

CASE 9729: Application of Meridian Oil Inc. for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas spacing and proration unit comprising the NE/4 NW/4, S/2 NW/4, and the SW/4 of Section 24 and the SE/4 SE/4 of Section 23, both in Township 31 North, Range 12 West, Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to the East Well No. 102 to be located at a standard coal gas well location 1310 feet from the South line and 1490 feet from the West line (Unit N) of said Section 24, which is approximately 4.5 miles northwest of Aztec, New Mexico.

CASE 9730: Application of Meridian Oil Inc. for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a non-standard 308.75-acre, more or less, gas spacing and proration unit comprising Lots 3 and 4 and the SW/4 NW/4 of Section 8 and Lots 1, 2, 3, 4 and 5, the SE/4 NW/4, and the S/2 NE/4 of Section 7, both in Township 32 North, Range 6 West, Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to the Allison Unit Well No. 133 located at a standard coal gas well location 790 feet from the North line and 2490 feet from the East line (Unit G) of said Section 7, which is approximately 3/8 mile west-southwest of Mile Post No. 245 on the Colorado/New Mexico Stateline.

CASE 9731: Application of Meridian Oil Inc. for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 377.66-acre non-standard gas spacing and proration unit comprising Lots 2, 5, 6, and 7, the SW/4, and the W/2 SE/4 of Section 11, Township 32 North, Range 7 West, Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to the Allison Unit Well No. 124 located at a standard coal gas well location 1570 feet from the South line and 1650 feet from the West line of said Section 11, which is approximately 1/2 mile south of Mile Corner No. 247.5 on the Colorado/New Mexico Stateline.

CASE 9732: Application of Meridian Oil Inc. for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 357.45-acre non-standard gas spacing and proration unit comprising Lots 1 and 2, NE/4 SW/4, S/2 SW/4, and SE/4 of Section 10 and Lots 3 and 4 of Section 11, both in Township 32 North, Range 7 West, Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to the Allison Unit Well No. 103 located at a standard coal gas well location 1745 feet from the South line and 2270 feet from the West line (Unit K) of said Section 10, which is approximately 1/2 mile southwest of Mile Corner No. 248 located on the Colorado/New Mexico Stateline.

CASE 9718: (Continued from August 9, 1989, Examiner Hearing.)

Application of Meridian Oil Inc. for the vertical contraction and redesignation of an existing Delaware Oil Pool and for a new pool creation, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to contract the vertical limits of the Parkway-Delaware Pool by excluding the upper portion of the Delaware formation identified as the "B" Sand interval and to redesignate said pool as the Parkway-Delaware "A" Sand Pool or the Parkway-Lower Delaware Pool. Applicant further seeks the concomitant creation of a new oil pool for Upper Delaware production designated as the Parkway-Delaware "B" Sand Pool or Parkway-Upper Delaware Pool with its horizontal limits to include all of Section 35, Township 19 South, Range 29 East. The applicant also requests that the effective date for such an order issued in this matter be June 16, 1989. The Parkway-Delaware Pool presently comprises all of Section 35 and the NW/4 of Section 36, Township 19 South, Range 29 East, which is located approximately 26 miles southeast by east of Artesia, New Mexico.

CASE 9721: (Continued from August 9, 1989, Examiner Hearing.)

Application of Marathon Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle gas production from the Blanco-Mesaverde Pool and Basin-Dakota Pool within the wellbore of its Jicarilla Apache Well No. 13E located 1850 feet from the North line and 930 feet from the West line (Unit E) of Section 33, Township 26 North, Range 5 West. Said well is located approximately 11 miles west of the Southern Union Gas Company Ojito Camp.

CASE 9722: (Continued from August 9, 1989, Examiner Hearing.)

Application of Marathon Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle gas production from the Blanco-Mesaverde Pool and Basin-Dakota Pool within the wellbore of its Jicarilla Apache Well No. 14E located 1850 feet from the North line and 1685 feet from the West line (Unit F) of Section 34, Township 26 North, Range 5 West. Said well is located approximately 9.5 miles west of the Southern Union Gas Company Ojito Camp.

