

Dockets Nos. 35-89 and 36-89 are tentatively set for December 13 and December 27, 1989. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 29, 1989**  
**8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,**  
**STATE LAND OFFICE BUILDING**  
**SANTA FE, NEW MEXICO**

The following cases will be heard before Michael E. Stogner, Examiner, or David R. Catanach or Victor T. Lyon, Alternate Examiners:

CASE 9712: (Continued from November 1, 1989, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Tom L. Ingram, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Chappell "5" Well No. 1 located 2310 feet from the North line and 990 feet from the West line (Unit E) of Section 5, Township 12 North, Range 30 East, as projected into the unsurveyed Baca Location No. 2 Grant, San Miguel County, New Mexico (which is located approximately 9.25 miles north-northwest of Tucumcari, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 9713: (Continued from November 1, 1989, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Tom L. Ingram, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Gihon "31" Well No. 1 located 2970 feet from the South line and 1814 feet from the East line (Unit G) of Section 31, Township 13 North, Range 30 East, as projected into the unsurveyed Baca Location No. 2 Grant/Pablo Montoya Land Grant, San Miguel County, New Mexico (which is located approximately 10.5 miles north-northwest of Tucumcari, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 9824: Application of Ralph E. Williamson for a unit agreement, Lea County, New Mexico. Applicant, in the above styled cause, seeks approval of the Southeast Salado Unit Agreement for an area comprising 2,378.15 acres, more or less, of Federal and Fee lands in all or portions of Sections 23, 24, 26, 27, 34 and 35, Township 26 South, Range 33 East. Said area is bounded on the south by the Texas/New Mexico stateline between Mile Post Nos. 29 and 28.5.

CASE 9726: (Continued from October 18, 1989, Examiner Hearing.)

Application of Haylan Oil Corporation 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 Ellenberger formation underlying the SW/4 of Section 25, Township 19 South, Range 38 East, forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing and the NE/4 SW/4 of said Section 25 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing (which presently includes but is not necessarily limited to the Undesignated House-Blinbry Pool, the Undesignated North House-Tubb Pool, the Undesignated Nadine Drinkard-Abo Pool and the Undesignated East Nadine-Drinkard Pool). Both aforementioned units are to be dedicated to a single well to be drilled at a standard location in the NE/4 SW/4 (Unit K) of said Section 25. 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 1.3 miles east-northeast of Nadine, New Mexico.

CASE 9825: Application of Sage Energy Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the West Tres Papalotes Penn Unit Agreement for an area comprising 1120 acres, more or less, of State and Fee lands in portions of Sections 29, 30, 31, and 32, Township 14 South, Range 34 East. Said area is located approximately 13 miles west of Hilburn City, New Mexico.

CASE 9826: Application of Sage Energy Company for waterflood expansion, directional drilling, and to amend Division Order No. R-8505, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8505, which order authorized the Sage Energy Company State "30" Lease Waterflood Project, by redesignating said project the West Tres Papalotes Penn Waterflood Project and to assign an area for said project to coincide with the applicant's proposed West Tres Papalotes Penn Unit Area. Applicant further seeks to expand said project by re-entering the John Etcheverry, Jr. "A" Well No. 2 located 2080 feet from the North line and 560 feet from the West line (Unit E) of Section 29, Township 14 South, Range 34 East, and recomplete by side tracking and directionally drilling from a kick-off depth of approximately 5500 feet and bottom the well in the West Tres Papalotes-Pennsylvanian Pool at a depth of approximately 10,600 feet within 50 feet of a target point 1580 feet from the North line and 560 feet from the West line (Unit E) of said Section 29, and convert said well to an injection well in said pool through perforations at approximately 10402 feet to 10470 feet. Said area is located approximately 13 miles west of Hilburn City, New Mexico.

CASE 9801: (Continued from November 15, 1989, Examiner Hearing.)

Application of Conoco, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Cisco Canyon formation underlying the SW/4 of Section 36, Township 19 South, Range 24 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 160-acre spacing (which includes but is not necessarily limited to the Undesignated Dagger Draw-Wolfcamp Gas Pool and North Dagger Draw-Upper Pennsylvanian Pool). Said unit is to be dedicated to a well to be drilled at a standard location 660 feet from the South line and 990 feet from the West line (Unit M) of said Section 36. 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 15 miles west by south of Lakewood, New Mexico.

