well is the Chelsi Well No. 1 located in Unit J of Section 2, Township 26 South, Range 25 East, NMPM.**

TOWNSHIP 26 SOUTH, RANGE 25 EAST, NMPM

Section 2: E/2

- (e) **CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the South Golden Lane-Delaware production. The discovery well is the Big Eddy Unit Well No. 113 located in Unit K of Section 8, Township 21 South, Range 29 East, NMPM.**

- (f) **CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the Saladar-Upper Pennsylvanian Gas Pool. The discovery well is the Eddy FV State Com Well No. 1 located in Unit H of Section 25, Township 20 South, Range 27 East, NMPM.**

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM

Section 25: E/2

- (g) **CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North San Lorenzo-Bone Spring Pool. The discovery well is the Salt Draw Federal Com Well No. 1 located in Unit G of Section 11, Township 25 South, Range 28 East, NMPM.**

TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM

Section 11: NE/4

- (h) **CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the West Sand Dunes-Delaware Pool. The discovery well is the Mobil Federal Well No. 1 located in Unit J of Section 29, Township 23 South, Range 31 East, NMPM.**

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 29: SE/4

- (i) **EXTEND the Bandana Point-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:**

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM

Section 9: W/2

- (j) **EXTEND the Brushy Draw-Delaware Pool in Eddy County, New Mexico, to include therein:**

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM

Section 16: SE/4

- (k) **EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:**

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 34: S/2

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

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 7: SW/4

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 12: N/2

- (m) EXTEND the South Carlsbad-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 19: S/2

Section 30: NE/4

- (n) EXTEND the South Dagger Draw-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 24: S/2

Section 25: N/2

- (o) EXTEND the Frontier Hills-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM

Section 10: E/2

Section 15: N/2

Section 16: NE/4

- (p) EXTEND the Haystack-Cisco Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 27 EAST, NMPM

Section 30: N/2

- (q) EXTEND the East Herradura Bend-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM

Section 26: SW/4

Section 35: NE/4

- (r) EXTEND the North Illinois Camp-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 1: N/2

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 6: W/2

- (s) EXTEND the East Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM

Section 19: NE/4

Section 20: N/2

- (t) EXTEND the South Lone Wolf-Devonian Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 29 EAST, NMPM

Section 28: SE/4

- (u) EXTEND the Lost Tank-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 31 EAST, NMPM

Section 24: SE/4

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM

Section 2: NE/4

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

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 9: SE/4

Section 28: NE/4

- (w) 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: W/2

- (x) EXTEND the Sheep Draw-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM

Section 33: N/2 and SW/4

DOCKET: COMMISSION HEARING - THURSDAY - AUGUST 13, 1992
9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO
The Land Commissioner's designee for this hearing will be Gary Carlson

CASE 10462: (Continued from July 16, 1992, Examiner Hearing.)

Application of Marathon Oil Company for termination of oil prorationing in the Vacuum-Glorieta Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Division General Rule 505 for the Vacuum-Glorieta Pool, located in portions of Townships 17 and 18 South, Ranges 34 and 35 East, whereby the allowable for each well producing from said pool would equal its producing capability. Said pool is centered approximately 11 miles east of Buckeye, New Mexico.

CASE 10467: (De Novo)

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 a depth of 5000 feet below the surface to the base of the Morrow formation underlying the N/2 of Section 27, Township 18 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for any and all formations spaced on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Red Lake Atoka-Morrow Gas Pool. Said unit is to be dedicated to be drilled at an unorthodox gas well location 660 feet from the North line and, either, 1310 feet or 1330 feet from the East line (Unit A or B) of said Section 27. 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 7.5 miles south by east of Riverside, New Mexico. Upon application of Nearburg Exploration Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10473: (De Novo)

Application of Nearburg Exploration Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation underlying the N/2 of Section 27, Township 18 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for any and all formations spaced on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Red Lake Atoka-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the North line and 1330 feet from the East line (Unit B) of said Section 27. 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 7.5 miles south by east of Riverside, New Mexico. Upon application of Nearburg Exploration Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10526: The Oil Conservation Division is calling a hearing on its own motion to accept nominations and other evidence and information to assist in determining October 1992 through March 1993 gas allowables for the prorated gas pools in New Mexico. Thirteen of the prorated gas pools are in Lea, Eddy, and Chaves Counties in Southeast New Mexico and four pools are in San Juan, Rio Arriba, and Sandoval Counties in Northwest New Mexico. Amendments to the Gas Proration Rules approved by Commission Order No. R-8170-H in December 1990 provide for allowables to be established for 6-month allocation periods beginning in April and October of each year. Information concerning preliminary allowable estimates for the October-March period is being distributed with OCD Memorandum dated July 27, 1992.

Dockets Nos. 26-92 and 27-92 are tentatively set for September 3, 1992 and September 17, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 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 David R. Catanach, Examiner or Michael E. Stogner, Alternate Examiner:

CASE 10527: **Application of Yates Petroleum Corporation for a unit agreement, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval of the Sedge Unit Agreement for an area comprising 1967.92 acres, more or less, of State and Federal lands in Sections 18, 19, and 30, Township 22 South, Range 23 East, which is centered approximately 7.5 miles southwest by south of Marathon Oil Company's Indian Basin Gas Plant.

CASE 10519: **(Continued from August 6, 1992, Examiner Hearing.)**

Application of Yates Petroleum Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 360 feet from the South line and 2080 feet from the West line and (Unit N) of Section 34, Township 20 South, Range 24 East, Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool, the W/2 of said Section 34 to be dedicated to said well forming a standard 320-acre spacing and proration unit for either oil or gas. Said unit is located approximately 10.5 miles west-southwest of Seven Rivers, New Mexico.

CASE 10528: **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 20, Township 19 South, Range 25 East, forming a 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which presently includes only the Undesignated North Dagger Draw-Upper Pennsylvanian Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles northwest of Seven Rivers, New Mexico.

CASE 10529: **Application of Pogo Producing Company for an unorthodox gas well location, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 34, Township 22 South, Range 32 East, to test the Morrow formation, the N/2 of said Section 34 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. The proposed well site is located approximately 8.75 miles north-northeast of New Mexico State Highway No. 128 at the Lea/Eddy County Line.

CASE 10530: **Application of Charles B. Gillespie, Jr. for pool creation and 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 Strawn formation comprising the W/2 SE/4 of Section 33, Township 15 South, Range 35 East, the assignment of a discovery allowable, and the promulgation of special rules therefor including provisions for 80-acre spacing units and designated well location requirements. Said area is located approximately 3.5 miles northwest of Lovington, New Mexico.

CASE 10502: **(Continued from August 6, 1992, Examiner Hearing.)**

Application of Meridian Oil Inc. 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the NW/4 NW/4 (Unit D) of Section 23, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6.25 miles north-northwest of the junction of State Highway No. 128 and the Delaware Basin Road.

CASE 10503: **(Continued from August 6, 1992, Examiner Hearing.)**

Application of Meridian Oil Inc. 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the SW/4 NW/4 (Unit E) of Section 23, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles north-northwest of the junction of State Highway No. 128 and the Delaware Basin Road.

