

Dockets Nos. 14-88 and 15-88 are tentatively set for May 11 and May 25, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 27, 1988

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 9356: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider amending the "Special Rules For Applications For Wellhead Price Ceiling Category Determinations," pursuant to the Natural Gas Policy Act of 1978 (NGPA), as promulgated by Division Order No. R-5878-B, as amended, by revising Forms C-132 and C-132-A to reflect the Department name change.

CASE 9357: Application of El Ran, Inc. for a unit agreement, Chaves and Roosevelt Counties, New Mexico. Applicant, in the above-styled cause, seeks approval of the Chaveroo San Andres Unit Area comprising 1,120 acres, more or less, of Federal and Fee lands underlying all or portions of Sections 34 and 35, Township 7 South, Range 32 East, and Sections 3 and 10, Township 8 South, Range 32 East. This area is located on the Chaves and Roosevelt County line and 20 miles south of Elida, New Mexico.

CASE 9358: Application of El Ran, Inc. for the reclassification of a pressure maintenance project to a waterflood project and for waterflood expansion, Chaves and Roosevelt Counties, New Mexico. Applicant, in the above-styled cause, seeks to reclassify the El Ran Chaveroo Pressure Maintenance Project (Division Order No. R-7044) to a waterflood project and to expand said project to include the area underlying the proposed Chaveroo San Andres Unit Area comprising all or portions of Sections 34 and 35, Township 7 South, Range 32 East, and Sections 3 and 10, Township 8 South, Range 32 East. Applicant also seeks to expand said project by including 13 additional injection wells into the San Andres formation. Said area is located on the Chaves and Roosevelt County line and 20 miles south of Elida, New Mexico.

CASE 9318: (Continued from April 13, 1988, Examiner Hearing)

Application of Yates Drilling Company for a secondary recovery project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a secondary recovery project by the injection of water into the Queen formation in its proposed Cactus Queen Unit Area (Division Case No. 9319) underlying portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East, Southeast Chaves Queen Gas Area Associated Pool, (which is an area that straddles State Highway No. 172 between Milepost Nos. 26.5 and 27.5).

CASE 9319: (Continued from April 13, 1988, Examiner Hearing)

Application of Yates Drilling Company 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 Southeast Chaves Queen Gas Area Associated Pool underlying 560 acres, more or less, of State, Federal, and Fee lands in portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East. Said area straddles State Highway No. 172 between Milepost Nos. 26.5 and 27.5. Said unit is to be designated the Cactus Queen 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 the 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 the credits and charges to be made among the various owners in the unit area for their investment in well 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.

CASE 9359: Application of Dugan Production Corporation for a non-standard oil proration unit, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the Special Rules and Regulations for the Rio Puerco-Mancos Oil Pool as promulgated by Division Order No. R-7471, as amended, to form a 160-acre non-standard oil spacing and proration unit for said pool comprising the NW/4 of Section 25, Township 21 North, Range 4 West, to be dedicated to the existing Husky Federal Well No. 2 located at a standard location 990 feet from the North and West lines (Unit D) of said Section 25. Said well is located approximately 3.25 miles south of Milepost 75 on New Mexico Highway No. 44.

CASE 9360: Application of Pennzoil 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 base of the Morrow formation underlying the E/2 of Section 33, Township 19 South, Range 34 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located on U.S. Highway 62/180 at N.M. Milepost No. 79.

CASE 9361: Application of Primary Fuels, 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 San Andres formation underlying the SE/4 SW/4 of Section 31, Township 18 South, Range 39 East, forming a standard statewide 40-acre oil spacing and proration 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 unit is approximately 2.25 miles east of the intersection of Marland Blvd. and Dal Paso St. in Hobbs, New Mexico.

CASE 9325: (Continued from March 30, 1988, Examiner Hearing)

Application of Enron Oil & Gas Company for amendment of special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend the special pool rules promulgated by Division Order No. R-3161 for the Cinta Roja Morrow Gas Pool in Township 24 South, Range 35 East, to include a provision for 320-acre infill drilling and appropriate findings relative thereto. Said pool is located approximately 6 miles south-southeast of the San Simon Sink.

CASE 9350: (Continued from April 13, 1988, Examiner Hearing)

Application of Amerind Oil Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non-standard oil proration unit for production from the Strawn and Atoka formations comprising the SE/4 NE/4 and NE/4 SE/4 of Section 2, Township 17 South, Range 37 East, Undesignated Shipp-Strawn Pool, Undesignated Humble City-Strawn Pool, and Undesignated Humble City-Atoka Pool, said unit to be dedicated to a well to be drilled at a standard oil well location thereon. Said unit is located approximately 4.5 miles north of Humble City, New Mexico.

CASE 9362: Application of Meridian Oil Inc. for the extension of the vertical limits of the Cedar Hill-Fruitland Basal Coal Pool and the concomitant contraction of the Mount Nebo-Fruitland Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the vertical limits of the Cedar Hill-Fruitland Basal Coal Pool to include any and all coal zones of the Fruitland formation, from approximately 2,579 feet to 2,878 feet, in Sections 3 through 6, Township 31 North, Range 10 West, and Sections 19 through 22 and 27 through 34, Township 32 North, Range 10 West. Applicant also seeks the concomitant contraction of said zones from the Mount Nebo-Fruitland Pool. Said area consists of 16 square miles in the form of a square centered approximately 5.5 miles east by north of Cedar Hill, New Mexico.

CASE 9363: Application of Anadarko Petroleum Corporation for the amendment of the special rules and regulations for the Foster-San Andres Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the amendment of the Special Rules and Regulations of the Foster-San Andres Pool as promulgated by Division Order No. R-8113, as amended, to increase the gas-oil ratio limitation to 20,000 cubic feet of gas to one barrel of oil, retroactive to March 1, 1988. Said pool is in an area located approximately 3 miles east of the intersection of Marland Blvd. and Dal Paso St. in Hobbs, New Mexico.

CASE 9364: Application of Anadarko Petroleum Corporation for the amendment of Division Order No. R-7773, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-7773 to increase the surface injection limitation pressure for ten certain injection wells in its Ballard GSA Unit Waterflood Project to 450 psi above the formation parting pressure as determined from step-rate tests for said ten injection wells in the Grayburg formation of the Loco Hills Pool within the project area consisting of a portion of Sections 4, 6, 7, 17, and all of Sections 5 and 8, Township 18 South, Range 29 East. Said project area is located approximately 8 miles west-southwest of Loco Hills, New Mexico.

CASE 9365: Application of Hanley Petroleum Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 990 feet from the South line and 330 feet from the West line (Unit M) of Section 10, Township 17 South, Range 37 East, Undesignated Shipp-Strawn Pool or Undesignated Humble City-Strawn Pool, the W/2 SW/4 of said Section 10 to be dedicated to the well forming a standard 80-acre oil spacing and proration unit for either pool. Said location is approximately 3.8 miles Northwest by North of Humble City, New Mexico.

CASE 9366: Application of Exxon Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 990 feet from the South line and 330 feet from the East line (Unit P) of Section 9, Township 17 South, Range 37 East, Undesignated Shipp-Strawn Pool, the E/2 SE/4 of said Section 9 to be dedicated to the well forming a standard 80-acre oil spacing and proration unit for said pool. Said location is approximately 3.8 miles Northwest by North of Humble City, New Mexico.

CASE 9367: Application of Marsh Operating Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North line and 990 feet from the East line (Unit A) of Section 34, Township 16 South, Range 34 East, to test the Undesignated South Kemnitz Atoka-Morrow Gas Pool, the N/2 of said Section 34 to be dedicated to the well. Said well is located approximately 5.5 miles North-Northwest of Buckeye, New Mexico.

CASE 9272: (Continued from April 13, 1988, Examiner Hearing)

In the matter of Case No. 9272 being reopened upon application of ARCO Oil and Gas Company to reconsider the provisions of Division Order No. R-8579, issued in said Case No. 9272, which granted the application of Mitchell Energy Corporation to compulsorily pool all mineral interests below the top of the Wolfcamp formation underlying the following described acreage in Section 3, Township 15 South, Range 35 East, Lea County, New Mexico, and in the following described manner:

Lots 1 through 4 and S/2 N/2 to form a non-standard 324.7-acre, more or less, gas spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 320-acre spacing;

Lots 3 and 4 to form a non-standard 82.8-acre, more or less, oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 80-acre spacing;

Lot 3 to form a non-standard 41.3-acre, more or less, oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 40-acre spacing.