- CASE 9827: Application of Exxon Corporation for special casinghead gas allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to General Rule 506(a) authorizing a special casinghead gas allowable for the applicant's Paddock (San Angelo) Unit Well No. 2 located 764 feet from the South line and 554 feet from the East line (Unit P) of Section 334, Township 21 South, Range 37 East, Paddock Pool, of 1,000,000 SCF/Day, any such order issued in this matter to be reviewed in 24 months. Said well is located approximately 1 mile southeast of Eunice, New Mexico.
- CASE 9828: Application of Bill Fenn, Inc. for amendment of Division Order No. R-8951, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8951, as amended, which order authorized an unorthodox gas well location and dual completion in both the Indian Basin-Upper Pennsylvanian Gas Pool and the Undesignated Indian Basin-Morrow Gas Pool. The applicant now requests that the subject well location be changed to a point 660 feet from the North and West lines (Unit D) of Section 7, Township 22 South, Range 24 East. Said well site is located approximately 4.5 miles south-southeast of the Marathon Oil Company Indian Basin Gas Plant.
- CASE 9829: Application of Roberts and Hammack, Inc. for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authorization to rededicate acreage for its Graham State Com Well No. 1 located at a standard oil well location 1980 feet from the South and West lines (Unit K) of Section 8, Township 11 South, Range 33 East, North Bagley-Permo Pennsylvanian Pool, from a N/2 NW/4 dedication to a NE/4 SW/4 and NW/4 SE/4 dedication forming a non-standard 80-acre oil spacing and proration unit for said pool. The proposed unit is located approximately 5.5 miles east by south of Caprock, New Mexico.
- CASE 9830: Application of Strata Production Company for a horizontal directional drilling pilot project and special operating rules therefor, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal medium radius directional drilling pilot project in the SE/4 of Section 18, Township 26 South, Range 25 East, forming a standard 160-acre gas spacing and proration unit in the Bone Spring Formation, by commencing its Yeso Hills Federal Well No. 1 at a surface location 660 feet from the South line and 1980 feet from the East line of said Section 18. Applicant proposes to drill to a true vertical depth of approximately 4,900 feet in the Bone Spring Formation whereby the formation will be evaluated to determine the proper direction for a 1200-foot horizontal extension to said wellbore within said Bone Spring interval. The applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the horizontal displacement of the proposed wellbore such that it cannot be any closer than 660 feet to the SW/4 quarter section lines of said Section 18. Said location is approximately 2.5 miles east of Mile Post No. 6 on U.S. Highway 62/180.
- CASE 9831: Application of TXO Production Corp. for directional drilling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its proposed Burton Flat Federal Well No. 1 from a surface location 900 feet from the South line and 1815 feet from the West line (Unit N) of Section 11, Township 20 South, Range 29 East, in such a manner as to penetrate the top of the Undesignated East Burton Flat-Strawn Gas Pool at a point within 150 feet of a target point 2145 feet from the North line and 1815 feet from the West line and continue drilling in such a manner as to bottom the well at the base of the Strawn formation within 150 feet of a target point 2345 feet from the North line and 1815 feet from the West line, both in Section 14, Township 20 South, Range 29 East, said bottomhole location being an unorthodox gas well location for said pool. The W/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. This location is approximately 4 miles north-northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.
- CASE 9832: Application of Exxon Company, U.S.A. for compulsory pooling, a non-standard gas proration unit, an unorthodox gas well location, and an exemption to Special Rules and Regulations governing the Rock Tank-Upper and Lower Morrow Gas Pools, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow Formation, underlying the NW/4 NE/4 and Lots 1, 6, 7, 8, 9, 14 and 15 (E/2 equivalent) of Section 20, Township 23 South, Range 25 East, forming a non-standard 301.11-acre gas spacing and proration unit for any and all formations and or pools developed on 320-acre spacing within said vertical extent. Applicant further seeks to be exempt from the Special Rules and Regulations governing the Rock Tank-Upper and Lower Morrow Gas Pools as promulgated by Division Order No. R-3452, as amended. Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 600 feet from the North line and 660 feet from the East line (Unit A) of said Section 20. 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 and a charge for risk involved in drilling said well. Applicant also seeks to have Santa Fe Energy Operating Partners, L.P. designated as operator of said well. Said unit is located approximately 6 miles south by east of Riverside, New Mexico.
- CASE 9796: (Continued from November 15, 1989, Examiner Hearing.)
- Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling and an unorthodox gas well location, 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 22, Township 19 South, Range 33 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools being developed on 320-acre spacing (which presently includes but is not necessarily limited to the Undesignated Gem-Morrow Gas Pool and the Undesignated East Gem-Morrow Gas Pool). Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the North and East lines (Unit A) 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 an operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 4.5 miles north of Mile Post No. 73 located on U.S. Highway 62/180.

CASE 9797: (Readvertised)

Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling and a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Irregular Section 20, Township 23 South, Range 25 East, and in the following described manner: all of said Section 20 to form a non-standard 599.41-acre, more or less, gas spacing and proration unit for the Undesignated Rock Tank-Lower Morrow Gas Pool and Undesignated Rock Tank-Upper Morrow Gas Pool (both pools which are developed on 640-acre spacing); and, Lots 1 through 7 and the NW/4 NE/4 (N/2 equivalent) of said Section 20, forming a non-standard 301.37-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent. Both units are to be dedicated to a single well to be drilled at a standard gas well location 1980 feet from the North and West lines (Unit F) of said Section 20. 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 and a charge for risk involved in drilling said well. Said units are located approximately 6 miles south by east of Riverside, New Mexico.

CASE 9833: Application of Texaco, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water into the Lazy J-Pennsylvanian Pool in the perforated interval from approximately 9734 feet to 9740 feet in its N.M. "DM" State NCI-2 Well No. 1 located 1980 feet from the North line and 330 feet from the West line (Unit E) of Section 21, Township 13 South, Range 33 East. Said well is located approximately 15.5 miles south-southeast of Caprock, New Mexico.

CASE 9834: Application of Texaco, Inc. for a non-standard gas proration unit, 2 unorthodox gas well locations and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to redesignate acreage in the Eumont Gas Pool to form a non-standard 320-acre gas proration unit comprising the SE/4 SW/4, NE/4 SE/4, and S/2 SE/4 of Section 23, the W/2 NW/4 of Section 25, and the E/2 NE/4 of Section 26, all in Township 19 South, Range 36 East. Said unit is to be simultaneously dedicated to its William Weir Wells Nos. 1 and 2, both located at unorthodox gas well locations 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 25 and 660 feet from the South line and 1980 feet from the West line (Unit M) of said Section 23, respectively. Said unit is located approximately 4.5 miles south-southeast of Arkansas Junction, New Mexico.