CASE 10504: (Continued from August 6, 1992, Examiner Hearing.)

Application of Meridian Oil Inc. 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the NW/4 SW/4 (Unit L) of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5.5 miles north by west of the junction of State Highway No. 128 and the Delaware Basin Road.

CASE 10531: **Application of Southland Royalty Company for an unorthodox gas well location and downhole commingling, 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 a well to be drilled at an unorthodox gas well location 1800 feet from the North line and 790 feet from the West line (Unit E) of Section 12, Township 27 North, Range 10 West. The W/2 of said Section 12, forming a standard 320-acre spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool, and the NW/4 of said Section 12, forming a standard 160-acre spacing and proration unit for the Fulcher Kutz-Pictured Cliffs Pool, are to be dedicated to said well. Said wellsite is located approximately 11 miles southeast of Bloomfield, New Mexico.

CASE 10522: (Continued from August 6, 1992, Examiner Hearing.)

Application of Southland Royalty Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to deepen its South Corbin Federal Well No. 3, located 554 feet from the South and East lines (Unit P) of Section 20, Township 18 South, Range 33 East, from the South Corbin-Wolfcamp Pool to test the Undesignated South Corbin-Morrow Gas Pool. Said location is considered unorthodox pursuant to General Rule 104.C.(2). Further, the E/2 of said Section 20 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit in the Morrow interval. Said well is located approximately 10 miles south-southeast of Majamar, New Mexico.

CASE 10523: (Readvertised)

Application of Phillips Petroleum Company for three unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for three unorthodox oil well locations each to be drilled within a fifty foot radius of the following described sites all within Section 4, Township 15 South, Range 32 East, Tulk-Wolfcamp Pool, which is located approximately 24 miles south of Caprock, New Mexico:

- . 1150' FSL & 1450' FEL (Unit O), the 40 acres comprising the SW/4 SE/4 is to be dedicated to said well;
- . 2600' FNL & 660' FEL (Unit H), the 40 acres comprising the SE/4 NE/4 is to be dedicated to said well; and,
- . 1300' FSL & 660' FWL (Unit M), the 40 acres comprising either the NW/4 SW/4 or SW/4 SW/4, whichever is appropriate, is to be dedicated to said well.

CASE 10521: (Continued from August 6, 1992, Examier Hearing.)

Application of Union Oil Company of California d/b/a UNOCAL for termination of gas prorationing in the South Blanco-Pictured Cliffs Pool, Rio Arriba, Sandoval and San Juan Counties, New Mexico. Applicant, in the above-styled cause, seeks an order terminating gas prorationing in the South Blanco-Pictured Cliffs Pool and to exclude said pool from the provisions of Division Order No. R-8170, as amended (General Rules For The Prorated Gas Pools of New Mexico). The current pool boundaries include portions of Townships 23 through 29 North, Ranges 1 through 9 West, in the three country area as stated above.

CASE 10483: (Continued from August 6, 1992, Examiner Hearing.)

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the SE/4 NW/4 (Unit F) in all formations developed on 40-acre spacing from the surface to the base of the Strawn formation in Section 33, Township 15 South, Range 36 East, said unit to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately one-half mile southeast of the junction of U.S. Highway 82 and New Mexico No. 18.

- CASE 10532:** Application of Nearburg Producing Company for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 2080 feet from the South line and 1400 feet from the West line (Unit K) of Section 32, Township 24 South, Range 29 East, to test the Undesignated Willow Lake-Delaware Pool. The NE/4 SW/4 of said Section 32 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said unit is located approximately 5.25 miles southeast of Malaga, New Mexico.
- CASE 10533:** Application of BTA Oil Producers for directional drilling and an unorthodox bottomhole gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to deviate from its existing Indian 9201 JV-P Well No. 1 located 1650 feet from the North and East lines (Unit G) of Section 20, Township 22 South, Range 23 East, and recompleat said well in the Indian Basin-Upper Pennsylvanian Gas Pool at a new unorthodox bottomhole location within 50 feet of a point 1300 feet from the North and East lines of said Section 20. Said wellsite is located approximately 7 miles South-southwest of the Marathon Oil Company's Indian Basin Gas Plant.
- CASE 10534:** Application of American Hunter Exploration, Ltd. for a pressure maintenance project, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in the West Puerto Chiquito-Mancos Oil Pool by the reinjection of gas into the Niobrara member of the Mancos shale through its existing Jicarilla 2-A Well No. 1, surface location 442 feet from the North line and 1177 feet from the East line (Unit A) of Section 2, Township 27 North, Range 1 West, which is approximately 9.5 miles west of El Vado, New Mexico.
- CASE 10535:** Application of American Hunter Exploration, Ltd. for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to RULE 4 of the Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool, as promulgated by Division Order No. R-6469-B, as amended, for a well to be drilled at an unorthodox oil well location 1000 feet from the North line and 1300 feet from the East line (Unit A) of Section 2, Township 27 North, Range 2 West, Undesignated West Puerto Chiquito-Mancos Oil Pool, all of said Section 2 to be dedicated to said well forming a standard 640-acre oil spacing and proration unit for said pool. Said unit is located approximately 15 miles west of El Vado, New Mexico.
- CASE 10536:** Application of American Hunter Exploration, Ltd. for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to RULE 4 of the Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool, as promulgated by Division Order No. R-6469-B, as amended, for a well to be drilled at an unorthodox oil well location 1000 feet from the South line and 2250 feet from the West line (Unit N) of Section 24, Township 27 North, Range 2 West, Undesignated West Puerto Chiquito-Mancos Oil Pool, all of said Section 24 to be dedicated to said well forming a standard 640-acre oil spacing and proration unit for said pool. Said unit is located approximately 15 miles west by south of El Vado, New Mexico.
- CASE 10537:** Application of American Hunter Exploration, Ltd. for directional drilling, an unorthodox bottomhole oil well location, and a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to directionally drill from a surface location 830 feet from the North line and 1075 feet from the East line (Unit A) of irregular Section 5, Township 27 North, Range 1 West, to an unorthodox bottomhole oil well location in the West Puerto Chiquito-Mancos Oil Pool within 50 feet of a point 660 feet from the North line and 1900 feet from the East line (Unit B) of said Section 5. All of said Section 5 is to be dedicated to said well forming a non-standard 655.48-acre oil spacing and proration unit. Said unit is located approximately 12.5 miles west of El Vado, New Mexico.
- CASE 10538:** Application of American Hunter Exploration, Ltd. for an unorthodox oil well location and a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to RULE 4 of the Special Rules and Regulations for the Gavilan-Mancos Oil Pool, as promulgated by Division Order No. R-7407, as amended, for a well to be drilled at an unorthodox oil well location 500 feet from the North line and 1450 feet from the East line (Unit B) of irregular Section 28, Township 27 North, Range 2 West, Undesignated Gavilan-Mancos Oil Pool, all of said Section 28 to be dedicated to said well forming a non-standard 430.56-acre oil spacing and proration unit for said pool. Said unit is located approximately 18 miles west by south of El Vado, New Mexico.