CASE 9733: Application of Marathon Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle gas production from the Blanco-Mesaverde and Basin-Dakota Pools within the wellbore of the following 11 wells, all located on its Jicarilla Apache Lease in Township 26 North, Range 5 West, (which is located approximately 10 miles west of the Southern Union Gas Company Ojito Camp):

WELL NO.	FOOTAGE LOCATION	UNIT	SECTION
8	990' FSL and EL	P	27
8-E	1685' FS and WL	K	27
9	990' FNL - 1100' FEL	A	28
9-E	1040' FSL - 1685' FEL	O	28
10-E	1040' FNL - 1685' FWL	C	27

Examiner Hearing - Wednesday - August 23, 1989

11-E	955' FNL - 1685' FWL	C	28
12	800' FN and EL	A	33
13-E	1850' FNL - 930' FWL	E	33
14-E	1850' FNL - 1685' FWL	F	34
16	1600' FSL - 900' FEL	I	34
16-E	825' FNL - 955' FEL	A	34

CASE 9734: Application of Devon Energy Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the ETZ State Unit Area comprising 640 acres, more or less, of State and Federal lands in portions of Sections 16 and 17, Township 17 South, Range 30 East. Said unit is located approximately 1 mile north of Loco Hills, New Mexico.

CASE 9735: Application of Devon Energy Corporation for waterflood expansion and to amend Division Order No. R-7926, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-7926, which approved the Texas American Oil Corporation Etz-Randel State Cooperative Waterflood Project in a portion of Section 16, Township 17 South, Range 30 East, Grayburg Jackson Pool, by including the N/2 NE/4 and SE/4 NE/4 of Section 17 whereby the project area would conform to its proposed ETZ State Unit Area. Applicant also requests that said waterflood project be redesignated the ETZ State Unit Waterflood Project and that it be named as the designated operator.

Further, the applicant requests approval to convert and utilize the ETZ "J" State Well No. 22 located 990 feet from the South line and 2310 feet from the East line (Unit O) of Section 16 and the Collier Federal Well No. 1 located 660 feet from the North and East lines (Unit A) of Section 17 into water injection wells and a proposed maximum surface injection pressure of 1600 psi for each well. Said area is located approximately 1 mile north of Loco Hills, New Mexico.

CASE 9736: Application of Wallen Production Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to institute a waterflood project on its Wallen Tonto Lease underlying the SW/4, N/2 SE/4, and the SE/4 SE/4 of Section 30, Township 19 South, Range 33 East, by the injection of water into the South Tonto Yates-Seven Rivers Pool through the open hole interval from approximately 2,900 feet to 3,113 feet in the Wallen Tonto Well No. 7 located 1650 feet from the South line and 990 feet from the East line (Unit I) of said Section 30. Said well is located approximately 4 miles north of Laguna Gatuna.

CASE 9737: Application of Phillips Petroleum Company to amend Division Order No. R-3668-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-3668-A, dated June 15, 1989, by changing the locations of the previously authorized Philmex Well No. 38, to be utilized as an injection well, to be drilled 1307 feet from the South line and 1245 feet from the West line (Unit M) and the Philmex Wells Nos. 39 and 40 (both to be utilized as observation wells) at the following respective locations 1478 feet from the South line and 1175 feet from the West line (Unit L) and 1682 feet from the South line and 1090 feet from the West line (Unit L), all locations are in Section 26, Township 17 South, Range 33 East. In addition, the applicant seeks to include the San Andres formation into its previously approved Maljamar Philmex Carbon Dioxide Injection Pilot Project. Said area is located approximately 7.5 miles west of Buckeye, New Mexico.

CASE 9708: (Continued and Readvertised.)

Application of Phillips Petroleum Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Cruces Lease underlying the S/2 of Section 26, Township 20 South, Range 34 East, by the injection of water into the Yates formation of the Lynch Yates-Seven Rivers Pool thru the perforated interval from approximately 3509 feet to 3629 feet in the Cruces Well No. 3 located 330 feet from the South line and 1655 feet from the West line (Unit N) of said Section 26. This well is located approximately 4.5 miles south of Mile Post No. 77 on U.S. Highway 62/180.

CASE 9738: Application of Kelt Oil and Gas, Inc. for statutory unitization, Chaves 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 designated and Undesignated Cato-San Andres Pool underlying 15,321.83 acres, more or less, of State, Federal, and Fee lands in Townships 8 and 9 South, Range 30 East. Said unit is to be designated the Cato Unit. Among the matters to be considered at the hearing will be the necessity of unit operation; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of the production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any nonconsenting 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 11 miles south-southeast of Boaz, New Mexico.