CASE 9799 (Continued from November 1, 1989, Examiner Hearing.)

Application of Bannon Energy Incorporated for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its Grace Federal "24" Well No. 1-R to be drilled 330 feet from the North line and 2130 feet from the West line (Unit C) of Section 24, Township 24 North, Range 7 West, Devil's Fork-Gallup Associated Pool, said well to be simultaneously dedicated to an existing standard 160-acre oil spacing and proration unit comprising the NW/4 of said Section 24 along with the Grace Federal "24" Well Nos. 1 and 2 located 950 feet from the North line and 1640 feet from the West line (Unit C) and 1850 feet from the North line and 1820 feet from the West line (Unit F) of said Section 24, respectively. Said unit is located approximately 5 miles north by east of the Southern Union Gas Company Lybrook Plant.

CASE 9818: (Continued from November 15, 1989, Examiner Hearing.)

Application of Blackwood & Nichols Co., Ltd. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its Northeast Blanco Unit Well No. 440 to be drilled 530 feet from the North line and 2135 feet from the East line (Unit B) of Section 11, Township 31 North, Range 7 West, Basin-Fruitland Coal Gas Pool, the N/2 of said Section 11 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. This well location is approximately 5.5 miles south of Mile Post No. 247.5 located on the New Mexico/Colorado Stateline.

CASE 9819: (Continued from November 15, 1989, Examiner Hearing.)

Application of Blackwood & Nichols Co., Ltd. for compulsory pooling and an unorthodox gas well location, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying Lots 7 and 8, the S/2 NW/4, and the SW/4 of Section 4, Township 30 North, Range 7 West, in both San Juan and Rio Arriba Counties, forming a 319.38-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes the Basin-Fruitland Coal Gas Pool, to be dedicated to its Northeast Blanco Unit Well No. 424, to be drilled at an unorthodox coal gas well location 2075 feet from the North line and 1330 feet from the West line (Unit F) of said Section 4. 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 3.5 miles north-northeast of the Navajo Reservoir Dam.

CASE 9820: (Continued from November 15, 1989, Examiner Hearing.)

Application of Blackwood & Nichols Co., Ltd. for compulsory pooling and a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying the E/2 equivalent of Irregular Section 13, Township 30 North, Range 8 West, for any and all formations and/or pools within said vertical extent of this tract developed on 320-acre spacing (which presently includes but is not necessarily limited to the Basin-Fruitland Coal Gas Pool). Said unit is to be dedicated to its Northeast Blanco Unit Well No. 469, to be drilled at a previously approved (NSL-2685) unorthodox coal gas well location 1315 feet from the North line and 645 feet from the East line (Unit H) of said Section 13. 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 1 mile northwest of the Navajo Reservoir Dam.

CASE 9835: Application of Grand 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 the base of the Atoka formation underlying the E/2 SE/4 of Section 10, Township 17 South, Range 37 East, forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, which includes but is not necessarily limited to the Humble City-Strawn and Undesignated Humble City-Atoka Pools. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision and a charge for risk involved in drilling said well. Said unit is located approximately 4.5 miles northwest by north of Humble City, New Mexico.

CASE 9836: Application of Grand Resources, Inc. for statutory unitization, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the designated and Undesignated Mesa-Gallup Oil Pool underlying 2,120 acres, more or less, of Federal Indian lands in portions of Sections 10, 13, 14, 15, 23, 24, and 25, Township 32 North, Range 18 West, all as projected into the unsurveyed Navajo Indian Reservation. Said unit is to be designated the Mesa Gallup 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 credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said Unit Area is located approximately 12 miles north of Shiprock, New Mexico.

CASE 9837: Application of Benson-Montin-Greer Drilling Corporation for amendment of Division Order No. R-3401, as amended, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-3401, as amended, which order promulgated special pool rules for the West Puerto Chiquito-Mancos Pressure Maintenance Project including provisions to permit the calculation of injection credits on a cumulative or annual basis. Applicant now seeks to revise Rules 7, 8, and 9 of said Special Rules to permit the accumulation of gas injection credits on an annual basis and to establish procedures for reporting and, otherwise, accounting for this credit to the Division. Said project comprises acreage in Townships 24, 25, and 26 North, Range 1 West, and is centered approximately 5 miles north-northeast of Lindrieth, New Mexico.

CASE 9788: (Continued from November 15, 1989, Examiner Hearing.)

Application of Yates Petroleum Corporation for directional drilling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to directionally drill a well from a surface location of 563 feet from the South line and 2125 feet from the East line (Unit O) of Section 11, Township 20 South, Range 29 East, to an unorthodox bottomhole gas well location in the Morrow formation within 50 feet of a point 2480 feet from the North line and 1980 feet from the East line (Unit G) of Section 14, Township 20 South, Range 29 East, the E/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for the Undesignated East Burton Flat-Morrow Gas Pool. This well location is approximately 4 miles north-northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.

CASE 9809: (Continued from November 15, 1989, 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 Federal, State and Fee lands in portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East. Said unit is to be designated the Cactus Queen Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said Unit Area is centered approximately 12 miles southwest by south of Caprock, New Mexico.

CASE 9810: (Continued from November 15, 1989, Examiner Hearing.)