CASE 10525: (Continued from August 6, 1992, Examiner Hearing.)

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 Eddy and Chaves Counties, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Bandana Point-Morrow Gas Pool. The discovery well is the Azotea AJZ Federal Well No. 1 located in Unit E of Section 9, Township 23 South, Range 24 East, NMPM.

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM

Section 9: W/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the South Bandana Point-Strawn Gas Pool. The discovery well is the Azotea AJZ Federal Well No. 1 located in Unit E of Section 9, Township 23 South, Range 24 East, NMPM.

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM

Section 9: W/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Yates production and designated as the South Burton-Yates Gas Pool. The discovery well is the State Well No. 1 located in Unit M of Section 20, Township 20 South, Range 29 East, NMPM.

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 21: SW/4

- (d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the Cottonwood Spring-Upper Pennsylvanian production. The discovery well is the Chelsi Well No. 1 located in Unit J of Section 2, Township 26 South, Range 25 East, NMPM.

TOWNSHIP 26 SOUTH, RANGE 25 EAST, NMPM

Section 2: E/2

- (e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the South Golden Lane-Delaware production. The discovery well is the Big Eddy Unit Well No. 113 located in Unit K of Section 8, Township 21 South, Range 29 East, NMPM.

- (f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the Saladar-Upper Pennsylvanian Gas Pool. The discovery well is the Eddy FV State Com Well No. 1 located in Unit H of Section 25, Township 20 South, Range 27 East, NMPM.

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM

Section 25: E/2

- (g) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North San Lorenzo-Bone Spring Pool. The discovery well is the Salt Draw Federal Com Well No. 1 located in Unit G of Section 11, Township 25 South, Range 28 East, NMPM.

TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM

Section 11: NE/4

- (h) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the West Sand Draw-Delaware Pool. The discovery well is the Mobil Federal Well No. 1 located in Unit J of Section 29, Township 23 South, Range 31 East, NMPM.

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 29: SE/4

- (i) EXTEND the Bandana Point-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM

Section 9: W/2

- (j) EXTEND the Brushy Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM

Section 16: SE/4

- (k) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 34: S/2

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

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 7: SW/4

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 12: N/2

- (m) EXTEND the South Carlsbad-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 19: S/2

Section 30: NE/4

- (n) EXTEND the South Dagger Draw-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 24: S/2

Section 25: N/2

- (o) EXTEND the Frontier Hills-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM

Section 10: E/2

Section 15: N/2

Section 16: NE/4

- (p) EXTEND the Haystack-Cisco Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 27 EAST, NMPM

Section 30: N/2

- (q) EXTEND the East Herradura Bend-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM

Section 26: SW/4

Section 35: NE/4

- (r) EXTEND the North Illinois Camp-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 1: N/2

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 6: W/2

- (s) EXTEND the East Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM

Section 19: NE/4

Section 20: N/2

- (t) EXTEND the South Lone Wolf-Devonian Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 29 EAST, NMPM

Section 28: SE/4

- (u) EXTEND the Lost Tank-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 31 EAST, NMPM

Section 24: SE/4

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM

Section 2: NE/4

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

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 9: SE/4

Section 28: NE/4

- (w) 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: W/2

- (x) EXTEND the Sheep Draw-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM

Section 33: N/2 and SW/4

DOCKET 26-92

DOCKET: COMMISSION HEARING - THURSDAY - AUGUST 27, 1992

9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING,

SANTA FE, NEW MEXICO

The Land Commissioner's designee for this hearing will be Gary Carlson

CASE 10526: (Continued from August 13, 1992, Commission Hearing.)

The Oil Conservation Division is calling a hearing on its own motion to accept nominations and other evidence and information to assist in determining October 1992 through March 1993 gas allowables for the prorated gas pools in New Mexico. Thirteen of the prorated gas pools are in Lea, Eddy, and Chaves Counties in Southeast New Mexico and four pools are in San Juan, Rio Arriba, and Sandoval Counties in Northwest New Mexico. Amendments to the Gas Proration Rules approved by Commission Order No. R-8170-H in December 1990 provide for allowables to be established for 6-month allocation periods beginning in April and October of each year. Information concerning preliminary allowable estimates for the October-March period is being distributed with OCD Memorandum dated July 27, 1992.

**Comparison of Monthly Average
Pool Allowables, Sales, F1 and F2 Factors
Northwest New Mexico**

| <i>Period</i> | <i>Basin Dakota</i> | <i>Blanco Mesaverde</i> | <i>Blanco P.C. South</i> | <i>Tapacito</i> |
|-------------------------------|---------------------|-----------------------------|------------------------------|-----------------|
| October 89 - March 90 | | | | |
| Pool Allowable; MCF Per Month | 12,242,569 | 16,894,172 | 1,797,464 | 449,567 |
| Pool Sales; MCF Per Month | 10,302,401 | 14,990,087 | 1,115,864 | 318,270 |
| F1 | 4.528 | 2,629 | 375 | 488 |
| F2 | 8.14 | 13.44 | 17.16 | 19.14 |
| October 90- March 91 | | | | |
| Pool Allowable; MCF Per Month | 9,416,739 | 15,731,709 | 1,508,811 | 332,221 |
| Pool Sales; MCF Per Month | 8,039,435 | 14,122,492 | 1,204,658 | 207,577 |
| F1 | 5.676 | 3,690 | 483 | 546 |
| F2 | 7.83 | 15.78 | 23.18 | 17.07 |
| October 91 - March 92 | | | | |
| Pool Allowable; MCF Per Month | 8,039,435 | 14,168,492 | 1,204,658 | 207,577 |
| Pool Sales; MCF Per Month | 7,145,484 | 12,265,486 | 1,061,345 | 228,640 |
| F1 | 5.330 | 3,103 | 366 | 333 |
| F2 | 7.44 | 12.61 | 18.21 | 9.86 |
| October 92 - March 93 | | | | |
| Pool Allowable; MCF Per Month | 7,145,484 | 12,265,486 | 1,061,345 | 228,640 |
| Pool Sales; MCF Per Month | | | | |
| F1 | 5,468 | 2,980 | 312 | 281 |
| F2 | 7.03 | 14.44 | 19.82 | 12.27 |