Dockets Nos. 23-89 and 24-89 are tentatively set for August 9 and August 23, 1989. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 26, 1989**

**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, or Victor T. Lyon, Alternate Examiners:

**CASE 9689:** (Continued from July 12, 1989, Examiner Hearing.)

Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the East Four Lakes State Unit Area comprising 12,178.27 acres, more or less, of State lands in portions of Townships 11 and 12 South, Ranges 34 and 35 East. Said unit area is located approximately 10 miles northwest of Tatum, New Mexico.

**CASE 9698:** (Continued from July 12, 1989, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location for its Dragonfly State Unit Well No. 2 located 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 31, Township 9 South, Range 27 East, Undesignated Poor Ranch-PrePermian Gas Pool, Lots 3 and 4, the E/2 SW/4, and the SE/4 (S/2 equivalent) of said Section 31 to be dedicated to said well forming a standard 319.16-acre gas spacing and proration unit for said pool. Said well is approximately 4.5 miles north of Mile Post 172.5 on U. S. Highway 380.

**CASE 9700:** (Continued from July 12, 1989, 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 Morrow formation underlying Lots 1, 2, 3, and 4 and the S/2 N/2 (N/2 equivalent) of Section 2, Township 20 South, Range 24 East, forming a standard 319.04-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing (which presently includes but is not necessarily limited to the Undesignated Dagger Draw-Strawn Gas Pool, Undesignated Dagger Draw-Atoka Gas Pool, Undesignated North Cemetery-Atoka Gas Pool, Undesignated Cemetery-Morrow Gas Pool, and the Undesignated Hoag Tank-Morrow Gas Pool) and Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) of said Section 2 to form a standard 159.64-acre spacing and proration unit for all formations and/or pools developed on 160-acre spacing (which presently includes but is not necessarily limited to the Undesignated Dagger Draw-Wolfcamp Gas Pool and the Undesignated North Dagger Draw-Upper Pennsylvanian Pool). Both aforementioned units are to be dedicated to a well to be drilled at a standard location 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 2. Also to be considered will be the cost of drilling and completing said well and the allocation of 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 well location is approximately 8 miles west by north of Seven Rivers, New Mexico.

**CASE 9175:** (Reopened)

In the matter of Case 9175 being reopened pursuant to the provisions of Division Order No. R-8476, which promulgated temporary special rules and regulations for the North Hume-Wolfcamp Pool, Lea County, New Mexico, including a provision for 80-acre spacing units. Operators in the subject pool may appear and show cause why the temporary special pool rules for the North Hume-Wolfcamp Pool should not be developed on 40-acre spacing units.

**CASE 9354:** (Reopened)

In the matter of Case 9354 being reopened pursuant to the provisions of Division Order Nos. R-8476 and R-8476-A, which promulgated temporary special rules and regulations for the North Hume-Wolfcamp Pool, Lea County, New Mexico, including a provision for 160-acre spacing units. Operators in the subject pool may appear and show cause why the North Hume-Wolfcamp Pool should not be developed on less than 160-acre spacing.

**CASE 9663:** (Continued from July 12, 1989, Examiner Hearing.)

Application of The Petroleum Corporation of Delaware for downhole commingling, the amendment of Division Order No. R-7269, and the amendment of Division Administrative Order MSP-1290, Eddy County, New Mexico. Applicant, in the above-styled cause, and as operator of the Superior Federal Well No. 6 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 6, Township 20 South, Range 29 East, seeks to downhole commingle production from the Undesignated East Burton Flat-Atoka Gas Pool and the East Burton Flat-Morrow Gas Pool. Applicant also seeks to permit such commingled production to be produced through tubing and the production of gas from the East Burton Flat-Strawn Gas Pool through the casing-tubing annulus of said well and that Division Order No. R-7269 be amended accordingly. Applicant further seeks to amend Division Administrative Order No. MSP-1290, dated April 28, 1982; which authorized a 299.84-acre, more or less, gas spacing and proration unit for the East Burton Flat-Strawn

authorized a 299-84-acre, more or less, gas spacing and proration unit for the East Burton Flat-Strawn Gas Pool comprising Lots 6 and 7, the E/2 SW/4, and the SE/4 of said Section 6 for said well; to include both the Undesignated East Burton Plat-Atoka Gas Pool and the East Burton Plat-Morrow Gas Pool. Applicant also requests that any such order issued in this case be made effective retroactively to May 1987. Said well is located approximately 7.5 miles northwest of the junction of New Mexico Highway No. 31 North and U.S. Highway 62/180.