Application of Yates Drilling Company for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Southeast Chaves Queen Gas Area Associated Pool in its proposed Cactus Queen Unit Area (Division Case No. 9809), underlying portions of Sections 26, 27, 34 and 35, Township 12 South, Range 31 East. Said area is centered approximately 12 miles southwest by south of Caprock, New Mexico.

CASE 9823: (Continued from November 15, 1989, Examiner Hearing.)

Application of Yates Drilling Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Cactus Queen Unit for an area comprising 560 acres, more or less, of Federal, State and Fee lands in all or portions of Sections 26, 27, 34 and 35, Township 12 South, Range 31 East. Unit Area is centered approximately 12 miles southwest by south of Caprock, New Mexico.

CASE 9838: Application of Parker Drilling Company for the institution of gas prorationing and the adoption of Special Rules for the Pitchfork Ranch-Atoka Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the limitation of gas production from the Pitchfork Ranch-Atoka Gas Pool in all or portions of Sections 28, 32, 33 and 34 of Township 24 South, Range 34 East, and Sections 3, 4, 5, and 10, Township 25 South, Range 34 East, to reasonable market demand and to the capacity of gas transportation facilities, and that Special Rules and Regulations be adopted for the pool including provisions for allocating the allowable production among the wells in the pool on a 100% surface acreage basis. Said area is located approximately 17 miles west-northwest of Jal, New Mexico.

Dockets Nos. 34-89 and 35-89 are tentatively set for November 29 and December 13, 1989. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 15, 1989  
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

The following cases will be heard before David R. Catanach, Examiner, or Michael E. Stogner or Victor T. Lyon, Alternate Examiners:

- ALLOWABLE: (1) Consideration of the allowable production of gas for January 1990, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for January, 1990, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9798: (Continued from November 1, 1989, Examiner Hearing.)

Application of El Paso Natural Gas Company for amendment of Division Order No. R-6175, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-6175, which order authorized the Washington Ranch Gas Storage Project, by allowing the measurement of the total volume of input gas into the storage area through a single meter and to meter only the total volume of gas being withdrawn from the storage area through a second single meter. Said project area is located in an area 5 miles south of the Carlsbad Caverns National Park.

CASE 9800: (Continued from November 1, 1989, Examiner Hearing.)

Application of W. E. Jeffers for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for a well to be drilled 2310 feet from the South line and 2452 feet from the West line (Unit K) of Section 2, Township 18 South, Range 28 East, Artesia Queen-Grayburg-San Andres Pool, the NE/4 SW/4 of said Section 2 to be dedicated to said well and the existing Featherstone State Well No. 4 located at a standard oil well location 1650 feet from the South and West lines of said Section 2. Said unit is located approximately 2 miles southeast of the junction of U.S. Highway 82 and N.M. State Highway No. 360.

CASE 9788: (Continued from November 1, 1989, Examiner Hearing.)

Application of Yates Petroleum Corporation for directional drilling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to directionally drill a well from a surface location of 563 feet from the South line and 2125 feet from the East line (Unit O) of Section 11, Township 20 South, Range 29 East, to an unorthodox bottomhole gas well location in the Morrow formation within 50 feet of a point 2480 feet from the North line and 1980 feet from the East line (Unit G) of Section 14, Township 20 South, Range 29 East, the E/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for the Undesignated East Burton Flat-Morrow Gas Pool. This well location is approximately 4 miles north-northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.

CASE 9811: Application of Southland Royalty Company for seven non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to establish seven non-standard gas spacing and proration units for Basin-Fruitland Coal Gas Pool production in the northern tier of Sections, being Sections 7 through 12, of Township 32 North, Range 8 West. Said area is bounded on the north by the Colorado/New Mexico stateline between Mile Post Nos. 252 and 258.

CASE 9812: Application of Meridian Oil Inc., on behalf of El Paso Natural Gas Company, for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its San Juan 30-6 Unit Well No. 479 to be drilled 1310 feet from the South line and 2300 feet from the West line (Unit N) of Section 29, Township 30 North, Range 6 West, Basin-Fruitland Coal Gas Pool, the W/2 of said Section 29 to form a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 7 miles east by south of the Navajo Reservoir Dam.

CASE 9813: Application of Meridian Oil Inc., on behalf of El Paso Natural Gas Company, for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its San Juan 30-6 Unit Well No. 482 to be drilled 835 feet from the South line and 2440 feet from the West line (Unit N) of Section 31, Township 30 North, Range 6 West, Basin-Fruitland Coal Gas Pool, the W/2 of said Section 31 to form a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 6.25 miles east-southeast of the Navajo Reservoir Dam.

CASE 9801: (Continued from November 1, 1989, Examiner Hearing.)

Application of Conoco, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Cisco Canyon formation underlying the SW/4 of Section 36, Township 19 South, Range 24 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 160-acre spacing (which includes but is not necessarily limited to the Undesignated Dagger Draw-Wolfcamp Gas Pool and Worth Dagger Draw-Upper Pennsylvanian Pool). Said unit is to be dedicated to a well to be drilled at a standard location 660 feet from the South line and 990 feet from the West line (Unit M) of said Section 36. 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 an operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 15 miles west by south of Lakewood, New Mexico.

CASE 9808: (Continued from November 1, 1989, Examiner Hearing.)

Application of TXO Production Corporation for compulsory pooling, directional drilling, and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated East Burton Flat-Strawn Gas Pool underlying the W/2 of Section 14, Township 20 South, Range 29 East, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be directionally drilled from a surface location 900 feet from the South line and 1815 feet from the West line (Unit N) of Section 11, Township 20 South, Range 29 East, to a non-standard bottomhole gas well location within 50 feet of a point 825 feet from the North line and 1815 feet from the West line (Unit C) of said Section 14. 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 4 miles north-northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.

