

**DOCKET: EXAMINER HEARING - THURSDAY - MAY 12, 1994**  
**8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING**  
**SANTA FE, NEW MEXICO**

Dockets Nos. 16-94 and 17-94 are tentatively set for May 26, 1994 and June 9, 1994. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

**CASE 10968:** (Continued from April 28, 1994, Examiner Hearing.)

**Application of Siete Oil and Gas Corporation for salt water disposal, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation through the perforated interval from approximately 3714 feet to 3964 feet in its State "MA" Well No. 1 located 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 3, Township 25 South, Range 28 East, NMPM. This well is located approximately 4 miles south of Malaga, New Mexico.

**CASE 10969:** **Application of Merrion Oil & Gas Corporation for an unorthodox coal gas well location, Rio Arriba County, New Mexico.** Applicant, in the above-styled cause, seeks authorization to drill its Gerber Well No. 2 at an "off-pattern" unorthodox coal gas well location 790 feet from the North and West lines (Unit D) of Section 32 Township 30 North, Range 7 West, Basin-Fruitland Coal (Gas) Pool. The W/2 of said Section 32, is to be dedicated to said well forming a standard 320-acre gas spacing unit for said pool. Said unit is located approximately 2 miles south-southeast of the Navajo Reservoir Dam.

**CASE 10970:** **Application of Merrion Oil & Gas Corporation for downhole commingling and an unorthodox coal gas well location, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval to downhole commingle Undesignated Fulcher Kutz-Pictured Cliffs Pool and Basin-Fruitland Coal Gas Pool production within the wellbore of its existing Carnahan Com Well No. 1 located 990 feet from the South and East lines (Unit P) of Section 35, Township 30 North, Range 12 West. Said well is an "off-pattern" unorthodox coal gas location and would be dedicated to a standard 320-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool being the E/2 of said Section 35 and to a standard 160-acre gas spacing and proration unit for the Fulcher Kutz-Pictured Cliffs Pool being the SE/4 of Section 35. Said well is located approximately 2 miles south-southeast of Flora Vista, New Mexico.

**CASE 10971:** **Application of Merrion Oil & Gas Corporation for a high angle/horizontal directional drilling pilot project and for the promulgation of special operating rules therefor, Sandoval County, New Mexico.** Applicant, in the above-styled cause, seeks to establish a high angle/horizontal directional drilling pilot project in the designated and Undesignated Eagle Mesa Entrada Oil Pool within its proposed Eagle Mesa Entrada Secondary (Federal) Unit comprising portions of Sections 11, 12, 13 and 14, Township 19 North, Range 4 West. Further, the applicant seeks the promulgation of special operating rules and procedures for wells within said Unit Area including provisions for administrative authorization for horizontal wells, the formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, the assignment of a special oil allowable or formula for the project area and the designation of a target window such that horizontal or producing portions of such a wellbore shall be no closer than 330 feet to the outer boundary of the project area. Said area is located approximately 17 miles southwest by west of Cuba, New Mexico.

**CASE 10812:** (Continued from April 28, 1994, Examiner Hearing.)

**Application of Giant Exploration & Production Company for compulsory pooling, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Basin-Fruitland Coal Gas Pool, underlying the N/2 of Section 33, Township 26 North, Range 11 West, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes only the Basin Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon in said Section 33. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said unit is located near the Huerfano Boarding School.

**CASE 10972:** **Application of Giant Exploration & Production Company for compulsory pooling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the W/2 of Section 28, Township 26 North, Range 11 West, forming a standard 320-acre coal gas spacing and proration unit for said pool. Said unit is to be dedicated to the existing Buena Suerte 28-M Well No. 1 located at a standard coal gas well location 795 feet from the South line and 1210 feet from the West line (Unit M) of said Section 28. 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 and completing said well. Said unit is overlain by the community of Huerfano.

**CASE 10911:** (Continued from April 28, 1994, Examiner Hearing.)

**Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 31, Township 17 South, Range 27 East. Applicant proposes to reenter the Fasken Exxon AOF Federal Com Well No. 1 located at a standard location 1980 feet from the South and East lines of said Section 31 to test any and all formations to the base of the Morrow, Undesignated Red Lake-Pennsylvanian Pool. 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-southeast of Artesia, New Mexico.

**CASE 10973:** **Application of Mallon Oil Company for compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause, seeks an order pooling all mineral interests from the depth of 5000 feet to the base of the Morrow formation underlying the N/2 of Section 12, Township 23 South, Range 26 East, 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 currently includes but is not necessarily limited to the Undesignated South Carlsbad-Canyon Gas Pool, South Carlsbad-Strawn Gas Pool, South Carlsbad-Atoka Gas Pool, and the South Carlsbad-Morrow Gas Pool. Said unit is to be dedicated to its existing Mobil "12" Federal Well No. 1, which was drilled in 1968 at a standard gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of said Section 12. 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 and completing said well. Said area is located approximately one mile southeast of the Carlsbad (Cavern City) Airport.