CASE 9702: Application of Santa Fe Exploration Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the South and West lines (Unit M) of Section 36, Township 17 South, Range 26 East, to test the Morrow formation, the S/2 of said Section 36 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit in the Undesignated Atoka-Pennsylvanian Gas Pool, Undesignated Red Lake-Pennsylvanian Gas Pool, or Undesignated Kennedy Farms-Morrow Gas Pool. Said well is approximately 6.25 miles southeast of Artesia, New Mexico.

CASE 9692: (Continued from July 12, 1989, Examiner Hearing.)

Application of Bettis, Boyle & Stovall for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 15, Township 24 South, Range 31 East, to test the Devonian formation, the W/2 of said Section 15 to be dedicated to said well. Said well is approximately 2.7 miles west-southwest of the Lea and Eddy County line on New Mexico State Highway 128.

CASE 9703: Application of Meridian Oil, Inc. for exemption from the New Mexico Natural Gas Pricing Act (NMPA). San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the exemption from the NMPA of certain infill wells in the Basin-Dakota and Blanco-Mesaverde Pools as provided in Section 62-7-5 NMSA, 1978. A list of wells for which exemptions are being sought may be obtained by contacting the Santa Fe office of the Oil Conservation Division.

CASE 9704: Application of Union Oil Company of California for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 1800 feet from the South line and 2060 feet from the West line (Unit K) of Section 20, Township 19 South, Range 33 East, for any and all formations and/or pools developed on 320-acre spacing from the surface to the base of the Morrow formation which includes but is not necessarily limited to the Undesignated Buffalo-Pennsylvanian Gas Pool and the Gem-Morrow Gas Pool, the W/2 of said Section 20 to be dedicated to said well. Said well location is approximately 5.25 miles north of Mile Post No. 70.5 on U.S. Highway 62/180.

CASE 9705: Application of Union Oil Company of California for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 460 feet from the North line and 1980 feet from the East line (Unit B) of Section 29, Township 19 South, Range 33 East, to test the Morrow formation, the N/2 of said Section 29 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for the Undesignated Gem-Morrow Gas Pool. Said well location is approximately 4.5 miles north of Mile Post No. 72 on U.S. Highway 62/180.

CASE 9706: Application of Bahlburg Exploration for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 900 feet from the South line and 50 feet from the West line (Unit M) of Section 25, Township 13 South, Range 37 East, Undesignated King-Devonian Pool, the SW/4 SW/4 of said Section 25 to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said well location is approximately 11.5 miles southeast by east of Tatum, New Mexico.

CASE 9707: Application of Meridian Oil, Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its Heizer Well No. 100 to be drilled 1430 feet from the North line and 2250 feet from the East line (Unit G) of Section 15, Township 32 North, Range 10 West, Basin-Fruitland Coal (Gas) Pool, Lots 1, 2, 3, and 4 and the W/2 E/2 (E/2 equivalent) of said Section 15 to be dedicated to said well forming a standard 311.43-acre gas spacing and proration unit for said pool. Said location is approximately 1 mile south of the Colorado/New Mexico Stateline on U.S. Highway 550.

CASE 9708: Application of Phillips Petroleum Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water into the Yates formation in the perforated interval from approximately 3,509 feet to 3,629 feet in its Cruces Well No. 3 located 330 feet from the South line and 1655 feet from the West line (Unit N) of Section 26, Township 20 South, Range 34 East, Lynch Yates-Seven Rivers Pool. Said well is located approximately 4.5 miles south of Mile Post No. 77 on U.S. Highway 62/180.

CASE 9709: Application of Pacific Enterprises Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying Lots 1 thru 5, the SE/4 NW/4, and the S/2 NE/4 (N/2 equivalent) of Section 6, Township 20 South, Range 34 East, forming a 322.03-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing (which presently includes but is not necessarily limited to the Undesignated Quail Ridge-Morrow Gas Pool and the Undesignated Teas-Pennsylvanian Gas Pool). Applicant also seeks an order pooling all mineral interests