All of the above described units were to be dedicated to a single well to be drilled at a location (either standard or non-standard, depending on the appropriate spacing rules applicable to this well's completion horizon[s] 660 feet from the North line and 1830 feet from the West line (Unit C) of said Section 3. Said order also considered 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 location is approximately 5 miles west-southwest of Hillburn City, New Mexico.

CASE 9342: (Continued from March 30, 1988, Examiner Hearing)

Application of the Petroleum Corporation of Delaware for simultaneous dedication and to amend Division Administrative Order No. NSP-1290, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Administrative Order No. NSP-1290, dated April 28, 1982, which Order authorized a 299.84, more or less, non-standard gas spacing and proration unit for the East Burton Flat-Morrow Gas Pool comprising Lots 6 and 7, the E/2 SW/4, and the SE/4 of Section 6, Township 20 South, Range 29 East, to include the East Burton Flat-Strawn Gas Pool. Applicant further seeks authorization to simultaneously dedicate the production from both pools within said non-standard gas proration units to the existing dually completed Superior Federal Well No. 6 located 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 6 and to the proposed Superior Federal Well No. 7 to be drilled at a standard location within the SE/4 of said Section 6. Said unit is located approximately 7.5 miles northwest of the junction of New Mexico Highway No. 31 North and U.S. 62/180.

CASE 9353: (Continued from April 13, 1988, Examiner Hearing)

Application of Read & Stevens, Inc. 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 and East lines (Unit A) of Section 19, Township 19 South, Range 29 East, Undesignated Turkey Track-Morrow Gas Pool or Undesignated West Parkway-Morrow Gas Pool, the E/2 of said Section 19 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for either pool. Said location is approximately 7.5 miles southeast by east of the old Illinois Camp.

CASE 9354: (Readvertised)

Application of Santa Fe Energy Operating Partners, L.P. for the expansion of the North Hume-Wolfcamp Pool and the amendment of Division Order No. R-8476, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-8476, which promulgated 80-acre spacing in the North Hume-Wolfcamp Pool comprising portions of Townships 15 and 16 South, Ranges 33 and 34 East, to provide for 160-acre spacing and proration units. Applicant further seeks the extension of said North Hume-Wolfcamp Pool to include the SE/4 of Section 35, Township 15 South, Range 33 East, and the SE/4 and Lots 9, 10, 15, and 16 of Section 5, Township 16 South, Range 34 East. This area is located approximately 3 miles northwest of the junction of U.S. Highway 82 and New Mexico Highway 457.

Dockets Nos. 13-88 and 14-88 are tentatively set for April 27 and May 11, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 13, 1988

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:

ALLOWABLE: (1) Consideration of the allowable production of gas for May, 1988, from fourteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for May, 1988, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9318: (Continued from March 30, 1988, Examiner Hearing)

Application of Yates Drilling Company for a secondary recovery project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a secondary recovery project by the injection of water into the Queen formation in its proposed Cactus Queen Unit Area (Division Case No. 9319) underlying portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East, Southeast Chaves Queen Gas Area Associated Pool, (which is an area that straddles State Highway No. 172 between Milepost Nos. 26.5 and 27.5).

CASE 9319: (Continued from March 30, 1988, Examiner Hearing)

Application of Yates Drilling Company 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 Southeast Chaves Queen Gas Area Associated Pool underlying 560 acres, more or less, of State, Federal, and Fee lands in portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East. Said area straddles State Highway No. 172 between Milepost Nos. 26.5 and 27.5. Said unit is to be designated the Cactus Queen 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 the 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 the credits and charges to be made among the various owners in the unit area for their investment in well 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.

CASE 9352: Application of Nearburg Producing 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 1980 feet from the North line and 330 feet from the West line (Unit E) of Section 11, Township 20 South, Range 25 East, Undesignated Cemetery-Morrow Gas Pool, the W/2 of said Section 11 to be dedicated to the well. Said location is approximately 2.4 miles west by south of Seven Rivers, New Mexico.

CASE 9350: (Continued from March 30, 1988, Examiner Hearing)

Application of Amerind Oil Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non-standard oil proration unit for production from the Strawn and Atoka formations comprising the SE/4 NE/4 and NE/4 SE/4 of Section 2, Township 17 South, Range 37 East, Undesignated Shipp-Strawn Pool, Undesignated Humble City-Strawn Pool, and Undesignated Humble City-Atoka Pool, said unit to be dedicated to a well to be drilled at a standard oil well location thereon. Said unit is located approximately 4.5 miles north of Humble City, New Mexico.

CASE 9117: (Reopened)

In the matter of Case 9117 being reopened pursuant to the provisions of Division Order No. R-8443, which order promulgated temporary special rules and regulations for the Bell Lake-Cherry Canyon Pool in Lea County, New Mexico, including a provision for 80-acre spacing units. Operators in the subject pool may appear and show cause why the Bell Lake-Cherry Canyon Pool should not be developed on 40-acre spacing units. The center of said pool is located on the Delaware Basin Road approximately 3.25 miles north of New Mexico Highway 128.

CASE 9335: (Continued from March 30, 1988, Examiner Hearing)

Application of Sun Exploration and Production 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 either the base of the Morrow formation or to a depth of 13,700 feet, whichever is deeper, underlying the N/2 of Section 33, Township 19 South, Range 34 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. The southeast corner of said unit is located on U.S. Highway 62/180 at N.M. Milepost No. 79.

CASE 9353: Application of Read & Stevens, Inc. 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 and East lines (Unit A) of Section 19, Township 19 South, Range 29 East, Undesignated Turkey Track-Morrow Gas Pool or Undesignated West Parkway-Morrow Gas Pool, the E/2 of said Section 19 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for either pool. Said location is approximately 7.5 miles southeast by east of the old Illinois Camp.

CASE 9354: Application of Santa Fe Energy Operating Partners, L.P. for the expansion of the North Hume-Wolfcamp Pool and the amendment of Division Order No. R-8476, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-8476, which promulgated 80-acre spacing in the North Hume-Wolfcamp Pool comprising portions of Townships 15 and 16 South, Ranges 33 and 34 East, to provide for 160-acre spacing and proration units. Applicant further seeks the extension of said North Hume-Wolfcamp Pool to include the SE/4 of Section 35, Township 15 South, Range 33 East, and the SE/4 and Lots 9, 10, 15, and 16 of Section 5, Township 16 South, Range 34 East. This area is located approximately 3 miles northwest of the junction of U.S. Highway 82 and New Mexico Highway 457.

CASE 9272: (Continued from March 30, 1988, Examiner Hearing)

In the matter of Case No. 9272 being reopened upon application of ARCO Oil and Gas Company to reconsider the provisions of Division Order No. R-8579, issued in said Case No. 9272, which granted the application of Mitchell Energy Corporation to compulsorily pool all mineral interests below the top of the Wolfcamp formation underlying the following described acreage in Section 3, Township 15 South, Range 35 East, Lea County, New Mexico, and in the following described manner:

Lots 1 through 4 and S/2 N/2 to form a non-standard 324.7-acre, more or less, gas spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 320-acre spacing;

Lots 3 and 4 to form a non-standard 82.8-acre, more or less, oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 80-acre spacing;

Lot 3 to form a non-standard 41.3-acre, more or less, oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 40-acre spacing.

All of the above described units were to be dedicated to a single well to be drilled at a location (either standard or non-standard, depending on the appropriate spacing rules applicable to this well's completion horizon[s]) 660 feet from the North line and 1830 feet from the West line (Unit C) of said Section 3. Said order also considered 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 location is approximately 5 miles west-southwest of Hillburn City, New Mexico.

CASE 9331: (Readvertised)

Application of Phillips Petroleum Company for a non-standard gas proration unit and unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 22, Township 17 South, Range 35 East, to test the South Shoe Bar-Atoka Gas Pool and the Morrow formation, said well to be dedicated either to a 160-acre non-standard gas proration and spacing unit consisting of the N/2 SW/4 and W/2 NW/4 of said Section 22, or in the alternative, to an 80-acre non-standard gas proration and spacing unit consisting of the W/2 NW/4 of said Section 22. Said location is approximately 3.5 miles northeast by east of Buckeye, New Mexico.

DOCKET: COMMISSION HEARING - THURSDAY - APRIL 21, 19889:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICOCASE 9337: (Continued from March 30, 1988, Examiner Hearing)

Application of Mobil Producing Texas & New Mexico, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the South Vacuum-Devonian Pool in the open hole interval from approximately 11,950 feet to 13,708 feet in its State Section "27" Well No. 2 located 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 27, Township 18 South, Range 35 East. Said well is approximately 2 miles south-southeast of the junction of New Mexico State Highways Nos. 8 and 529.