**CASE 10974:** **Application of Mewbourne Oil Company 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 top of the Wolfcamp formation underlying the W/2 SE/4 of Section 32, Township 18 South, Range 34 East, forming an 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre oil spacing within said vertical extent, which presently includes only the Undesignated EK-Bone Spring Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location in the NW/4 SE/4 (Unit J) of said Section 32. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 8.5 miles southwest by south of Buckeye, New Mexico.

**CASE 10962:** (Continued from April 28, 1994, Examiner Hearing.)

**Application of Maralo, 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 NE/4 SE/4 of Section 30, Township 23 South, Range 30 East, NMPM, Eddy County, New Mexico, 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. Said unit is to be dedicated to a well to be drilled and completed at a standard oil well location in the NE/4 SE/4 of said Section 30. 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 and completing said well. Said unit is located approximately 10 miles east of Loving, New Mexico.

**CASE 10965:** (Continued from April 28, 1994, Examiner Hearing.)

**Application of Southland Royalty Company for a high angle/horizontal directional drilling pilot project and special operating rules therefor, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks authority to initiate a high angle/horizontal directional drilling pilot project in the Basin Dakota Pool with special operating rules, including the designation of a prescribed area limiting the horizontal displacement of the producing portion of the wellbore within the allowed 790 foot setback requirements from the outer boundary of its spacing and proration unit being a standard 320-acre unit comprising the S/2 of Section 24, Township 27 North, Range 9 West. The applicant proposes to utilize its existing Jernigan Well No. 3 located in Unit "H" of said Section 24 to drill the proposed horizontal lateral in the Basin-Dakota Pool. Said project is located approximately 13 miles north-northeast of Huerfano Trading Post, New Mexico.

**CASE 10975:** In the matter of the application of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department upon its own motion for an order for the creation, discovery allowable assignment and extension of certain existing pools in Eddy County, New Mexico, and giving notice to all persons and parties interested in the subject matter thereof, to show cause why such creations, discovery allowable assignment and extensions should not be made.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Artesia-Bone Spring Pool. The discovery well is the National Energy Group, Inc. State 18 Com Well No. 1 located in Unit K of Section 18, Township 19 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM

Section 18: S/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Strawn production and designated as the North Cedar Lake-Strawn Pool. The discovery well is the Anadarko Petroleum Corp. Power Federal Com Well No. 2 located in Unit I of Section 26, Township 17 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 26: E/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Northeast Corral Canyon-Delaware Pool. The discovery well is the Fortson Oil Co. Poker Lake Unit Well No. 79 located in Unit M of Section 2, Township 25 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 30 EAST, NMPM

Section 2: SW/4

- (d) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Yeso production and designated as the Empire-Yeso Pool. The discovery well is the Marbob Energy Corp. New Mexico CY State Well No. 1 located in Unit J of Section 23, Township 17 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 23: SE/4

- (e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Northeast Hackberry-Delaware Pool. The discovery well is the BTA Oil Producers Lusk 9209 JV-P Well No. 1 located in Unit F of Section 12, Township 19 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 12: NW/4

- (f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the West Logan Draw-Morrow Gas Pool. The discovery well is the Yates Petroleum Corp. Fasken-Exxon AOF Federal Com Well No. 1 located in Unit J of Section 31, Township 17 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM

Section 31: 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 East Penlon-Bone Spring Pool. The discovery well is the Premier Oil & Gas, Inc. Eddy FV State Com Well No. 1 located in Unit H of Section 25, Township 20 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM

Section 25: NE/4

- (h) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Upper Penn production and designated as the South Sand Dunes-Upper Pennsylvanian Pool. The discovery well is the Southland Royalty Co. Empire 34 Federal Well No. 1 located in Unit G of Section 34, Township 18 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 34: E/2

- (i) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Abo production and designated as the Siegreest Draw-Abo Pool. The discovery well is the Yates Petroleum Corporation Sunflower AHW Federal Well No. 2 located in Unit A of Section 31, Township 19 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM

Section 31: N/2

- (j) CREATE a new pool in Chaves County, New Mexico classified as a gas pool for Strawn production and designated as the Springer Basin-Strawn Gas Pool. The discovery well is the Yates Petroleum Corporation Long Arroyo OD State Com Well No. 1 located in Unit I of Section 14, Township 14 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 14 SOUTH, RANGE 27 EAST, NMPM

Section 14: E/2

- (k) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Southeast Willow Lake-Bone Spring Pool. The discovery well is the Maralo Inc. Pickett Draw Federal Well No. 1 located in Unit F of Section 9, Township 25 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM

Section 9: NW/4

- (l) There is need for the abolishment of the Northwest Dagger Draw-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, in order to correct nomenclature. Said pool comprises the N/2 of Section 2, Township 19 South, Range 24 East, NMPM

- (m) Extend the North Brushy Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM

Section 26: S/2

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM

Section 1: NW/4

Section 2: NE/4

- (n) EXTEND the Cabin Lake-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM

Section 11: SE/4

- (o) EXTEND the Calabaza Draw-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 2: S/2

Section 3: S/2

- (p) EXTEND the East Carlsbad-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 13: SW/4

Section 23: E/2 and NW/4

Section 24: NW/4

- (q) EXTEND the Cedar Canyon-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 10: NW/4

- (r) Extend the East Cedar Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:
- TOWNSHIP 17 SOUTH, RANGE 31 EAST, NMPM  
Section 33: W/2  
Section 34: S/2
- TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM  
Section 4: E/2
- (s) EXTEND the Cemetery-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:
- TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM  
Section 25: N/2
- TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM  
Section 30: N/2
- (t) EXTEND the Chalk Bluff-Wolfcamp Pool in Eddy County, New Mexico, to include therein:
- TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM  
Section 10: N/2
- (u) EXTEND the North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:
- TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM  
Section 9: SW/4
- (v) EXTEND the Duffield-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:
- TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM  
Section 21: N/2
- (w) Extend the Empire-Abo Pool in Eddy County, New Mexico, to include therein:
- TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM  
Section 23: SE/4  
Section 26: N/2 of NE/4
- (x) EXTEND the South Golden Lane-Delaware Pool in Eddy County, New Mexico, to include therein:
- TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM  
Section 16: W/2  
Section 17: NE/4
- (y) EXTEND the Hackberry-Delaware Pool in Eddy County, New Mexico, to include therein:
- TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM  
Section 15: W/2 and NE/4
- (z) EXTEND the North Hackberry-Yates Seven Rivers Pool in Eddy County, New Mexico, to include therein:
- TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM  
Section 23: SW/4
- (aa) EXTEND the Happy Valley-Delaware Pool in Eddy County, New Mexico, to include therein:
- TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM  
Section 28: SW/4  
Section 33: NE/4

- (bb) Extend the Northeast Happy Valley-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM  
Section 23: S/2

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

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM  
Section 1: NE/4

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

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM  
Section 17: E/2

- (ee) EXTEND the Indian Basin-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 24 EAST, NMPM  
Section 11: N/2

- (ff) EXTEND the Ingle Wells-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM  
Section 27: SW/4  
Section 34: SE/4

- (gg) EXTEND the South Leo-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM  
Section 34: SW/4

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM  
Section 3: W/2

- (hh) EXTEND the Los Medanos-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM  
Section 25: All

- (ii) EXTEND the Los Medanos-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM  
Section 6: SE/4 and NW/4

- (jj) EXTEND the Los Medanos-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM  
Section 9: SE/4

- (kk) Extend the Los Medanos-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM  
Section 24: S/2  
Section 25: All

- (ll) EXTEND the Old Millman Ranch-Bone Spring Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM  
Section 34: S/2

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

Section 3: SE/4  
Section 10: NW/4

(mm) EXTEND the Owen Mesa-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 35: N/2

(nn) EXTEND the Penasco Draw-Permo Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM

Section 2: NW/4

(oo) EXTEND the Southwest Poker Lake-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMPM

Section 24: SE/4

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 19: SW/4  
Section 30: NW/4

(pp) EXTEND the Southeast Quahada Ridge-Delaware Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM

SECTION 36: SW/4

(qq) EXTEND the South Dunes-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 5: SW/4

(rr) EXTEND the West Sand Dunes-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 31: SE/4

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 4: SW/4  
Section 9: NW/4

(ss) EXTEND the Scanlon-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 33: E/2 and SW/4

(tt) EXTEND the Walters Lake-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 2: NW/4

DOCKET NO. 15-94

**DOCKET: COMMISSION HEARING - THURSDAY - MAY 19, 1994**  
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 10870: (De Novo)**

Application of Pogo Producing Company for special pool rules for the Los Medanos-Delaware and West Sand Dunes-Delaware Pools, Eddy County, New Mexico. Applicant seeks the promulgation of special pool rules for both the Los Medanos-Delaware and West Sand Dunes-Delaware Pools including a provision for a gas-oil ratio limitation of 8,000 cubic feet of gas per barrel of oil. The Los Medanos-Delaware Pool covers all or parts of Sections 9, 16, and 17 and the West Sand Dunes-Delaware Pool covers all or parts of Sections 20, 21, 28, 29, 32, and 33, all in Township 23 South, Range 31 East. Said area is located approximately at mile marker 15 on State Highway 128. Upon application of Kaiser-Francis Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.