CASE 9814: Application of Mewbourne Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the South and West lines. (Unit M) of Section 14, Township 17 South, Range 26 East, Undesignated Kennedy Farms-Morrow Gas Pool, the S/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. The proposed well site is located approximately 3 miles east-southeast of Artesia, New Mexico.

CASE 9815: Application of Santa Fe Energy Operating Partners, L.P., 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 W/2 of Section 16, Township 21 South, Range 35 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated Osudo-Morrow Gas Pool and Undesignated South Osudo-Morrow Gas Pool. Said unit is 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 13 miles west by north of Eunice, New Mexico.

CASE 9816: Application of Santa Fe Energy Operating Partners, L.P., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 32, Township 23 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, which includes but is not necessarily limited to the Undesignated Laguna Salado-Atoka Gas Pool, Undesignated Cedar Canyon-Morrow Gas Pool, and Undesignated Laguna Grande-Morrow Gas Pool. Said unit is 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 1 mile northeast of Harroun, New Mexico.

CASE 9796: (Continued from November 1, 1989, Examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling and an unorthodox gas well location, 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 22, Township 19 South, Range 33 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools being developed on 320-acre spacing (which presently includes but is not necessarily limited to the Undesignated Gem-Morrow Gas Pool and the Undesignated East Gem-Morrow Gas Pool). Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the North and East lines (Unit A) 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 risk involved in drilling said well. Said well location is approximately 4.5 miles north of Mile Post No. 73 located on U.S. Highway 62/180.

CASE 9789: (Continued from November 1, 1989, Examiner Hearing.)

Application of Mobil Producing Texas and New Mexico Inc. for pool creation and special pool rules, or in the alternative for pool extension, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Mancos formation comprising all of Section 15, Township 23 North, Range 1 West, and for the promulgation of special rules and regulations therefor including provisions for 640-acre spacing and proration units, designated well location requirements, and the assignment of a special depth bracket allowable. IN THE ALTERNATIVE, the applicant seeks to extend the West Puerto Chiquito-Mancos Oil Pool to include all of Sections 3, 10 and 15, Township 23 North, Range 1 West. Applicant further requests that the effective date of any order issued in this case be the date of this hearing. Said area is located approximately 3 miles north-northeast of Regina, New Mexico.

CASE 9817: Application of Tom Brown, Inc. for an unorthodox gas well location and non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location for its Peregrine State "36" Well No. 1 to be drilled either 1310 or 1330 feet from the North line and either 1310 or 1330 feet from the East line of Irregular Section 36, Township 26 South, Range 34 East, to a depth sufficient to test the Atoka formation, all said Section 36 to be dedicated to said well forming a non-standard 299.28-acre gas spacing and proration unit for said zone. Said unit is bounded to the south by the Texas/New Mexico stateline at Mile Corner No. 21.

- CASE 9818: Application of Blackwood & Nichols Co., Ltd. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its Northeast Blanco Unit Well No. 440 to be drilled 530 feet from the North line and 2135 feet from the East line (Unit B) of Section 11, Township 31 North, Range 7 West, Basin-Fruitland Coal Gas Pool, the N/2 of said Section 11 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. This well location is approximately 5.5 miles south of Mile Post No. 247.5 located on the New Mexico/Colorado Stateline.
- CASE 9819: Application of Blackwood & Nichols Co., Ltd. for compulsory pooling and an unorthodox gas well location, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying Lots 7 and 8, the S/2 NW/4, and the SW/4 of Section 4, Township 30 North, Range 7 West, in both San Juan and Rio Arriba Counties, forming a 319.38-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes the Basin-Fruitland Coal Gas Pool, to be dedicated to its Northeast Blanco Unit Well No. 424, to be drilled at an unorthodox coal gas well location 2075 feet from the North line and 1330 feet from the West line (Unit F) of said Section 4. 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 3.5 miles north-northeast of the Navajo Reservoir Dam.
- CASE 9820: Application of Blackwood & Nichols Co., Ltd. for compulsory pooling and a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying the E/2 equivalent of Irregular Section 13, Township 30 North, Range 8 West, for any and all formations and/or pools within said vertical extent of this tract developed on 320-acre spacing (which presently includes but is not necessarily limited to the Basin-Fruitland Coal Gas Pool). Said unit is to be dedicated to its Northeast Blanco Unit Well No. 469, to be drilled at a previously approved (NSL-2685) unorthodox coal gas well location 1315 feet from the North line and 645 feet from the East line (Unit M) of said Section 13. 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 1 mile northwest of the Navajo Reservoir Dam.
- CASE 9821: Application of Nearburg Producing Company for amendment of Division Order No. R-8991, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8991, dated August 31, 1989, which order authorized an unorthodox oil well location in the South Humble City-Strawn Pool for its Boy's Ranch Well No. 1 to be drilled 1100 feet from the North line and 880 feet from the East line (Unit A) of Section 13, Township 17 South, Range 37 East, by including provisions to test the Devonian formation whereby the NE/4 NE/4 of said Section 13 is to be dedicated to form a standard statewide 40-acre oil spacing and proration unit for said zone. Said well site is located approximately 3 miles north by east of Humble City, New Mexico.
- CASE 9791: (Continued from October 18, 1989, Examiner Hearing.)
- Application of Bannon Energy Incorporated for extension and contraction of certain pools in Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to contract the Lybrook-Gallup Oil Pool by the deletion of the NE/4 SW/4, S/2 SW/4, and SW/4 SE/4 of Section 31, Township 24 North, Range 6 West, to contract the Counselors Gallup-Dakota Oil Pool by the deletion of the NE/4 of Section 6 and N/2 of Section 5, both in Township 23 North, Range 6 West, and to extend the Escrito-Gallup Associated Pool to include therein the E/2 NE/4, NW/4, and S/2 of Section 31, Township 24 North, Range 6 West, and the NE/4 of Section 6 and N/2 of Section 5, both in Township 23 North, Range 6 West. This area is located approximately 3 miles northeast of the Southern Union Gas Company Lybrook Plant.
- CASE 9822: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the NE/4 SW/4 of Section 12, Township 18 South, Range 32 East, forming a standard statewide 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Corbin-San Andres, Undesignated South Maljamar-Yates, Undesignated West Corbin-Delaware, Undesignated Querecho Plains-Upper Bone Spring, and Undesignated North Young-Bone Spring Pools. Said unit is to be dedicated to a well to be drilled at a standard oil well location 2310 feet from the South and West lines (Unit L) of said Section 12. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 7 miles south-southeast of Maljamar, New Mexico.