CASE 9355: Application of Jack J. Grynberg to amend Commission Order No. R-6873, as amended, for simultaneous dedication and for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Commission Order No. R-6873, as amended, to: (1) allow for the drilling of a second well in the Poor Ranch-PrePermian Gas Pool to be drilled at an unorthodox gas well location 660 feet from the South and West lines (Unit M) of Section 18, Township 9 South, Range 27 East, on an established 320-acre, more or less, gas spacing and proration unit comprising the W/2 of said Section 18, which is presently dedicated to the Harvey E. Yates Company Seymour State Com Well No. 1 located at a standard gas well location in the SW/4 NW/4 (Unit E) of said Section 18; (2) declare the applicant to be the operator of the second well or, in the alternative, to be named the operator of said unit; and (3) establish a risk factor and overhead charges for the new well. Said unit is located approximately 8.75 miles south-southwest of Campbell's Switch.

SUPPLEMENT TO DOCKET NO. 11-88
EXAMINER HEARING - WEDNESDAY - APRIL 13, 1988

CASE 9346: (Continued from March 30, 1988, Examiner Hearing)

Application of Read & Stevens, Inc. for termination of gas prorationing, cancellation of over-production, and emergency relief from shut-in requirements, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order terminating gas prorationing and for cancellation of overproduction in the Buffalo Valley-Pennsylvanian Gas Pool located in portions of Townships 14 and 15 South, Ranges 27 and 28 East. Applicant further requests emergency relief from shut-in requirements due to overproduction for its Harris Federal Wells Nos. 8 and 9 located in Unit F of Sections 26 and 23, respectively, of Township 15 South, Range 27 East, and for any additional relief as the Division may deem necessary in this matter. Both wells are located in an area approximately 10.5 miles southeast by south of Hagerman, New Mexico.

Dockets Nos. 11-88 and 12-88 are tentatively set for April 13 and April 27, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 30, 1988

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 9351: Application of TXO Production Corporation for an amendment to Division Order No. R-8570, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8570, dated December 22, 1987, which order authorized the applicant to pool all mineral interests in the Shipp-Strawn Pool underlying Lot 1 and the SE/4 NE/4 of Section 4, Township 17 South, Range 37 East, thereby forming a standard 80.95-acre oil spacing and proration unit to be dedicated to the existing Mesa Petroleum Company Hightower Well No. 1 to be re-entered, directionally drilled, and deepened to a standard subsurface location in said unit, by including a provision in the Order to allow the drilling of a new well at a standard location in said unit if re-entry into the Hightower Well No. 1 is found to be impractical. Said acreage is located approximately 8 miles southeast of Lovington, New Mexico. IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVERTISEMENT.

CASE 9318: (Continued from March 16, 1988, Examiner Hearing)

Application of Yates Drilling Company for a secondary recovery project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a secondary recovery project by the injection of water into the Queen formation in its proposed Cactus Queen Unit Area (Division Case No. 9319) underlying portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East, Southeast Chaves Queen Gas Area Associated Pool, (which is an area that straddles State Highway No. 172 between Milepost Nos. 26.5 and 27.5).

CASE 9319: (Continued from March 16, 1988, Examiner Hearing)

Application of Yates Drilling Company 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 Southeast Chaves Queen Gas Area Associated Pool underlying 560 acres, more or less, of State, Federal, and Fee lands in portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East. Said area straddles State Highway No. 172 between Milepost Nos. 26.5 and 27.5. Said unit is to be designated the Cactus Queen 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 the 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 the credits and charges to be made among the various owners in the unit area for their investment in well 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.

CASE 9295: (Continued from March 16, 1988, Examiner Hearing)

Application of Hixon Development Company for a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the Special Rules and Regulations for the Gavilan-Mancos Oil Pool as promulgated by Division Order No. R-7407, as amended, to form a non-standard 320-acre oil spacing and proration unit comprising the E/2 of Section 26, Township 26 North, Range 2 West, to be dedicated to a well to be drilled at a standard oil well location thereon. Said unit is located approximately 4.5 miles east-northeast of the Ojito Post Office.

CASE 9306: (Reopened)

Application of New Mexico and Arizona Land Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the West Lindrith Gallup-Dakota Oil Pool underlying the SW/4 of Section 25, Township 25 North, Range 3 West, forming a standard 160-acre oil spacing and proration unit for said pool, 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 unit is approximately 5 miles northwest of Lindrith, New Mexico.

CASE 9335: Application of Sun Exploration and Production 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 either the base of the Morrow formation or to a depth of 13,700 feet, whichever is deeper, underlying the N/2 of Section 33, Township 19 South, Range 34 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. The southeast corner of said unit is located on U.S. Highway 62/180 at N.M. Milepost No. 79.

CASE 9326: (Continued from March 16, 1988, Examiner Hearing)

Application of Sun Exploration and Production Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying all of Section 26, Township 26 North, Range 2 West, to form a standard 640-acre oil spacing and proration unit in said pool. Said unit is to be dedicated to the Sun Exploration and Production Company Wildfire Well No. 1 located 900 feet from the South line and 1650 feet from the West line (Unit N) of said Section 26 which is presently completed in and producing from the Gavilan-Mancos Oil Pool. Also to be considered will be the method for cost allocation and participation thereof as well as actual operating costs and charges for supervision. Applicant further requests that Sun Exploration and Production Company remain as operator of the well and that the effective date of any order issued in the case be retroactive to June 8, 1987. Said well is located approximately 4.5 miles east-northeast of the Ojito Post Office.

CASE 9336: Application of Barbara Fasken for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to either the base of the Morrow formation or to a depth of 13,950 feet, whichever is deeper, underlying Lots 1 through 4 and the E/2 W/2 of Section 31, Township 19 South, Range 34 East, forming a non-standard 324.16-acre gas spacing and proration unit for any and all formations and/or pools within this vertical extent being developed on 320-acre spacing, to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately one mile North of N.M. Milepost 76 of U.S. Highway 62/180.

CASE 8949: (Reopened)

In the matter of Case 8949 being reopened pursuant to the provisions of Division Order No. R-8279, which order, in part, promulgated temporary special rules and regulations for the South Shoe Bar-Devonian Pool in Lea County, New Mexico, including a provision for 80-acre spacing units. Operators in the subject pool may appear and show cause why the South Shoe Bar-Devonian Pool should not be developed on 40-acre spacing units. Said pool is located approximately 6 miles Southwest by South of Lovington, New Mexico.

CASE 9337: Application of Mobil Producing Texas & New Mexico, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the South Vacuum-Devonian Pool in the open hole interval from approximately 11,950 feet to 13,708 feet in its State Section "27" Well No. 2 located 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 27, Township 18 South, Range 35 East. Said well is approximately 2 miles south-southeast of junction of New Mexico State Highways Nos. 8 and 529.

CASE 9338: Application of ARCO Oil and Gas Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle gas production from the Basin-Dakota Pool with oil production from the Undesignated Kutz-Gallup Oil Pool in the wellbore of its Schlosser "WN" Federal Well No. 2R, located 1835 feet from the South line and 1720 feet from the West line (Unit K) of Section 3, Township 27 North, Range 11 West. Said well is located approximately 7.5 miles south of Bloomfield, New Mexico.

CASE 9339: Application of ARCO Oil and Gas Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle gas production from the Basin-Dakota Pool with oil production from the Kutz-Gallup Oil Pool in the wellbore of its Schlosser "WN" Federal Well No. 1R, located 1850 feet from the North line and 790 feet from the West line (Unit E) of Section 10, Township 27 North, Range 11 West. Said well is located approximately 8.5 miles south of Bloomfield, New Mexico.