**Comparison of Monthly Average
Pool Allowables, Sales and F1 Factors
Southeast New Mexico**

| Period | Apache Penn | Blinney | Buffalo Valley Penn | South Carlsbad Morrow | Cañon Draw Morrow | Eumont | Indian Basin Morrow | Indian Basin Upper Penn | Jalisco | Justis Glorieta | Tubo |
|-------------------------------|----------------|---------|---------------------------|-----------------------------|-------------------------|-----------|---------------------------|----------------------------|-----------|--------------------|---------|
| October 89 - March 90 | | | | | | | | | | | |
| Pool Allowable; MCF Per Month | 90,502 | 584,153 | 226,422 | 333,609 | 231,865 | 2,278,715 | 90,717 | 3,187,359 | 775,942 | 57,744 | 338,032 |
| Pool Sales; MCF Per Month | 88,473 | 445,221 | 207,601 | 256,256 | 126,029 | 1,779,169 | 78,348 | 3,052,361 | 855,488 | 60,222 | 289,732 |
| F1 | 10.193 | 23.478 | 33.319 | 34.790 | 31.079 | 13.965 | 47.191 | 132.760 | 7.184 | 3.575 | 8.383 |
| October 90 - March 91 | | | | | | | | | | | |
| Pool Allowable; MCF Per Month | 100,273 | 441,816 | 239,674 | 200,077 | 146,514 | 2,234,375 | 209,172 | 3,431,660 | 973,904 | 46,147 | 236,501 |
| Pool Sales; MCF Per Month | 113,402 | 409,780 | 203,184 | 221,417 | 136,500 | 2,315,225 | 204,393 | 3,372,080 | 905,099 | 39,437 | 213,916 |
| F1 | 17.180 | 21.879 | 33.489 | 10.517 | 21.757 | 16.991 | 159.687 | 173.285 | 13.912 | 3.541 | 10.127 |
| October 91 - March 92 | | | | | | | | | | | |
| Pool Allowable; MCF Per Month | 140,402 | 482,780 | 203,184 | 293,417 | 150,500 | 2,411,178 | 231,393 | 3,560,080 | 1,245,490 | 45,437 | 273,916 |
| Pool Sales; MCF Per Month | 100,603 | 454,535 | 276,371 | 230,677 | 355,760 | 2,596,563 | 81,249 | 2,768,607 | 1,143,588 | 55,754 | 252,532 |
| F1 | 31.660 | 38.125 | 47.955 | 20.068 | 127.000 | 18.300 | 146.024 | 184.875 | 18.300 | 3.485 | 10.163 |
| October 92 - March 93 | | | | | | | | | | | |
| Pool Allowable; MCF Per Month | 100,603 | 454,535 | 276,371 | 230,677 | 355,760 | 2,596,563 | 81,249 | 2,768,607 | 1,143,588 | 55,754 | 252,532 |
| Pool Sales; MCF Per Month | | | | | | | | | | | |
| F1 | 15.801 | 32.960 | 4.141 | 34.670 | 125.255 | 24.730 | 0 | 173.328 | 24.856 | 4.705 | 9.710 |

ENGSP216T--ENGSP216-01
 RUN-TIME: 11:00:02

EXHIBIT "A" CASE NO. 10526
 MARKET DEMAND AND ALLOWABLE DETERMINATION SCHEDULE
 PRORATED GAS POOLS - SOUTHEAST NEW MEXICO
 FOR OCT92 THRU MAR93

ATOKA PENN BLINEBRY BUFFALO BURTON FLAT CARLSBAD CATCLAW DRAW ELMONT INDIAN BASIN JALMAT JUSTIS GL TURB
 VALLEY PENN MORRON MORRON MORRON SO UPPER PENN

(1) AVERAGE MONTHLY 100,603 454,535 276,371 230,677 355,760 2,596,563 81,249 2,768,607 1,143,588 55,754 252,532
 POOL SALES
 OCT91-MAR92
 ALL VOLUME ARE IN MCF.

(2) TOTAL
 NOMINATIONS
 AVG MONTH VOL.

(3) ADJUSTMENTS.

(4) MONTHLY POOL 100,603 454,535 276,371 230,677 355,760 2,596,563 81,249 2,768,607 1,143,588 55,754 252,532
 ALLOWABLE
 OCT92-MAR93
 (LINE 1 + LINE 3.)

(5) MONTHLY MARGINAL 67,001 233,672 272,230 196,007 230,505 2,225,600 81,249 1,817,035 1,062,604 27,523 184,565
 POOL ALLOWABLE
 OCT91-MAR92

(6) MONTHLY 31,602 220,663 4,141 34,670 125,255 370,963 951,572 80,784 28,231 67,967
 NON-MARGINAL
 POOL ALLOWABLES
 OCT92-MAR93
 LINE 4 - LINE 5

(7) NUMBER OF 2.00 6.75 1.00 1.00 1.00 15.00 5.49 3.25 6.00 7.00
 NON-MARGINAL
 ACREAGE FACTORS

(8) MONTHLY ACREAGE 15,801 32,690 4,141 34,670 125,255 24,730 173,328 24,856 4,705 9,710
 ALLOCATE FACTOR
 OCT92-MAR93
 (LN 6 / LN 7)

F1 FACTORS FOR OTHER POOLS
 BURTON FLAT STRAWN F1 = 10,000
 MONUMENT MCKEE ELLEN F1 = 25,000

FINC2161 -FENG216-01
 RUN TIME : 11:00:02

EXHIBIT "A" CASE NO. 10526
 MARKET DEMAND AND ALLOWABLE DETERMINATION SCHEDULE
 PROPOSED GAS POOLS - NORTHWEST NEW MEXICO
 FOR OCT92 THRU MAR93

RUN-DATE 08/07/92

BASIN BLANCO BLANCO TAPACITO
 DAKOTA HESA VERDE P.C. SOUTH

(1) AVERAGE MONTHLY 7,145,484 12,265,486 1,061,345 220,640
 POOL SALES
 OCT91-MAR92
 ALL VOLUME ARE IN MCF.

(2) TOTAL
 NOMINATIONS
 AVG MONTH VOL.

(3) ADJUSTMENTS.

(4) MONTHLY POOL 7,145,484 12,265,486 1,061,345 220,640
 ALLOWABLE
 OCT92-MAR93
 (LINE 1 + LINE 3.)

(5) MONTHLY MARGINAL 5,050,757 6,686,273 682,476 135,217
 POOL ALLOWABLE
 OCT91-MAR92

(6) MONTHLY 2,094,727 5,579,218 378,869 93,423
 NON-MARGINAL
 POOL ALLOWABLES
 OCT92-MAR93
 LINE 4 - LINE 5

(7) NUMBER OF 229.86 468.11 303.30 83.10
 NON-MARGINAL
 ACREAGE FACTORS

(8) NUMBER OF 119,193 289,803 14,340 5,710
 NON-MARGINAL
 ACREAGE TIMES
 DELIVERABILITY
 FACTORS

(9) MONTHLY ACREAGE 5,468 2,980 312 281
 ALLOCATE FACTOR
 OCT92-MAR93

(10) MONTHLY ACREAGE 7.030000 14.440000 19.620000 12.270000
 TIMES
 DELIVERABILITY
 ALLOCATE FACTOR
 OCT92-MAR93

Dockets Nos. 31-92 and 32-92 are tentatively set for September 17, 1992 and October 1, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - TUESDAY - SEPTEMBER 1, 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 10507: (Continued from August 6, 1992, Examiner Hearing.)