CASE 9809: (Continued from November 1, 1989, 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 Federal, State and Fee lands in portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East. Said unit is to be designated the Cactus Queen Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said Unit Area is centered approximately 12 miles southwest by south of Caprock, New Mexico.

CASE 9810: (Continued from November 1, 1989, Examiner Hearing.)

Application of Yates Drilling Company for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Southeast Chaves Queen Gas Area Associated Pool in its proposed Cactus Queen Unit Area (Division Case No. 9809), underlying portions of Sections 26, 27, 34 and 35, Township 12 South, Range 31 East. Said area is centered approximately 12 miles southwest by south of Caprock, New Mexico.

CASE 9823: Application of Yates Drilling Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Cactus Queen Unit for an area comprising 560 acres, more or less, of Federal, State and fee lands in all or portions of Sections 26, 27, 34 and 35, Township 12 South, Range 31 East. Unit Area is centered approximately 12 miles southwest by south of Caprock, New Mexico.

Dockets Nos. 33-89 and 34-89 are tentatively set for November 15 and November 29, 1989. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 1, 1989  
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

The following cases will be heard before Victor T. Lyon, Examiner, or Michael E. Stogner or David R. Catanach. Alternate Examiners:

CASE 9712: (Continued from October 18, 1989, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Tom L. Ingram, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Chappell "5" Well No. 1 located 2310 feet from the North line and 990 feet from the West line (Unit E) of Section 5, Township 12 North, Range 30 East, as projected into the unsurveyed Baca Location No. 2 Grant, San Miguel County, New Mexico (which is located approximately 9.25 miles north-northwest of Tucumcari, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 9713: (Continued from October 18, 1989, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Tom L. Ingram, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Gihon "31" Well No. 1 located 2970 feet from the South line and 1914 feet from the East line (Unit G) of Section 31, Township 13 North, Range 30 East, as projected into the unsurveyed Baca Location No. 2 Grant/Pablo Montoya Land Grant, San Miguel County, New Mexico (which is located approximately 10.5 miles north-northwest of Tucumcari, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 9794: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Remuda State Unit Agreement for an area comprising 2,962.61 acres, more or less, of State lands in all or portions of Sections 5, 7, 8, 9, 16, and 17, Township 10 South, Range 33 East. Said area is located approximately 8 miles northeast by east of Caprock, New Mexico.

CASE 9795: 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 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 2, Township 10 South, Range 26 East, to test the Undesignated Foor Ranch-PrePermian Gas Pool, the S/2 of said Section 2 to be dedicated to said well to form a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 6 miles east by south of the Pecos River Bridge on U.S. Highway 70.

CASE 9788: (Continued from October 18, 1989, Examiner Hearing.)

Application of Yates Petroleum Corporation for directional drilling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to directionally drill a well from a surface location of 563 feet from the South line and 2125 feet from the East line (Unit O) of Section 11, Township 20 South, Range 29 East, to an unorthodox bottomhole gas well location in the Morrow formation within 50 feet of a point 2480 feet from the North line and 1980 feet from the East line (Unit G) of Section 14, Township 20 South, Range 29 East, the E/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for the Undesignated East Burton Flat-Morrow Gas Pool. This well location is approximately 4 miles north-northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.

CASE 9725: (Continued from October 18, 1989, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location for its Red Rock "NB" Federal Well No. 2 to be drilled 330 feet from the South line and 1980 feet from the West line (Unit N) of Section 28, Township 6 South, Range 25 East, Pecos Slope-Abo Gas Pool, the SW/4 of said Section 25 to be dedicated to said well forming a standard 160-acre gas spacing and proration unit for said pool. Said well location is approximately 13.25 miles north by west of the Pecos River Bridge on U.S. Highway 70.

CASE 9796: Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling and an unorthodox gas well location, 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 22, Township 19 South, Range 33 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools being developed on 320-acre spacing (which presently includes but is not necessarily limited to the Undesignated Gem-Morrow Gas Pool and the Undesignated East Gem-Morrow Gas Pool). Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the North and East lines (Unit A) 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 an operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 4.5 miles north of Mile Post No. 73 located on U.S. Highway 62/190.