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- CASE 9340: Application of Union Oil Company of California d/b/a/ Unocal for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle production from the Gallup formation (Undesignated Largo-Gallup Gas Pool, Undesignated South Blanco-Tocito Oil Pool, or the undesignated Gallup formation) and Basin-Dakota Pool (prorated gas) underlying Sections 1 and 2, Township 26 North, Range 7 West. Said area is located approximately 2.5 miles north-northeast of the El Paso Natural Gas Company Largo Station.
- CASE 9341: Application of Enron Oil & Gas Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to re-enter the Amoco Production Company Teledyne 4 Gas Well No. 1 located at an unorthodox gas well location 660 feet from the South line and 330 feet from the East line (Unit P) of Section 4, Township 23 South, Range 29 East, to test the Undesignated Laguna Salado-Atoka Gas Pool, the S/2 of said Section 4 to be dedicated to the well. Said location is approximately 1.5 miles southeast of the junction of New Mexico Highways Nos. 31 and 128.
- CASE 9325: (Continued from March 2, 1988, Examiner Hearing)
- Application of Enron Oil & Gas Company for amendment of special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend the special pool rules promulgated by Division Order No. R-3161 for the Cinta Roja Morrow Gas Pool in Township 24 South, Range 35 East, to include a provision for 320-acre infill drilling and appropriate findings relative thereto. Said pool is located approximately 6 miles south-southeast of the San Simon Sink.
- CASE 9333: (Continued from March 16, 1988, Examiner Hearing)
- Application of Terra Resources, Inc. for compulsory pooling, unorthodox gas well location, and an exception to special pool rules, Chaves 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 N/2 of Section 22, Township 15 South, Range 27 East, Undesignated Buffalo Valley-Pennsylvanian Gas Pool, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing to be dedicated to a well to be drilled at an unorthodox gas well location 1650 feet from the North line and 660 feet from the East line (Unit H) of said Section 22. Applicant further seeks exception to the special rules for the Buffalo Valley-Pennsylvanian Gas Pool for the completion of its well in the NE/4 of Section 22 at said unorthodox location. 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 the risk involved in drilling said well. Said location is approximately 10 miles Southeast of Hagerman, New Mexico.
- CASE 9350: Application of Amerind Oil Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non-standard oil proration unit for production from the Strawn and Atoka formations comprising the SE/4 NE/4 and NE/4 SE/4 of Section 2, Township 17 South, Range 37 East, Undesignated Shipp-Strawn Pool, Undesignated Humble City-Strawn Pool, and Undesignated Humble City-Atoka Pool, said unit to be dedicated to a well to be drilled at a standard oil well location thereon. Said unit is located approximately 4.5 miles north of Humble City, New Mexico.
- CASE 9342: Application of the Petroleum Corporation of Delaware for simultaneous dedication and to amend Division Administrative Order No. NSP-1290, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Administrative Order No. NSP-1290, dated April 28, 1982, which Order authorized a 299.84, more or less, non-standard gas spacing and proration unit for the East Burton Flat-Morrow Gas Pool comprising Lots 6 and 7, the E/2 SW/4, and the SE/4 of Section 6, Township 20 South, Range 29 East, to include the East Burton Flat-Strawn Gas Pool. Applicant further seeks authorization to simultaneously dedicate the production from both pools within said non-standard gas proration units to the existing dually completed Superior Federal Well. No. 6 located 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 6 and to the proposed Superior Federal Well No. 7 to be drilled at a standard location within the SE/4 of said Section 6. Said unit is located approximately 7.5 miles northwest of the junction of New Mexico Highway No. 31 North and U.S. 62/180.

CASE 9343: Application of Mesa Grande Resources, Inc. for compulsory pooling and a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the W/2 of Section 15, Township 25 North, Range 2 West, forming a standard 320-acre oil spacing and proration unit for the Undesignated Gavilan Greenhorn-Graneros-Dakota Oil Pool. Applicant further seeks an order pooling all mineral interests in the Gallup formation underlying the aforementioned acreage, thereby forming a non-standard 320-acre oil spacing and proration unit for the Gavilan-Mancos Oil Pool. Both units are to be dedicated to a single well to be drilled at a location which satisfies the standard location requirements for both pools. 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 6.25 miles north of Lindrith, New Mexico.

CASE 9344: Application of Nanco, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Pictured Cliffs Pool underlying the SW/4 of Section 15, Township 25 North, Range 2 West, forming a standard 160-acre gas spacing and proration unit, to be dedicated to its Locer Well No. 2 located at a standard gas well location for said pool, 1725 feet from the South line and 1799 feet from the West line (Unit K) of said Section 15. 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 well is located approximately 6 miles north of Lindrith, New Mexico.

CASE 9345: Application Nanco, Inc. for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Pictured Cliffs Pool underlying the NW/4 of Section 15, Township 25 North, Range 2 West, forming a standard 160-acre gas spacing and proration unit, to be dedicated to its Locer Well No. 1 located at a standard gas well location 933 feet from the North line and 1676 feet from the West line (Unit C) of said Section 15. 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 well is located approximately 6.5 miles of Lindrith, New Mexico.

CASE 9346: Application of Read & Stevens, Inc. for termination of gas prorationing cancellation of overproduction, and emergency relief from shut-in requirements, BuffaloValley-Pennsylvanian Gas Pool, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order terminating gas prorationing and for cancellation of overproduction in the Buffalo Valley-Pennsylvanian Gas Pool located in portions of Townships 14 and 15 South, Ranges 27 and 28 East. Applicant further requests emergency relief from shut-in requirements due to overproduction for its Harris Federal Wells Nos. 8 and 9 located in Unit F of Sections 26 and 23, respectively, of Township 15 South, Range 27 East, and for any additional relief as the Division may deem necessary in this matter. Both wells are located in an area approximately 10.5 miles southeast by south of Hagerman, New Mexico.

CASE 9272: (Continued from March 16, 1988, Examiner Hearing)

In the matter of Case No. 9272 being reopened upon application of Arco Oil and Gas Company to reconsider the provisions of Division Order No. R-8579, issued in said Case No. 9272, which granted the application of Mitchell Energy Corporation to compulsorily pool all mineral interests below the top of the Wolfcamp formation underlying the following described acreage in Section 3, Township 15 South, Range 35 East, Lea County, New Mexico, and in the following described manner:

Lots 1 through 4 and S/2 N/2 to form a non-standard 324.7-acre, more or less, gas spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 320-acre spacing;

Lots 3 and 4 to form a non-standard 82.8-acre, more or less, oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 80-acre spacing;

Lot 3 to form a non-standard 41.3-acre, more or less, oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 40-acre spacing.

All of the above described units were to be dedicated to a single well to be drilled at a location (either standard or non-standard, depending on the appropriate spacing rules applicable to this well's completion horizon[s]) 660 feet from the North line and 1830 feet from the West line (Unit C) of said Section 3. Said order also considered 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 location is approximately 5 miles west-southwest of Hillburn City, New Mexico.

CASE 9347: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, abolishing, and extending the vertical and horizontal limits of certain pools in Lea and Roosevelt Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Tubb production and designated as the Cline-Tubb Pool. The discovery well is the JG 20 Properties Inc. Lineberry Well No. 2 located in Unit J of Section 11, Township 23 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 11: SE/4

(b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the West Red Hills-Morrow Gas Pool. The discovery well is the Enron Oil & Gas Company Brinninstool 21 Federal Well No. 1 located in Unit O of Section 21, Township 25 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 33 EAST, NMPM
Section 21: S/2

(c) ABOLISH the Hardy-Tubb Pool in Lea County, New Mexico, and extend abolished area to the Hardy Tubb-Drinkard Pool.

(d) EXTEND the vertical limits of the Hardy-Drinkard Pool in Lea County, New Mexico, to include the Tubb formation, redesignate said pool as the Hardy Tubb-Drinkard Pool, and extend horizontal limits of said pool to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 2: Lots 3, 4, 5, 6, 11, 12, 13, and 14
Section 3: Lots 1, 2, 7, 8, and SW/4
Section 11: NW/4

(e) EXTEND the North Bluit Siluro-Devonian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 37 EAST, NMPM
Section 27: N/2 NW/4
Section 28: NE/4

(f) EXTEND the Cass-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 15: W/2

(g) EXTEND the Double X-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 32 EAST, NMPM
Section 11: SW/4

(h) EXTEND the Jennings-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 32 EAST, NMPM
Section 4: NW/4

(i) EXTEND the South Kemnitz-Cisco Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 26: NE/4

- (j) EXTEND the Quail Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 36: E/2

- (k) EXTEND the Querecho Plains-Lower Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 25: SW/4
Section 26: SE/4
Section 36: NW/4

- (l) EXTEND the Shipp-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 2: N/2
Section 3: SW/4

- (m) EXTEND the Shugart Yates-Seven Rivers-Queen Grayburg Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 19: W/2

- (n) EXTEND the Skaggs-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 8: SW/4
Section 17: NW/4

- (o) EXTEND the Tule-Montoya Gas Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 2 SOUTH, RANGE 29 EAST, NMPM
Section 22: S/2