Application of C & C Landfarm Inc. for a commercial surface waste disposal facility, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authorization to construct and operate a commercial landfarm facility for remediation of non-hazardous hydrocarbon-contaminated soils using an enhanced biodegradation process. Said area is to be located in the SW/4 NE/4 (Unit G) of Section 3, Township 20 South, Range 37 East, which is approximately 2 miles southeast of Monument, New Mexico. This application has been administratively determined to be approvable, and this hearing is scheduled to allow parties the opportunity to present technical evidence why the application should not be approved pursuant to the rules of the Division. In the absence of objection, this application will be taken under advisement.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 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 Michael E. Stogner, Examiner or David R. Catanach, Alternate Examiner:

CASE 10539: Application of Tierra Environmental Company, Inc. for a commercial surface waste disposal facility, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authorization to construct and operate a commercial landfarm facility for remediation of non-hazardous hydrocarbon-contaminated soils using an enhanced biodegradation process. Said area is to be located in the NW/4 SE/4 (Unit J) of Section 2, Township 29 North, Range 12 West, which is approximately 6 miles east of Farmington, New Mexico. This application has been administratively determined to be approvable, and this hearing is scheduled to allow parties the opportunity to present technical evidence why the application should not be approved pursuant to the rules of the Division. In the absence of objection, this application will be taken under advisement.

DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 3, 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 10527: (Continued from August 20, 1992 Examiner Hearing)

Application of Yates Petroleum Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Sedge Unit Agreement for an area comprising 1967.92 acres, more or less, of State and Federal lands in Sections 18, 19, and 30, Township 22 South, Range 23 East, which is centered approximately 7.5 miles southwest by south of Marathon Oil Company's Indian Basin Gas Plant.

CASE 10540: **Application of American Hunter Exploration, Ltd. for an unorthodox oil well location, Rio Arriba County, New Mexico.** Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 2480 feet from the South line and 915 feet from the West line (Unit J) of irregular Section 6, Township 27 North, Range 2 West, to test the Mancos formation. The NW/4 SE/4 of said Section 6 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said unit is located approximately 19 miles west of El Vado, New Mexico.

CASE 10541: **The consolidated application of Bird Creek Resources, Fortson Oil Company and Ray Westall Operating, Inc. for special pool rules, Eddy County, New Mexico.** The applicants, in the above-styled cause, seek an order promulgating special rules for the East Herradura Bend-Delaware Pool including a provision for a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil. Said pool is located in the southeastern portion of Township 22 South, Range 28 East and the northeastern portion of Township 23 South, Range 28 East, being approximately 5 miles northeast by north of Loving, New Mexico.

CASE 10522: (Continued from August 20, 1992, Examiner Hearing.)

Application of Southland Royalty Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to deepen its South Corbin Federal Well No. 3, located 554 feet from the South and East lines (Unit P) of Section 20, Township 18 South, Range 33 East, from the South Corbin-Wolfcamp Pool to test the Undesignated South Corbin-Morrow Gas Pool. Said location is considered unorthodox pursuant to General Rule 104.C.(2). Further, the E/2 of said Section 20 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit in the Morrow interval. Said well is located approximately 10 miles south-southeast of Maljamar, New Mexico.

CASE 10528: (Continued from August 20, 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 20, Township 19 South, Range 25 East, forming a 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which presently includes only the Undesignated North Dagger Draw-Upper Pennsylvanian Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles northwest of Seven Rivers, New Mexico.

CASE 10542: **Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1980 feet from the North line and 1650 feet from the West line (Unit F) of Section 30, Township 18 South, Range 25 East, for any and all formations and/or pools from the surface to the base of the Morrow formation being developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated Penasco Draw San Andres-Yeso Associated Pool, Penasco Draw-Permo Pennsylvanian Gas Pool, Undesignated Penasco Draw-Atoka Gas Pool, and Penasco Draw-Morrow Gas Pool, Lots 1 and 2, the NE/4, and E/2 NW/4 (N/2 equivalent) of said Section 30 to be dedicated to said well forming a standard 322.36-acre gas spacing and proration unit. The proposed well site is located approximately 11 miles southwest of Artesia, New Mexico.

CASE 10543: **Application of Yates Petroleum Corporation for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 2, Township 19 South, Range 24 East, to test all formations and/or pools from

the top of the Wolfcamp formation to the base of the Morrow formation which are spaced on 320-acre spacing, Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of said Section 2 are to be dedicated to said well forming a standard 321.08-acre gas spacing and proration unit. Further, the applicant seeks an exception to Division General Rule 104.C(2) to allow the N/2 equivalent of said Section 2 to be simultaneously dedicated in the Penasco Draw-Permo Pennsylvanian Gas Pool to the proposed well and to the existing Irish Hills "KW" State Well No. 2 located at a standard gas well location 1980 feet from the North and East lines (Unit G) of said Section 2. Said unit is located approximately 11.5 miles west by south at Seven Rivers, New Mexico.

CASE 10544: **Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 23, Township 22 South, Range 23 East, to test all formations and/or pools from the top of the Wolfcamp formation to the base of the Morrow formation which are spaced on 320-acre spacing (this presently excludes the Undesignated Indian Basin-Upper Pennsylvanian Gas Pool which is spaced on 640-acre units), the N/2 of said Section 23 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 6 miles south of the Marathon Oil Company's Indian Basin Gas Plant.

CASE 10529: (Continued from August 20, 1992)

Application of Pogo Producing Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 34, Township 22 South, Range 32 East, to test the Morrow formation, the N/2 of said Section 34 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. The proposed well site is located approximately 8.75 miles north-northeast of New Mexico State Highway No. 128 at the Lea/Eddy County Line.

CASE 10530: (Continued from August 20, 1992, Examiner Hearing)

Application of Charles B. Gillespie, Jr. for pool creation and 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 Strawn formation comprising the W/2 SE/4 of Section 33, Township 15 South, Range 35 East, the assignment of a discovery allowable, and the promulgation of special rules therefor including provisions for 80-acre spacing units and designated well location requirements. Said area is located approximately 3.5 miles northwest of Lovington, New Mexico.

CASE 10545: **Application of Phillips Petroleum Company for an unorthodox gas well location, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location to be drilled within a fifty-foot radius of a point 2300 feet from the North line and 330 feet from the West line (Unit E) of Section 1, Township 12 South, Range 34 East, South Four Lakes Unit, Four Lakes-Devonian Gas Pool. Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) of said Section 1 is to be dedicated to said well forming a standard 160-06-acre gas spacing and proration unit. Said unit is located approximately 10 miles west-northwest of Tatum, New Mexico.

CASE 10546: **Application of Phillips Petroleum Company for an unorthodox gas well location and for simultaneous dedication, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location to be drilled within a fifty-foot radius of a point 2450 feet from the North line and 960 feet from the East line (Unit H) of Section 2, Township 12 South, Range 34 East, South Four Lakes Unit, Four Lakes-Devonian Gas Pool. Further, the applicant seeks an exception to Division General Rule 104.C(2) to allow the existing 160.14-acre gas spacing and proration unit comprising Lots 1 and 2 and the S/2 NE/4 (NE/4 equivalent) of said Section 2 to be simultaneously dedicated in the Four Lakes-Devonian Gas Pool to the proposed well and to the South Four Lakes Unit Well No. 8 located at a standard gas well location 660 feet from the North line and 990 feet from the East line (Unit A) of said Section 2. Said unit is located approximately 10 miles west-northwest of Tatum, New Mexico.