CASE 9797: Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling and a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 1 through 7 and the NW/4 NE/4 (N/2 equivalent) of Section 20, Township 23 South, Range 25 East, forming a non-standard 301.37-acre gas spacing and proration unit for any and all formations developed on 320-acre spacing within said vertical extent, said unit 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 an operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles south by east of Riverside, New Mexico.

CASE 9790: (Continued from October 18, 1989, Examiner Hearing.)

Application of John H. Hendrix Corporation for an unorthodox gas well location and non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 860 feet from the North line and 2100 feet from the East line (Unit B) of Section 11, Township 31 South, Range 36 East, Eumont Gas Pool, the N/2 NE/4 of said Section 11 to be dedicated to said well forming a non-standard 80-acre gas spacing and proration unit for said pool. Said location is approximately 1.6 miles east of Oil Center, New Mexico.

CASE 9798: Application of El Paso Natural Gas Company for amendment of Division Order No. R-6175, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-6175, which order authorized the Washington Ranch Gas Storage Project, by allowing the measurement of the total volume of input gas into the storage area through a single meter and to meter only the total volume of gas being withdrawn from the storage area through a second single meter. Said project area is located in an area 5 miles south of the Carlsbad Caverns National Park.

CASE 9799: Application of Bannon Energy Incorporated for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its Grace Federal "24" Well No. 1-R to be drilled 330 feet from the North line and 2130 feet from the West line (Unit C) of Section 24, Township 24 North, Range 7 West, Devil's Fork-Gallup Associated Pool, said well to be simultaneously dedicated to an existing standard 160-acre oil spacing and proration unit comprising the NW/4 of said Section 24 along with the Grace Federal "24" Wells Nos. 1 and 2 located 950 feet from the North line and 1640 feet from the West line (Unit C) and 1450 feet from the North line and 1820 feet from the West line (Unit F) of said Section 24, respectively. Said unit is located approximately 5 miles north by east of the Southern Union Gas Company Lybrook Plant.

Examiner Hearing - Wednesday - November 1, 1989

CASE 9800: Application of W. E. Jeffers for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for a well to be drilled 2310 feet from the South line and 2452 feet from the West line (Unit K) of Section 2, Township 18 South, Range 28 East, Artesia Queen-Grayburg-San Andres Pool, the NE/4 SW/4 of said Section 2 to be dedicated to said well and the existing Featherstone State Well No. 4 located at a standard oil well location 1650 feet from the South and West lines of said Section 2. Said unit is located approximately 2 miles southeast of the junction of U.S. Highway 82 and N.M. State Highway No. 360.

CASE 9792: (Continued from October 18, 1989, Examiner Hearing.)

Application of R. E. Hibbert for directional drilling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to sidetrack from its existing Ridge State Well No. 1 located at a previously approved unorthodox gas well location (MSL-2551) 360 feet from the North line and 1980 feet from the West line (Unit C) of Section 17, Township 24 South, Range 25 East, and directionally drill to an unorthodox gas well location in the Mosley Canyon-Strawn Gas Pool within 50 feet of a point 360 feet from the North line and 980 feet from the West line (Unit D) of said Section 17, the S/2 of said Section 17 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. This well is located approximately 4.5 miles northwest of Whites City, New Mexico.

CASE 9801: Application of Conoco, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Cisco Canyon formation underlying the SW/4 of Section 36, Township 19 South, Range 24 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 160-acre spacing (which includes but is not necessarily limited to the Undesignated Dagger Draw-Wolfcamp Gas Pool and North Dagger Draw-Upper Pennsylvanian Pool). Said unit is to be dedicated to a well to be drilled at a standard location 660 feet from the South line and 990 feet from the West line (Unit M) of said Section 36. 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 an operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 15 miles west by south of Lakewood, New Mexico.

CASE 9802: Application of Marathon Oil Company for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 330 feet from the South line and 1650 feet from the West line (Unit M) of Section 9, Township 21 South, Range 23 East, Indian Basin-Upper Pennsylvanian Gas Pool, all of said Section 9, forming a standard 640-acre gas spacing and proration unit for said pool, to be simultaneously dedicated to said well and to the existing North Indian Basin Unit Well No. 5 located at a standard gas well location 1815 feet from the South line and 1752.3 feet from the East line (Unit J) of said Section 9. The subject spacing unit is located approximately 2.5 miles northwest of the applicant's Indian Basin Gas Plant.

CASE 9803: Application of Meridian Oil Inc. for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its Rosa Unit Well No. 257 to be drilled 955 feet from the South line and 725 feet from the West line (Unit M) of Section 27, Township 31 North, Range 5 West, the W/2 of said section being dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. Said location is approximately 9 miles south of Mile Corner No. 237.5 located on the Colorado/New Mexico stateline.

CASE 9804: Application of Meridian Oil Inc. for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 945 feet from the South line and 1210 feet from the West line (Unit M) of Section 6, Township 30 North, Range 9 West. Said well is to be dedicated to an existing 299.85-acre non-standard gas proration unit for the Blanco-Mesaverde Pool comprising Lots 3, 4, 5, 6 and 7 and the E/2 W/2 (W/2 equivalent) of Section 6 and Lots 1 and 2 and the E/2 NW/4 (NW/4 equivalent) of Section 7, Township 30 North, Range 9 West (authorized by Division Order No. R-35). Said location is approximately 12 miles west by north of the Navajo Reservoir Dam.