- (p) EXTEND the Tule-Pennsylvanian Gas Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 2 SOUTH, RANGE 29 EAST, NMPM
Section 22: S/2

- (q) EXTEND the Northeast Vacuum-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
Section 33: NW/4

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

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 1: SE/4
Section 9: SE/4
Section 17: NW/4

CASE 9348: 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 Chaves and Eddy Counties, New Mexico:

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Cedar Hills - Bone Spring Pool. The discovery well is the Manzano Oil Corporation Radke Fed. Well No. 1 located in Unit B of Section 8, Township 21 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 8: NE/4

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Crooked Creek-Wolfcamp Gas Pool. The discovery well is the BTA Oil Prod. 8612 JV-P Rock Tank Well No. 1 located in Unit I of Section 35, Township 23 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM
Section 35: E/2

(c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the James Ranch-Bone Spring Pool. The discovery well is the Yates Petroleum Corp. Medano VA State Well No. 1 located in Unit K of Section 16, Township 23 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 16: SW/4

(d) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the South Parkway-Bone Spring Pool. The discovery well is the Conoco Inc. Tuesday A Fed. Well No. 1 located in Unit E of Section 3, Township 20 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 3: NW/4

(e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Ross Ranch-Wolfcamp Gas Pool. The discovery well is the Yates Petroleum Corp. Almost Texas Ut. Well No. 1 located in Unit N of Section 2, Township 26 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 31 EAST, NMPM
Section 2: S/2

(f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Rustler Bluff-Morrow Gas Pool. The discovery well is the Bettis, Boyle, & Stovall, Pickett Draw Fed. Well No. 1 located in Unit C of Section 9, Township 25, Range 29 East, NMPM. Said pool would comprise.

TOWNSHIP 25 SOUTH, RANGE 29, EAST, NMPM
Section 9: N/2

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

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 36: NE/4

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

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM
Section 28: NE/4
Section 25: NE/4

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

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM
Section 2: SW/4

(j) EXTEND the Foor Ranch-Preperman Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 27 EAST, NMPM
Section 7: E/2

(k) EXTEND the North Foor Ranch-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 27 EAST, NMPM
Section 32: S/2

- (l) EXTEND the Forty Niner Ridge-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM
Section 16: W/2

- (m) EXTEND the McMillan-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 7: N/2

- (n) EXTEND the Mosley Canyon-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 25 EAST, NMPM
Section 6: W/2

- (o) EXTEND the South, Pecos Slope-Abo Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM
Section 7: SW/4

- (p) EXTEND the West Pecos Slope-Abo Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 5 SOUTH, RANGE 22 EAST, NMPM
Section 32: SE/4

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

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM
Section 24: SE/4
Section 25: NE/4

- (r) EXTEND the West Sand Dunes-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 34: W/2

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

TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM
Section 1: W/2
Section 12: W/2

- (t) EXTEND the Tamano-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 11: SW/4

CASE 9349: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order contracting and extending certain pools in Rio Arriba, San Juan, and Sandoval Counties, New Mexico:

- (a) CONTRACT the Devil's Fork-Gallup Associated Pool in Rio Arriba County, New Mexico, as heretofore classified, defined and described, by the deletion of the following described area.

TOWNSHIP 25 NORTH, RANGE 7 WEST, NMPM
Section 23: S/2
Section 24: S/2

- (b) CONTRACT the Rio Puerco-Mancos Oil Pool in Sandoval County, New Mexico, as heretofore classified, defined and described, by the deletion of the following described area:

TOWNSHIP 21 NORTH, RANGE 4 WEST, NMPM
Section 25: NW/4
Section 26: N/2

- (c) EXTEND the Alamito-Gallup Oil Pool in Sandoval County, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM
Section 32: S/2 N/2

- (d) EXTEND the South Bisti-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM
Section 31: SE/4
Section 32: SW/4

- (e) EXTEND the Blanco-Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 11 WEST, NMPM
Section 22: S/2
Section 27: All

- (f) EXTEND the Blanco-Pictured Cliffs Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 31 NORTH, RANGE 9 WEST, NMPM
Section 19: NE/4
Section 20: W/2

- (g) EXTEND the Lybrook-Gallup Oil Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM
Section 2: W/2 NE/4, E/2 NW/4

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM
Section 31: S/2 SW/4, NE/4 SW/4, SW/4 SE/4

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM
Section 35: SE/4 NE/4

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM
Section 22: SW/4, SW/4 SE/4

- (h) EXTEND the Northeast Ojito Gallup-Dakota Oil Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 3 WEST, NMPM
Section 23: SW/4
Section 27: NE/4

- (i) EXTEND the Totah-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM
Section 32: E/2 NE/4

Dockets Nos. 10-88 and 11-88 are tentatively set for March 30 and April 13, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 16, 1988

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:

ALLOWABLE: 1. Consideration of the allowable production of gas for April, 1988, from fourteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

2. Consideration of the allowable production of gas for April, 1988, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9328: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Division Order No. R-3221, which prohibits disposal of water produced in conjunction with the production of oil or gas on the surface of the ground, or in any other place or manner which will constitute a hazard to fresh water supplies in the area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties, to adopt standardized procedures for hearing such applications.

CASE 9322: (Continued from March 2, 1988, Examiner Hearing)

Application of Metex Pipe and Supply for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its State "P" Well No. 3 to be drilled 100 feet from the North line and 1520 feet from the East line (Unit B) of Section 24, Township 21 South, Range 34 East, Wilson Yates-Seven Rivers Pool, the NW/4 NE/4 of said Section 24 to be dedicated to the well forming a standard 40-acre oil spacing and proration unit. Said location is approximately 1 mile south of NM 176 at Milepost 27.4

CASE 9308: (Continued from March 2, 1988, Examiner Hearing)

Application of Marshall Pipe and Supply Company for an unorthodox gas well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 990 feet from the South line and 660 feet from the West line (Unit M) of Section 23, Township 2 South, Range 29 East, to test all formations and/or pools developed on 320-acre spacing from the surface to the base of the Ordovician System, the S/2 of said Section 23 to be dedicated to the well. Said location is approximately 4.5 miles east-northeast from the point common to Roosevelt, Chaves, and De Baca Counties.

CASE 9309: (Continued from March 2, 1988, Examiner Hearing)

Application of Marshall Pipe and Supply Company for an unorthodox gas well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 330 feet from the North line and 1980 feet from the East line of Section 34, Township 2 South, Range 29 East, to test all formations and/or pools developed on 320-acre spacing from the surface to the base of the Ordovician System, the N/2 of said Section 34 to be dedicated to the well. Said location is approximately 3.5 miles east by north from the point common to Roosevelt, Chaves, and De Baca Counties.

CASE 9321: (Continued from March 2, 1988, Examiner Hearing)

Application of Marshall Pipe and Supply Company for compulsory pooling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Ordovician formation underlying the N/2 of Section 34, Township 2 South, Range 29 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing. Said well is to be drilled at a proposed unorthodox gas well location (to be considered in Case 9309) 330 feet from the North line and 1980 feet from the East line (Unit B) of said Section 34. 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 well location is approximately 3.5 miles east by north from the point common to Roosevelt, Chaves, and De Baca Counties.

CASE 9329: 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 660 feet from the North and East lines (Unit A) of Section 26, Township 9 South, Range 26 East, to test all formations and/or pools developed on 320-acre spacing from the base of the Abo formation to the base of the Montoya formation, the N/2 of said Section 26 to be dedicated to said well. Said location is approximately 7.75 miles Southeast by East of the Pecos River Bridge on U.S. Highway 70.

Examiner Hearing - Wednesday - March 16, 1988

CASE 9330: Application of Yates Petroleum Corporation 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 and West lines (Unit D) of Section 13, Township 20 South, Range 29 East, to test the Undesignated East Burton Flat-Strawn Gas Pool, the Undesignated Getty-Morrow Gas Pool, and the Cisco, Canyon, and Atoka formations, the W/2 of said Section 13 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said zones. Said location is approximately 3.5 miles North-Northwest of the junction of U.S. Highway 62/180 and State Highway 31.

CASE 9318: (Continued from March 2, 1988, Examiner Hearing)

Application of Yates Drilling Company for a secondary recovery project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a secondary recovery project by the injection of water into the Queen formation in its proposed Cactus Queen Unit Area (Division Case No. 9319) underlying portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East, Southeast Chaves Queen Gas Area Associated Pool, (which is an area that straddles State Highway No. 172 between Milepost Nos. 26.5 and 27.5).