CASE 10512: (Readvertised)

Application of Phillips Petroleum Company for directional drilling and three unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to RULE 4 of the Special Rules and Regulations for the Four Lakes-Pennsylvanian Pool, as promulgated by Division Order No. R-2326, for three unorthodox oil well locations (one which will be directionally drilled to an unorthodox bottomhole location) all within its South Four Lakes Unit which is located approximately 10 miles west-northwest of Tatum, New Mexico:

- . 1250' FSL & 2450' FWL (Unit N) of Section 35, Township 11 South, Range 34 East, the 80 acres comprising the E/2 SW/4 is to be dedicated to said well;
- . 2200' FNL & 2150' FWL (Unit F) of Section 2, Township 12 South, Range 34 East, the 80.11 acres comprising Lot 2 and the SE/4 NW/4 is to be dedicated to said well; and,

- from a surface location 2050' FSL & 1980' FEL to be drilled directionally to an unorthodox bottomhole location within a 50-foot radius of a point 2200 feet from the South line and 1980 feet from the East line, all in Unit J of Section 2, Township 12 South, Range 34 East, the 80 acres comprising the N/2 SE/4 is to be dedicated to said well.

CASE 10502: (Continued from August 20, 1992, Examiner Hearing.)

Application of Meridian Oil Inc. 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the NW/4 NW/4 (Unit D) of Section 23, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6.25 miles north-northwest of the junction of State Highway No. 128 and the Delaware Basin Road.

CASE 10503: (Continued from August 20, 1992, Examiner Hearing.)

Application of Meridian Oil Inc. 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the SW/4 NW/4 (Unit E) of Section 23, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles north-northwest of the junction of State Highway No. 128 and the Delaware Basin Road.

CASE 10504: (Continued from August 20, 1992, Examiner Hearing.)

Application of Meridian Oil Inc. 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the NW/4 SW/4 (Unit L) of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5.5 miles north by west of the junction of State Highway No. 128 and the Delaware Basin Road.

CASE 10547: **Application of Benson-Montin-Greer Drilling Corporation for a high angle/horizontal directional drilling pilot project, Rio Arriba County, New Mexico.** Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project within a standard 640-acre oil spacing and proration unit in the West Puerto Chiquito-Mancos Oil Pool comprising all of Section 9, Township 27 North, Range 1 West. The applicant proposes to drill vertically from a well to be located on the surface at an unorthodox surface oil well location 1050 feet from the North line and 2300 feet from the West line (Unit C) of said Section 9 to a depth sufficient to penetrate the base of the Mesaverde formation and kick-off in a southerly direction, build angle and continue to drill horizontally in the Mancos formation. The applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 1650 foot offsetting provisions for said pool, pursuant to the Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool, as promulgated by Division Order No. R-6469-B, as amended. Said unit is located approximately 26 miles north of Regina, New Mexico.

CASE 10548: **Application of Benson-Montin-Greer Drilling Corporation for a high angle/horizontal directional drilling pilot project, Rio Arriba County, New Mexico.** Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project within a standard 640-acre oil spacing and proration unit in the West Puerto Chiquito-Mancos Oil Pool comprising all of Section 10, Township 27 North, Range 1 West. The applicant proposes to drill vertically from a well to be located on the surface at a standard oil well location 2060 feet from the South line and 2130 feet from the West line (Unit K) of said Section 10 to a depth sufficient to penetrate the base of the Mesaverde formation at which point the applicant will select the proper direction for a lateral extension in the pool. The applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 1650 foot offsetting provisions for said pool, pursuant to the Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool, as promulgated by Division Order No. R-6469-B, as amended. Said unit is located approximately 26 miles north of Regina, New Mexico.

CASE 10490: (Continued from August 6, 1992, Examiner Hearing.)

Application of Noranda Minerals Inc. requesting the Division to rescind or deny an application to drill a certain well in the oil/potash area, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order denying or rescinding the approval of an "Application for Permit to Drill" which would authorize Yates Petroleum Corporation to drill its Snyder "AKY" Well No. 1 at a standard oil well location in the NW/4 SW/4 (Unit L) of Section 1, Township 20 South, Range 32 East, (approximately 3 miles north of the junction of U.S. Highway 62/180 and State Highway 176). Said location is within the designated oil/potash area as described in and governed under the provisions of Division Order No. R-111-P.

Docket No. 30-92

DOCKET: COMMISSION HEARING - WEDNESDAY - SEPTEMBER 9, 1992

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

CASE 10466: **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. Upon application of Yates Petroleum Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10447: (De Novo) (Readvertised)

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. Upon application of Yates Petroleum Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10448: (De Novo) (Readvertised)

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), 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. Upon application of New Mexico Potash Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10449: (De Novo) (Readvertised)

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 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. Upon application of New Mexico Potash Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

Dockets Nos. 32-92 and 33-92 are tentatively set for October 1, 1992 and October 15, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 17, 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 10529: (Continued from September 3, 1992, Examiner Hearing.)

Application of Pogo Producing Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 34, Township 22 South, Range 32 East, to test the Morrow formation, the N/2 of said Section 34 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. The proposed well site is located approximately 8.75 miles north-northeast of New Mexico State Highway No. 128 at the Lea/Eddy County Line.

CASE 10544: (Readvertised)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the North line and 860 feet from the West line (Unit D) of Section 23, Township 22 South, Range 23 East, to test all formations and/or pools from the top of the Wolfcamp formation to the base of the Morrow formation. Said well is to be either dedicated to the N/2 of said Section 23 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent spaced on 320-acre spacing or all of said Section 23 forming a standard 640-acre gas spacing and proration unit for the Undesignated Indian Basin-Upper Pennsylvanian Gas Pool. Said area is located approximately 6 miles south of the Marathon Oil Company's Indian Basin Gas Plant.

CASE 10528: (Continued from September 3, 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 20, Township 19 South, Range 25 East, forming a 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which presently includes only the Undesignated North Dagger Draw-Upper Pennsylvanian Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles northwest of Seven Rivers, New Mexico.

CASE 10542: (Continued from September 3, 1992, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1980 feet from the North line and 1650 feet from the West line (Unit F) of Section 30, Township 18 South, Range 25 East, for any and all formations and/or pools from the surface to the base of the Morrow formation being developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated Penasco Draw San Andres-Yeso Associated Pool, Penasco Draw-Permo Pennsylvanian Gas Pool, Undesignated Penasco Draw-Atoka Gas Pool, and Penasco Draw-Morrow Gas Pool, Lots 1 and 2, the NE/4, and E/2 NW/4 (N/2 equivalent) of said Section 30 to be dedicated to said well forming a standard 322.36-acre gas spacing and proration unit. The proposed well site is located approximately 11 miles southwest of Artesia, New Mexico.