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CASE 9805: Application of Oryx Energy 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 South and West lines (Unit M) of Section 26, Township 22 South, Range 34 East, Undesignated Antelope Ridge-Atoka Gas Pool, the S/2 of said Section 26 to be dedicated to said well to form a standard 320-acre gas spacing and proration unit for said pool. Said location is approximately 4 miles north-northwest of the San Simon Sink.

CASE 9806: Application of Pacific Enterprises Oil Company 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 line and 1400 feet from the East line (Unit B) of Section 2, Township 10 South, Range 26 East, to test the Undesignated Poor Ranch-PrePermian Gas Pool, Lots 1, 2, 3, and 4 and the S/2 N/2 (N/2 equivalent) of said Section 2 to be dedicated to said well forming a 320.52-acre gas spacing and proration unit. Said unit is located approximately 6 miles east by south of the Pecos River Bridge on U.S. Highway 70.

CASE 9807: Application of Knadarko Petroleum Corporation for compulsory pooling, directional drilling and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an order pooling all mineral interests in the Strawn formation underlying the SE/4 NW/4 (Unit F) of Section 33, Township 16 South, Range 39 East, forming a standard 40-acre oil spacing and proration unit for said zone. Said unit is to be dedicated to a well to be directionally drilled from a surface location 2440 feet from the North line and 2230 feet from the West line of said Section 33, to the Strawn formation at a true vertical depth of approximately 11,700 feet within a 125 foot radius of an unorthodox oil well location 2060 feet from the North line and 2500 feet from the West line of said Section 33. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant an operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 7 miles northeast by north of Humble City, New Mexico.

CASE 9808: Application of TXO Production Corporation for compulsory pooling, directional drilling, and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated East Burton Flat-Strawn Gas Pool underlying the W/2 of Section 14, Township 20 South, Range 29 East, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be directionally drilled from a surface location 900 feet from the South line and 1815 feet from the West line (Unit N) of Section 11, Township 20 South, Range 29 East, to a non-standard bottomhole gas well location within 50 feet of a point 825 feet from the North line and 1815 feet from the West line (Unit O) of said Section 14. 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 4 miles north-northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.

CASE 9762: (Continued from October 18, 1989, Examiner Hearing.)

Application of TXO Production Corp. for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to directionally drill from a surface location 900 feet from the South line and 1815 feet from the West line (Unit N) of Section 11, Township 20 South, Range 29 East, to a standard bottomhole oil well location in the Strawn formation within 50 feet of a point 825 feet from the North line and 1815 feet from the West line (Unit O) of Section 14, Township 20 South, Range 29 East, the NE/4 NW/4 of said Section 14 to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for the Undesignated South Parkway-Strawn Pool. This well location is approximately 4.25 miles north-northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.

CASE 9789: (Continued from October 18, 1989, Examiner Hearing.)

Application of Mobil Producing Texas and New Mexico Inc. for pool creation and special pool rules, or in the alternative for pool extension, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Mancos formation comprising all of Section 15, Township 23 North, Range 1 West, and for the promulgation of special rules and regulations therefor including provisions for 640-acre spacing and proration units, designated well location requirements, and the assignment of a special depth bracket allowable. IN THE ALTERNATIVE, the applicant seeks to extend the West Puerto Chiquito-Mancos Oil Pool to include all of Sections 3, 10 and 15, Township 23 North, Range 1 West. Applicant further requests that the effective date of any order issued in this case be the date of this hearing. Said area is located approximately 3 miles north-northeast of Regina, New Mexico.

CASE 9809: 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 Federal, State and Fee lands in portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East. Said unit is to be designated the Cactus Queen Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said Unit Area is centered approximately 12 miles southwest by south of Caprock, New Mexico.

CASE 9910: Application of Yates Drilling Company for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Southeast Chaves Queen Gas Area Associated Pool in its proposed Cactus Queen Unit Area (Division Case No. 9809), underlying portions of Sections 26, 27, 34 and 35, Township 12 South, Range 31 East. Said area is centered approximately 12 miles southwest by south of Caprock, New Mexico.

CASE 9793: (Continued from October 18, 1989, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, contracting, reclassifying, and extending certain pools in Lea County, New Mexico.

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the West Tonto-Delaware Pool. The discovery well is the Mitchell Energy Corporation Federal SB Well No. 1 located in Unit J of Section 12, Township 19 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 12: SE/4

- (b) RECLASSIFY the Oil Center-Glorieta Gas Pool in Lea County, New Mexico, to the Oil Center-Glorieta Oil Pool, because four of the five wells producing in this pool are classified as oil wells and because of low GOR's.

- (c) CONTRACT the Arrowhead-Grayburg Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 18: SE/4

- (d) EXTEND the Antelope Ridge-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM  
Section 27: S/2

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM  
Section 14: E/2

- (e) EXTEND the East Gem-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 23: S/2  
Section 26: NE/4

- (f) EXTEND the Imperial Tubl-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM  
Section 16: S/2

- (g) EXTEND the Langlie Mattix-Seven Rivers-Queen-Grayburg Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 18: SE/4

- (h) EXTEND the Lusk-Atoka Gas Pool in Lea County, New Mexico, to include therein:

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

- (i) EXTEND the East Lusk-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 25: W/2  
Section 26: NE/4

- (j) EXTEND the West Lusk-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 17: SE/4

- (k) EXTEND the Mescalero Escarpe-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM  
Section 15: SE/4

- (l) EXTEND the Nadine Drinkard-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM  
Section 22: SE/4

- (m) EXTEND the Tonto-Seven Rivers Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM  
Section 14: NW/4