CASE 9319: (Continued from March 2, 1988, Examiner Hearing)

Application of Yates Drilling Company 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 Southeast Chaves Queen Gas Area Associated Pool underlying 560 acres, more or less, of State, Federal, and Fee lands in portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East. Said area straddles State Highway No. 172 between Milepost Nos. 26.5 and 27.5. Said unit is to be designated the Cactus Queen 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 the 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 the credits and charges to be made among the various owners in the unit area for their investment in well 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.

CASE 9295: (Continued from February 17, 1988, Examiner Hearing)

Application of Hixon Development Company for a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the Special Rules and Regulations for the Gavilan-Nancos Oil Pool as promulgated by Division Order No. R-7407, as amended, to form a non-standard 320-acre oil spacing and proration unit comprising the E/2 of Section 26, Township 26 North, Range 2 West, to be dedicated to a well to be drilled at a standard oil well location thereon. Said unit is located approximately 4.5 miles east-northeast of the Ojito Post Office.

CASE 9310: (Readvertised)

Application of Sun Exploration and Production 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 either the base of the Morrow formation or to a depth of 13,700 feet, whichever is deeper, underlying the following described acreage in Section 26, Township 18 South, Range 33 East, in the following described manner:

The N/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 320-acre spacing;

The S/2 NW/4 to form a standard 80-acre oil spacing and proration unit in the Undesignated EK-Bone Spring Pool; and

The SE/4 NW/4 to form a statewide standard 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 40-acre spacing.

All of the above-described units are to be dedicated to a well to be drilled at a standard location in the SE/4 NW/4 (Unit F) of said Section 26.

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 location is approximately 6 miles west of the old Hobbs Army Air Corps Auxiliary Airfield No. 4.

CASE 9326: (Continued from March 2, 1988, Examiner Hearing)

Application of Sun Exploration and Production Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying all of Section 26, Township 26 North, Range 2 West, to form a standard 640-acre oil spacing and proration unit in said pool. Said unit is to be dedicated to the Sun Exploration and Production Company Wildfire Well No. 1 located 900 feet from the South line and 1650 feet from the West line (Unit N) of said Section 26 which is presently completed in and producing from the Gavilan-Mancos Oil Pool. Also to be considered will be the method for cost allocation and participation thereof as well as actual operating costs and charges for supervision. Applicant further requests that Sun Exploration and Production Company remain as operator of the well and that the effective date of any order issued in the case be retroactive to June 8, 1987. Said well is located approximately 4.5 miles east-northeast of the Ojito Post Office.

CASE 9323: (Continued from March 2, 1988, Examiner Hearing)

Application of Ralph E. Williamson for a non-standard oil proration unit and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 56.19-acre non-standard oil spacing and proration unit comprising Lots 8 and 9 of Section 35, Township 26 South, Range 29 East, Brushy Draw-Delaware Pool, to be simultaneously dedicated to its Stateline Federal Well No. 1 located in Lot 8 and to its Stateline Federal Well No. 2 to be located at a previously approved unorthodox location 610 feet from the South line and 990 feet from the West line in Lot 9 of said Section 35. Said unit is located approximately 1 mile east of where the Pecos River crosses the New Mexico/Texas Stateline.

CASE 9331: Application of Phillips Petroleum Company for a non-standard gas proration unit and unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 22, Township 17 South, Range 35 East, to test the South Shoe Bar-Atoka Gas Pool and the Morrow formation, said well to be dedicated either to a 160-acre non-standard gas proration and spacing unit consisting of the N/2 SW/4 and W/2 NW/4 of said Section 22, or in the alternative, to an 80-acre non-standard gas proration and spacing unit consisting of the W/2 NW/4 of said Section 22. Said location is approximately 3.5 miles Northeast by East of Buckeye, New Mexico.

CASE 9327: (Continued from March 2, 1988, Examiner Hearing)

Application of Dugan Production Corporation for an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying a certain 640-acre tract of land or, in the alternative, for a non-standard 320-acre oil proration unit in said pool and compulsory pooling therein, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying all of Section 22, Township 26 North, Range 2 West, to form a standard 640-acre oil spacing and proration unit for said pool. Said unit is to be dedicated to the Amoco Production Company Seifert Gas Com "A" Well No. 1 located 940 feet from the South line and 990 feet from the east line (Unit P) of said Section 22 which is presently completed in and producing from the Gavilan-Mancos Oil Pool and dedicated to a previously approved 320-acre non-standard oil spacing and proration unit (see Rule 2(a) as promulgated by Division Order No. R-7407-E) underlying the E/2 of said Section 22. Also to be considered will be the cost of participation in the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Applicant further requests that Amoco Production Company remain as operator of the well and that the effective date of any order issued in the case be made retroactive to June 8, 1987. IN THE ALTERNATIVE, applicant seeks an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying the W/2 of said Section 22, thereby forming a non-standard 320-acre oil spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered in this particular matter 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 the applicant as operator of the well and unit and a charge for risk involved in drilling said well. This area is located approximately 11 miles north of Lindrith, New Mexico.

CASE 9332: Application of Terra Resources, Inc. for compulsory pooling and an unorthodox gas well location, Chaves 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 E/2 of Section 22, Township 14 South, Range 27 East, Undesignated Springer Basin Atoka-Morrow Gas Pool, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing to be dedicated to a well to be drilled at an unorthodox gas well location 330 feet from the South and East lines (Unit P) of said Section 22. 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 the risk involved in drilling said well. Said location is approximately 6.5 miles East-Southeast of Hagerman, New Mexico.

CASE 9333: Application of Terra Resources, Inc. for compulsory pooling, unorthodox gas well location, and an exception to special pool rules, Chaves 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 N/2 of Section 22, Township 15 South, Range 27 East, Undesignated Buffalo Valley-Pennsylvanian Gas Pool, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing to be dedicated to a well to be drilled at an unorthodox gas well location 1650 feet from the North line and 660 feet from the East line (Unit H) of said Section 22. Applicant further seeks exception to the special rules for the Buffalo Valley-Pennsylvanian Gas Pool for the completion of its well in the NE/4 of Section 22 at said unorthodox location. 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 the risk involved in drilling said well. Said location is approximately 10 miles Southeast of Hagerman, New Mexico.

CASE 9334: Application of Union Texas Petroleum for a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non standard oil proration unit comprising the N/2 SW/4 of Section 2, Township 25 North, Range 3 West, West Lindrith Gallup-Dakota Oil Pool, to be dedicated to its McCroden "C" Well No. 1 located at a standard location 2146 feet from the South line and 1650 feet from the West line (Unit K) of said Section 2. Said well is located approximately 1.75 miles West by South of the Ojito Post Office.

CASE 8371: (Readvertised)
In the matter of Case No. 8371 being reopened pursuant to the provisions of Division Order No. R-7783 which promulgated temporary special rules and regulations for the Burton Flat-Upper Strawn Pool, Eddy County, New Mexico, including a provision for 160-acre spacing units. Operators is the subject pool may appear and show cause why the Burton Flat-Upper Strawn Pool should not be developed on 40-acre proration units.

CASE 9294: (Readvertised)
Application of Nearburg Producing Company for compulsory pooling, unorthodox gas well location, and a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Four Mile Draw-Morrow Gas Pool underlying Lots 1 and 2, the E/2 NW/4, and the NE/4 of Section 7, Township 19 South, Range 26 East, to form a non-standard 318.85-acre gas spacing and proration unit for said pool, to be dedicated to a well to be drilled at an unorthodox location 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 7. 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 location is approximately 11 miles south of Artesia, New Mexico.

CASE 9314: (Continued from March 2, 1988, Examiner Hearing)
Application of Nearburg Producing Company to Amend Division Order No. R-6933, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to re-enter and deepen to the Morrow formation the Santa Fe Exploration Company Gulf Com. Well No. 1 located at an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 14, Township 20 South, Range 25 East, previously approved by Division Order No. R-6933, as amended. Applicant also seeks to rescind the production limitation factor provisions of said Order. This well is located approximately 5.5 miles west by south of Seven Rivers, New Mexico.

CASE 9324: (Continued from March 2, 1988, Examiner Hearing)
Application of Amoco Production Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Gavilan-Mancos Oil Pool underlying Lots 3 and 4, S/2 NW/4, and SW/4 of Section 5 and all of Section 6, both in Township 25 North, Range 2 West, which is a non-standard oil spacing and proration unit for said pool previously approved by Division Order No. R-8268. Said unit is to be dedicated to its Hill Trust Federal Com. Well No. 1 to be drilled at a standard location 1660 feet from the North line and 1680 feet from the West line (Unit F) of said Section 5. 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 location is approximately 3/4 of a mile west of the Ojito Post Office.