CASE 10543: (Continued from September 3, 1992, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 2, Township 19 South, Range 24 East, to test all formations and/or pools from the top of the Wolfcamp formation to the base of the Morrow formation which are spaced on 320-acre spacing, Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of said Section 2 are to be dedicated to said well forming a standard 321.08-acre gas spacing and proration unit. Further, the applicant seeks an exception to Division General Rule 104.C(2) to allow the N/2 equivalent of said Section 2 to be simultaneously dedicated in the Penasco Draw-Permo Pennsylvanian Gas Pool to the proposed well and to the existing Irish Hills "KW" State Well No. 2 located at a standard gas well location 1980 feet from the North and East lines (Unit G) of said Section 2. Said unit is located approximately 11.5 miles west by south at Seven Rivers, New Mexico.

CASE 10549: **Application of Greenhill Petroleum Corporation for waterflood expansion, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authority to expand its Lovington-Paddock Unit Waterflood Project, authorized by Division Order No. R-3124, by converting its Lovington Paddock Unit Well No. 9 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 30 and its Lovington Paddock Unit Well No. 10 located 660 feet from the North line and 2440 feet from the East line (Unit B) of Section 31, both in Township 16 South, Range 37 East, Lovington Paddock Unit, Lovington-Paddock Pool, from producing oil wells to water injection wells. Said wells are both located approximately 5.5 miles southeast of Lovington, New Mexico.

CASE 10550: **Application of R & G Drilling Company for an unorthodox coal gas well location, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval to recomplete its existing Schlosser Well No. 16 from the West Kutz-Pictured Cliffs Pool to the Basin-Fruitland Coal Gas Pool at an unorthodox coal gas well location 1180 feet from the South line and 800 feet from the East line (Unit P) of Section 10, Township 27 North, Range 11 West, the S/2 of said Section 10 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool. Said unit is located approximately 8 miles south of Bloomfield, New Mexico.

CASE 10537: **(Readvertised)**

Application of American Hunter Exploration, Ltd. for an unorthodox oil well location and a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 610 feet from the North line and 2110 feet from the East line (Unit B) of irregular Section 5, Township 27 North, Range 1 West, to test the West Puerto Chiquito-Mancos Oil Pool. All of said Section 5 is to be dedicated to said well forming a non-standard 655.48-acre oil spacing and proration unit. Said unit is located approximately 12.5 miles west of El Vado, New Mexico.

CASE 10538: **(Readvertised)**

Application of American Hunter Exploration, Ltd. for an unorthodox oil well location and a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to RULE 4 of the Special Rules and Regulations for the Gavilan-Mancos Oil Pool, as promulgated by Division Order No. R-7407, as amended, for a well to be drilled at an unorthodox oil well location no closer than 330 feet from the North line nor closer than 1400 feet from the East line (Unit B) of irregular Section 28, Township 27 North, Range 2 West, Undesignated Gavilan-Mancos Oil Pool, all of said Section 28 to be dedicated to said well forming a non-standard 430.56-acre oil spacing and proration unit for said pool. Said unit is located approximately 18 miles west by south of El Vado, New Mexico.

CASE 10540: **(Continued from September 3, 1992, Examiner Hearing.)**

Application of American Hunter Exploration, Ltd. for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 2480 feet from the South line and 915 feet from the West line (Unit J) of irregular Section 6, Township 27 North, Range 2 West, to test the Mancos formation. The NW/4 SE/4 of said Section 6 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said unit is located approximately 19 miles west of El Vado, New Mexico.

CASE 10483: **(Continued from August 20, 1992, Examiner Hearing.)**

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the SE/4 NW/4 (Unit F) in all formations developed on 40-acre spacing from the surface to the base of the Strawn formation in Section 33, Township 15 South, Range 36 East, said unit to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately one-half mile southeast of the junction of U.S. Highway 82 and New Mexico No. 18.

CASE 10541: **(Continued from September 3, 1992, Examiner Hearing.)**

The consolidated application of Bird Creek Resources, Fortson Oil Company and Ray Westall Operating, Inc. for special pool rules, Eddy County, New Mexico. The applicants, in the above-styled cause, seek an order promulgating special rules for the East Herradura Bend-Delaware Pool including a provision for a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil. Said pool is located in the southeastern portion of Township 22 South, Range 28 East and the northeastern portion of Township 23 South, Range 28 East, being approximately 5 miles northeast by north of Loving, New Mexico.

CASE 10551: **Application of Basin Minerals, Ltd. for surface commingling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks an exception to Division General Rule 303A for the surface commingling of production from three certain gas wells completed in the Blanco-Pictured Cliffs Pool and/or Blanco-Mesaverde Pool in the Atlantic "A" LS Lease located in the N/2 of Section 26, Township 31 North, Range 10 West, which is located approximately 5 miles south-southeast of Cedar Hill, New Mexico.

CASE 10552: **Application of ARCO Oil and Gas Company for pool creation and contraction and, if applicable, pool extensions and/or redesignations, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Blinebry, Tubb and Drinkard formations underlying all or portions of Sections 11 through 14, 23 through 26, 35 and 36, Township 25 South, Range 37 East, portions of Sections 19, 30, and 31, Township 25 South, Range 38 East, and a portion of Section 1, Township 26 South, Range 37 East. Further, the applicant seeks the concomitant contraction of the Justis-Blinebry Pool and the Justis Tubb-Drinkard Pool in the above-described area and, if applicable, the extension and/or redesignation of portions of the Justis-Blinebry and Justis Tubb-Drinkard Pools that may become severed due to the proposed Blinebry-Tubb-Drinkard pool creation. Said area is located approximately 4 miles east of Jal, New Mexico.

CASE 10553: **Application of ARCO Oil and Gas 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 proposed Justis-Blinebry-Tubb-Drinkard Pool, underlying 5360 acres, more or less, of State, Federal and Fee lands comprising portions of Townships 25 and 26 South, Ranges 37 and 38 East. Said unit is to be designated the South Justis Unit Area. 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 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 necessarily 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 east of Jal, New Mexico.

CASE 10554: **Application of ARCO Oil and Gas Company for approval of a waterflood project, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authority to institute a waterflood project by injection of water into the Blinebry, Tubb and Drinkard formations in its proposed South Justis Unit Area (Division Case No. 10553) underlying portions of Townships 25 and 26 South, Ranges 37 and 38 East. The applicant further seeks approval that said project qualify as an "Enhanced Oil Recovery Project" pursuant to the provisions of Division Order No. R-9708. Said project is located approximately 4 miles east of Jal, New Mexico.

CASE 8350: **(Reopened)**

In the matter of Case 8350 being reopened pursuant to the provisions of Division Order Nos. R-7745 and R-7745-A, which orders promulgated temporary special rules and regulations for the Gavilan Greenhorn-Graneros-Dakota Oil Pool in Rio Arriba County, New Mexico, including a provision for 320-acre spacing and proration units and designated well locations. Operators in said pool may appear and show cause why the temporary special rules for said Gavilan Greenhorn-Graneros-Dakota Oil Pool should not be rescinded.