CASE 9272: (Continued from March 2, 1988, Examiner Hearing)
In the matter of Case No. 9272 being reopened upon application of Arco Oil and Gas Company to reconsider the provisions of Division Order No. R-8579, issued in said Case No. 9272, which granted the application of Mitchell Energy Corporation to compulsorily pool all mineral interests below the top of the Wolfcamp formation underlying the following described acreage in Section 3, Township 15 South, Range 35 East, Lea County, New Mexico, and in the following described manner:

Lots 1 through 4 and S/2 N/2 to form a non-standard 324.7-acre, more or less, gas spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 320-acre spacing;

Lots 3 and 4 to form a non-standard 82.8-acre, more or less, oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 80-acre spacing;

Lot 3 to form a non-standard 41.3-acre, more or less, oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 40-acre spacing.

All of the above described units were to be dedicated to a single well to be drilled at a location (either standard or non-standard, depending on the appropriate spacing rules applicable to this well's completion horizon[s]) 660 feet from the North line and 1830 feet from the West line (Unit C) of said Section 3. Said order also considered 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 location is approximately 5 miles west-southwest of Hillburn City, New Mexico.

DOCKET: COMMISSION HEARING - THURSDAY - MARCH 17, 1988

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

The following cases were continued from the February 18, 1988, Commission Hearing:

CASE 9111: Application of Benson-Montin-Greer Drilling Corporation for the expansion of the BMG West Puerto Chiquito-Mancos Pressure Maintenance Project Area, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the expansion of the BMG West Puerto Chiquito-Mancos Pressure Maintenance Project Area as promulgated by Division Order No. R-3401, as amended, to include certain lands in Townships 24, 25, and 26 North, Range 1 West. The center of this area is located approximately 25 miles north of Cuba, New Mexico.

CASE 9073: (De Novo)

Application of Mallon Oil Company for the reinstatement of oil production allowables and an exception to the provisions of Division General Rule 502 for certain wells located in the Gavilan-Mancos Oil Pool, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order reinstating the oil allowables which should have been assigned to the following described wells, all in Township 25 North, Range 2 West, Gavilan-Mancos Oil Pool, for the months of January, February, March and April, 1986. Applicant further seeks an exemption to the provisions of Division General Rule 502 which limit the period of time an operator is given to make up any over-production of oil and casinghead gas:

- Howard Federal "1" Well No. 8 located in Unit H of Section 1;
- Howard Federal "1" Well No. 11 located in Unit K of Section 1;
- Fisher Federal "2" Well No. 1 located in Unit A of Section 2;
- Ribeyowids Federal "2" Well No. 16 located in Unit P of Section 2; and,
- Johnson Federal "12" Well No. 5 located in Unit E of Section 12.

The aforementioned wells are located in an area approximately 9 miles north by east of Lindrith, New Mexico. Upon application of Mallon Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8863: (De Novo)

In the matter of Case 8863 being reopened upon application of Alana Oil and Gas Corporation to vacate or modify Division Order No. R-8210 entered in said Case 8863, Rio Arriba County, New Mexico. Applicant seeks to complete or recomplete the following wells which were ordered plugged pursuant to the provisions of said Order No. R-8210:

- Samantha Well No. 1 located 1580' FSL - 1202' FWL (Unit L),
- Samantha Well No. 2 located 1985' FSL - 2290' FWL (Unit K),
- Samantha Well No. 3 located 1105' FSL - 2490' FWL (Unit N),

all in Section 26, Township 28 North, Range 1 East; and

Alana Well No. 1 located 511' FSL - 2144' FWL (Unit N) of Section 11, Township 27 North, Range 1 East.

All of the above-described locations are projections of the U.S. Geological Survey into the unsurveyed Tierra Amarilla Land Grant. These wells are all located in an area approximately 2 to 3 miles west of the southern end of the El Vado Reservoir.

Upon application of Suntex Energy Corporation and Alana Oil and Gas Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 8864: (De Novo)

In the matter of Case 8864 being reopened upon the application of Suntex Energy Corporation to vacate or modify Division Order No. R-8223 entered in said Case 8864, Rio Arriba County, New Mexico. Applicant seeks to complete or recomplate the following wells which were ordered plugged pursuant to the provisions of said Order No. R-8223:

Suntex Well No. 1 located 1824' FNL - 570' FWL (Unit E) of Section 26,
Suntex Well No. 2 located 660' FSL - 365' FEL (Unit P) of Section 22,
Suntex Well No. 3 located 1858' FNL - 1800' FWL (Unit F) of Section 14,
Suntex Well No. 4 located 935' FNL - 1650' FWL (Unit C) of Section 23,
Suntex Well No. 5 located 2004' FSL - 2310' FWL (Unit K) of Section 11, and
Suntex Well No. 6 located 1980' FSL - 660' FWL (Unit L) of Section 23,

all in Township 28 North, Range 1 East, as projected into the unsurveyed Tierra Amarilla Land Grant and are located in an area approximately 2 to 3 miles west of the northern end of the El Vado Reservoir.

Upon application of Suntex Energy Corporation and Alana Oil and Gas Corporation, this application will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9074: (De Novo)

In the matter of Case 9074 being reopened upon application of Suntex Energy Corporation to vacate or modify Division Order No. R-8404 entered in said Case 9074, Rio Arriba County, New Mexico. Applicant seeks to complete or recomplate the following wells formerly operated by Texas Rose Petroleum, Inc. which were ordered plugged pursuant to the provisions of said Order No. R-8404:

Well No. 1 located 1824' FSL - 1778' FEL (Unit J) of Section 14,
Well No. 2 located 618' FSL - 2418' FWL (Unit N) of Section 14,
Well No. 3 located 967' FSL - 2148' FWL (Unit N) of Section 11,
Well No. 7 located 990' FSL - 2310' FEL (Unit O) of Section 14, and
Well No. 8 located 2310' FS and WL (Unit K) of Section 14,

all on the El Poso Ranch Lease in Township 28 North, Range 1 East, as projected into the unsurveyed Tierra Amarilla Land Grant and are located in an area approximately 2 to 3 miles west of the northern end of the El Vado Reservoir.

Upon application of Suntex Energy Corporation and Alana Oil and Gas Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Dockets Nos. 8-88 and 9-88 are tentatively set for March 16 and March 30, 1988. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 2, 1988

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 9317: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Sunny Side Unit Area comprising 11,189.87 acres, more or less, of State and Fee lands in Township 10 South, Ranges 26 and 27 East. Said area is located approximately 8 miles north-northeast of Bottomless Lake State Park.
- CASE 9318: Application of Yates Drilling Company for a secondary recovery project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a secondary recovery project by the injection of water into the Queen formation in its proposed Cactus Queen Unit Area (Division Case No. 9319) underlying portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East, Southeast Chaves Queen Gas Area Associated Pool, (which is an area that straddles State Highway No. 172 between Milepost Nos. 26.5 and 27.5).
- CASE 9319: Application of Yates Drilling Company 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 Southeast Chaves Queen Gas Area Associated Pool underlying 560 acres, more or less, of State, Federal, and Fee lands in portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East. Said area straddles State Highway No. 172 between Milepost Nos. 26.5 and 27.5. Said unit is to be designated the Cactus Queen 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 the 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 the credits and charges to be made among the various owners in the unit area for their investment in well 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.
- CASE 9320: Application of Yates Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 16, Township 24 South, Range 35 East, Undesignated Cinta Roja-Morrow Gas Pool, all of said Section 16 to be dedicated to the well, forming a standard 640-acre gas spacing and proration unit for said pool. Said location is approximately 6 miles south-southeast of the San Simon Sink.
- CASE 9308: (Continued from February 17, 1988, Examiner Hearing)
- Application of Marshall Pipe and Supply Company for an unorthodox gas well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 990 feet from the South line and 660 feet from the West line (Unit M) of Section 23, Township 2 South, Range 29 East, to test all formations and/or pools developed on 320-acre spacing from the surface to the base of the Ordovician System, the S/2 of said Section 23 to be dedicated to the well. Said location is approximately 4.5 miles east-northeast from the point common to Roosevelt, Chaves, and De Baca Counties.
- CASE 9309: (Continued from February 17, 1988, Examiner Hearing)
- Application of Marshall Pipe and Supply Company for an unorthodox gas well location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 330 feet from the North line and 1980 feet from the East line of Section 34, Township 2 South, Range 29 East, to test all formations and/or pools developed on 320-acre spacing from the surface to the base of the Ordovician System, the N/2 of said Section 34 to be dedicated to the well. Said location is approximately 3.5 miles east by north from the point common to Roosevelt, Chaves, and De Baca Counties.
- CASE 9321: Application of Marshall Pipe and Supply Company for compulsory pooling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Ordovician formation underlying the N/2 of Section 34, Township 2 South, Range 29 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing. Said well is to be drilled at a proposed unorthodox gas well location (to be considered in Case 9309) 330 feet from the North line and 1980 feet from the East line (Unit B) of said Section 34. 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 well location is approximately 3.5 miles east by north from the point common to Roosevelt, Chaves, and De Baca Counties.