CASE 10458: **(Continued from July 9, 1992, Examiner Hearing and this case will be dismissed.)**

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 10555: **Application of Meridian Oil Inc. for termination of gas prorationing in the Justis (Glorieta) Gas Pool, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order terminating gas prorationing in the Justis (Glorieta) Gas Pool and to exclude said pool from the provisions of Division Order No. R-8170, as amended (General Rules For The Prorated Gas Pools of New Mexico). The current pool boundaries include portions of Townships 24 and 25 South, Range 37 East, which is located approximately 4 miles east of Jal, New Mexico.

CASE 10502: (Continued from September 3, 1992, Examiner Hearing.)

Application of Meridian Oil Inc. 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 Delaware formation or to a depth of 8700 feet whichever is deeper, underlying the NW/4 NW/4 (Unit D) of Section 23, Township 22 South, Range 32 East, forming standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6.25 miles north-northwest of the junction of State Highway No. 128 and the Delaware Basin Road.

CASE 10503: (Continued from September 3, 1992, Examiner Hearing.)

Application of Meridian Oil Inc. 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the SW/4 NW/4 (Unit E) of Section 23, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles north-northwest of the junction of State Highway No. 128 and the Delaware Basin Road.

CASE 10504: (Continued from September 3, 1992, Examiner Hearing.)

Application of Meridian Oil Inc. 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the NW/4 SW/4 (Unit L) of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5.5 miles north by west of the junction of State Highway No. 128 and the Delaware Basin Road.

CASE 10556: **Application of Chi Energy, Inc. for special pool rules, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order promulgating special rules for the Old Millman Ranch-Bone Spring Pool including a provision for a limiting gas-oil ratio of 20,000 cubic feet of gas per barrel of oil. Said pool currently comprises portions of Sections 4, 5, and 8, Township 20 South, Range 28 East, being approximately 13.5 miles east of Seven Rivers, New Mexico.

CASE 10557: **Application of Hallwood Petroleum 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 818 feet from the South line and 1099 feet from the East line (Unit P) of Section 24, Township 32 North, Range 13 West, the E/2 of said Section 24 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool. Said unit is located approximately 3.5 miles northeast of La Plata, New Mexico.

CASE 10558: **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 1175 feet from the North line and 1115 feet from the West line (Unit D) of Section 36, Township 30 North, Range 8 West. Said well is to be completed in the Basin-Fruitland Coal Gas Pool as a replacement well to the EPNG Com "D" Well No. 300 currently located in the NE/4 of said Section 36. The existing 320-acre gas spacing and proration unit comprising the N/2 of said Section 36 shall be dedicated to said well. Said unit is located approximately 1-1/2 miles northwest by north of Navajo City, New Mexico.

CASE 10559: Application of Southwest Royalties, Inc. for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter the previously plugged and abandoned Conoco Inc. Julie Com Well No. 1 located 1980 feet from the North line and 990 feet from the East line (Unit H) of Section 17, Township 19 South, Range 25 East, and utilize said well to dispose of produced salt water into the Abo formation through the perforated interval from approximately 4000 feet to 5000 feet. Said well is approximately 6.5 miles northwest of Seven Rivers, New Mexico.

CASE 10471: (Reopened)

Application of Southwest Royalties, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the NE/4 of Section 17, Township 19 South, Range 25 East, forming a standard 160-acre spacing and proration unit for any and all formations spaced on 160-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the North Dagger Draw-Pennsylvanian Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6.5 miles northwest of Seven Rivers, New Mexico.

CASE 10560: Application of Conoco Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the NE/4 of Section 17, Township 19 South, Range 25 East, forming a standard 160-acre spacing and proration unit for any and all formations spaced on 160-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the North Dagger Draw-Pennsylvanian Pool. Said unit is to be dedicated to the existing Southwest Royalties, Inc. Dagger Draw Well No. 1 located at a standard location 660 feet from the North line and 1980 feet from the East line (Unit B) of said Section 17, said unit and well were the subject of Division Case No. 10471. 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 6.5 miles northwest of Seven Rivers, New Mexico.

CASE 10561: 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 Eddy and Lea Counties, New Mexico.

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Strawn production and designated as the East Big Dog-Strawn Pool. The discovery well is the Charles B. Gillespie Jr. Hamilton Federal Well No. 1 located in Unit O of Section 33, Township 15 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM

Section 33: SE/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the East Caprock-Mississippian Gas Pool. The discovery well is the WOG Inc. State Well No. 1 located in Unit A of Section 11, Township 11 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 11 SOUTH, RANGE 32 EAST, NMPM

Section 11: N/2

- (c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Grayburg production and designated as the Lone Ranger-Grayburg Pool. The discovery well is the Pogo Producing Company Buffalo Federal Well No. 1 located in Unit B of Section 11, Township 19 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM

Section 11: NE/4

- (d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the Rattlesnake Flat-Delaware Pool. The discovery well is the Yates Petroleum Corporation Araphaho AKP Federal Well No. 1 located in Unit O of Section 29, Township 26 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 33 EAST, NMPM

Section 29: SE/4

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- (e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the West Triste Draw-Delaware Pool. The discovery well is the Harvard Petroleum Corporation State IG Well No. 1 located in Unit B of Section 32, Township 23 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM

Section 29: S/2

Section 32: NE/4

- (f) EXTEND the North Airstrip-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 23: NE/4

- (g) EXTEND the North Anderson Ranch-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 32 EAST, NMPM

Section 15: W/2

Section 16: SE/4

- (h) EXTEND the ARAB-C-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM

Section 5: Lots 9, 10, 15 and 16

- (i) EXTEND the Bilbrey-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM

Section 33: S/2

Section 34: S/2

- (j) EXTEND the Buffalo-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 32: SW/4

- (k) EXTEND the Buffalo-Yates Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 2: NE/4

- (l) EXTEND the Corbin-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 7: NE/4

- (m) EXTEND the South Corbin-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 16: NE/4

Section 29: SE/4

- (n) EXTEND the East Livingston Ridge-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 15: NW/4

Section 16: NE/4

Section 22: NW/4

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- (o) EXTEND the Lost Tank-Delaware Pool in Eddy and Lea Counties, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM

Section 19: SW/4

Section 30: NW/4

- (p) EXTEND the East Lusk-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 1: NW/4

Section 2: NE/4

- (q) EXTEND the Querecho Plains-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 24: SW/4

- (r) EXTEND the Red Hills-Wolfcamp Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM

Section 21: All

- (s) EXTEND the Rhodes Yates-Seven Rivers Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM

Section 5: SW/4

Section 6: SE/4

- (t) EXTEND the Teaque-Blinbry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM

Section 34: SE/4

- (u) EXTEND the Teas-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM

Section 13: S/2

- (v) EXTEND the Tonto-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM

Section 9: SE/4

Section 15: W/2

Section 16: NE/4

- (w) EXTEND the North Tulk-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 32 EAST, NMPM

Section 20: SE/4

Section 28: E/2 and NW/4

Section 29: NE/4