CASE 9322: Application of Metex Pipe and Supply for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its State "P" Well No. 3 to be drilled 100 feet from the North line and 1520 feet from the East line (Unit B) of Section 24, Township 21 South, Range 34 East, Wilson Yates-Seven Rivers Pool, the NW/4 NE/4 of said Section 24 to be dedicated to the well forming a standard 40-acre oil spacing and proration unit. Said location is approximately 1 mile south of NM 176 at Milepost 27.4.

CASE 9323: Application of Ralph E. Williamson for a non-standard oil proration unit and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 56.19-acre non-standard oil spacing and proration unit comprising Lots 8 and 9 of Section 35, Township 26 South, Range 29 East, Brushy Draw-Delaware Pool, to be simultaneously dedicated to its Stateline Federal Well No. 1 located in Lot 8 and to its Stateline Federal Well No. 2 to be located at a previously approved unorthodox location 610 feet from the South line and 990 feet from the West line in Lot 9 of said Section 35. Said unit is located approximately 1 mile east of where the Pecos River crosses the New Mexico/Texas Stateline.

CASE 9324: Application of Amoco Production Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Gavilan-Mancos Oil Pool underlying Lots 3 and 4, S/2 NW/4, and SW/4 of Section 5 and all of Section 6, both in Township 25 North, Range 2 West, which is a non-standard oil spacing and proration unit for said pool previously approved by Division Order No. R-8268. Said unit is to be dedicated to its Hill Trust Federal Com. Well No. 1 to be drilled at a standard location 1660 feet from the North line and 1680 feet from the West line (Unit F) of said Section 5. 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 location is approximately 3/4 of a mile west of the Ojito Post Office.

CASE 9314: (Readvertised)

Application of Nearburg Producing Company to Amend Division Order No. R-6933, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to re-enter and deepen to the Morrow formation the Santa Fe Exploration Company Gulf Com. Well No. 1 located at an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 14, Township 20 South, Range 25 East, previously approved by Division Order No. R-6933, as amended. Applicant also seeks to rescind the production limitation factor provisions of said Order. This well is located approximately 5.5 miles west by south of Seven Rivers, New Mexico.

CASE 9325: Application of Enron Oil & Gas Company for amendment of special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend the special pool rules promulgated by Division Order No. R-3161 for the Cinta Roja-Morrow Gas Pool in Township 24 South, Range 35 East, to include a provision for 320-acre infill drilling and appropriate findings relative thereto. Said pool is located approximately 6 miles south-southeast of the San Simon Sink.

CASE 9310: (Continued from February 17, 1988, Examiner Hearing)

Application of Sun Exploration and Production 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 either the base of the Morrow formation or to a depth of 13,700 feet, whichever is deeper, underlying the N/2 of Section 26, Township 18 South, Range 33 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools with this vertical extent being developed on 320-acre spacing, to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said location is approximately 6 miles west of the old Hobbs Army Air Corps Auxiliary Airfield No. 4.

CASE 9303: (Readvertised)

Application of Penroc Oil Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Undesignated Mid Vacuum-Devonian Pool in the perforated interval from 11,850 feet to 12,200 feet in its State "AF" Well No. 2 located 330 feet from the South line and 2130 feet from the East line (Unit O) of Section 8, Township 18 South, Range 35 East. Said well is located approximately 4 miles south-southeast of Buckeye, New Mexico.

CASE 9272: In the matter of Case No. 9272 being reopened upon application of Arco Oil and Gas Company to reconsider the provisions of Division Order No. R-8579, issued in said Case No. 9272, which granted the application of Mitchell Energy Corporation to compulsorily pool all mineral interests below the top of the Wolfcamp formation underlying the following described acreage in Section 3, Township 15 South, Range 35 East, Lea County, New Mexico, and in the following described manner:

Lots 1 through 4 and S/2 N/2 to form a non-standard 324.7-acre, more or less, gas spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 320-acre spacing;

Lots 3 and 4 to form a non-standard 82.8-acre, more or less, oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 80-acre spacing;

Lot 3 to form a non-standard 41.3-acre, more or less, oil spacing and proration unit for any and all formations and/or pools within said vertical limits developed on 40-acre spacing.

All of the above described units were to be dedicated to a single well to be drilled at a location (either standard or non-standard, depending on the appropriate spacing rules applicable to this well's completion horizon[s]) 660 feet from the North line and 1830 feet from the West line (Unit C) of said Section 3. Said order also considered 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 location is approximately 5 miles west-southwest of Hillburn City, New Mexico.

CASE 9326: Application of Sun Exploration and Production Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying all of Section 26, Township 26 North, Range 2 West, to form a standard 640-acre oil spacing and proration unit in said pool. Said unit is to be dedicated to the Sun Exploration and Production Company Wildfire Well No. 1 located 900 feet from the South line and 1650 feet from the West line (Unit N) of said Section 26 which is presently completed in and producing from the Gavilan-Mancos Oil Pool. Also to be considered will be the method for cost allocation and participation thereof as well as actual operating costs and charges for supervision. Applicant further requests that Sun Exploration and Production Company remain as operator of the well and that the effective date of any order issued in the case be retroactive to June 8, 1987. Said well is located approximately 4.5 miles east-northeast of the Ojito Post Office.

CASE 9327: Application of Dugan Production Corporation for an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying a certain 640-acre tract of land or, in the alternative, for a non-standard 320-acre oil proration unit in said pool and compulsory pooling therein, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying all of Section 22, Township 26 North, Range 2 West, to form a standard 640-acre oil spacing and proration unit for said pool. Said unit is to be dedicated to the Amoco Production Company Seifert Gas Com "A" Well No. 1 located 940 feet from the South line and 990 feet from the east line (Unit P) of said Section 22 which is presently completed in and producing from the Gavilan-Mancos Oil Pool and dedicated to a previously approved 320-acre non-standard oil spacing and proration unit (see Rule 2(a) as promulgated by Division Order No. R-7407-E) underlying the E/2 of said Section 22. Also to be considered will be the cost of participation in the well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Applicant further requests that Amoco Production Company remain as operator of the well and that the effective date of any order issued in the case be made retroactive to June 8, 1987. IN THE ALTERNATIVE, applicant seeks an order pooling all mineral interests in the Gavilan-Mancos Oil Pool underlying the W/2 of said Section 22, thereby forming a non-standard 320-acre oil spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered in this particular matter 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 the applicant as operator of the well and unit and a charge for risk involved in drilling said well. This area is located approximately 11 miles north of Lindrith, New Mexico.

CASE 9123: (Continued from January 20, 1988, Examiner Hearing)

Application of Curtis J. Little for a non-standard gas proration unit and for an exception to Rule 5(a)2(2) of Division Order No. R-8170, as amended, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit comprising the SE/4 of Section 14, Township 27 North, Range 13 West, Basin-Dakota Pool, to be dedicated to the applicant's Fairfield Well No. 1-E, located 1850 feet from the South line and 800 feet from the East line (Unit I) of said Section 14. Applicant further seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said non-standard gas proration unit.

CASE 9124: (Continued from January 20, 1988, Examiner Hearing)

Application of Rocanville Corporation for a non-standard gas proration unit and for an exception to Rule 5(a)2(2) of Division Order No. R-8170, as amended, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit comprising the NE/4 of Section 14, Township 27 North, Range 13 West, Basin-Dakota Pool, to be dedicated to the applicant's Fairfield Well No. 1, located 1100 feet from the North line and 990 feet from the East line (Unit A) of said Section 14. Applicant further seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable for said non-standard gas proration unit.