

**KELLAHIN AND KELLAHIN**

ATTORNEYS AT LAW

EL PATIO BUILDING

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SANTA FE, NEW MEXICO 87504-2265

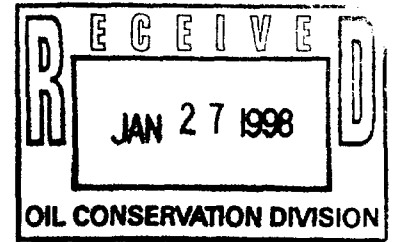
W. THOMAS KELLAHIN\*

\*NEW MEXICO BOARD OF LEGAL SPECIALIZATION  
RECOGNIZED SPECIALIST IN THE AREA OF  
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285  
TELEFAX (505) 982-2047

January 27, 1998



HAND DELIVERED

Ms. Kathleen Garland, Acting Director  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505

Re: NMOCD Case 11089 (Reopened)  
Application of Burlington Resources Oil & Gas Company  
to Reopen Case 11089 and to Amend Order R-46-A to provide for  
infill drilling in the Barker Dome-Desert Creek Pool,  
San Juan County, New Mexico

Dear Ms. Garland:

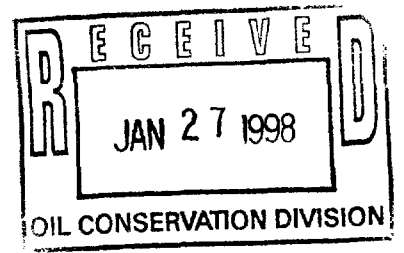
On behalf of Burlington Resources Oil & Gas Company, please find enclosed our Application as referenced above. We would appreciate the case being advertised and set for hearing on the Examiner's docket now scheduled for February 19, 1998. Also enclosed is our suggested advertisement for this case.

Very truly yours,

A handwritten signature in cursive script, appearing to read "W. Thomas Kellahin".

W. Thomas Kellahin

cc: Burlington Resources Oil & Gas Company  
Attn: Alan Alexander

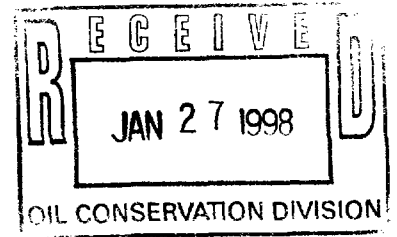


## PROPOSED ADVERTISEMENT

CASE 11089 (Reopened) Application of Burlington Resources Oil and Gas Company to Reopen Case 11089 and amend Order R-46-A to provide for an infill well in the Barker Dome-Desert Creek Pool, San Juan County, New Mexico. Applicant, in accordance with BLM Order No. UMU-1, seeks to amend Division Order R-46-C to increase the density of wells in the Barker Dome-Desert Creek from one well to two wells per 320-acre gas spacing unit provided the infill well is located in a quarter section not containing the original well all within a horizontal area containing all or parts of Section 7 through 11, 14 through 23, 27 through 32, Township 32 North, Range 14 West, and Sections 12, 13, 24, 25, 36, Township 32 North, Range 15 West, NMPM. Said area is located approximately 9 miles west-northwest of La Plata, New Mexico.

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:**



**CASE: 11089 (Reopened)**

**APPLICATION OF BURLINGTON RESOURCES  
OIL & GAS COMPANY TO REOPEN CASE 11089  
AND TO AMEND ORDER R-46-A TO PROVIDE  
FOR INFILL DRILLING IN THE BARKER DOME-  
DESERT CREEK POOL  
SAN JUAN COUNTY, NEW MEXICO**

**APPLICATION**

Comes now BURLINGTON RESOURCES OIL & GAS COMPANY ("Burlington"), by and through its attorneys, Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division ("NMOCD") to amend Division Order R-46-A to provide for an infill well in the Barker Dome-Desert Creek Pool, San Juan County, New Mexico. Applicant, in accordance with BLM Order No. UMU-1, seeks to amend Division Order R-46-C to increase the density of wells in the Barker Dome-Desert Creek from one well to two wells per 320-acre gas spacing unit provided the infill well is located in a quarter section not containing the original well all within a horizontal area containing all or parts of Section 7 through 11, 14 through 23, 27 through 32, Township 32 North, Range 14 West, and Sections 12, 13, 24, 25, 36, Township 32 North, Range 15 West, NMPM.

In support the Applicant states:

(1) By Order R-46-A issued in Case 11089 on February 13, 1995, the NMOCD contracted the Barker Creek-Paradox (Pennsylvanian) Gas Pool, redesignated it the Barker Dome-Paradox Pool and concomitantly created three new gas pools:(a) the Barker Dome-Ismay Pool(b) the Barker Dome-Akah/Upper Barker Creek Pool (c) the Barker Dome-Desert Creek Pool

(2) Order R-46-A established that wells completed in the Barker Dome-Desert Creek would be dedicated to 320-acre gas spacing units with well locations to be no closer than 790 feet to the outer boundary of the proration unit nor closer than 130 feet from any governmental quarter-quarter section lines or subdivision inner boundary.

(3) By Order R-46-C issued April 3, 1997, the Division made the rules for this pool permanent.

(4) On June 9, 1995, the Bureau of Land Management ("BLM") issued BLM Order No. UMU-1, effective March 20, 1995, declaring that the BLM has jurisdiction to set well spacing on lands which are held in trust by the United States for Tribes or individual members of a Tribe notwithstanding decisions and order of the State of New Mexico.

(5) The BLM also relied upon the Oil Conservation Division of New Mexico's hearing process and relied upon and ultimately adopted a substantial portion of the recommendations of the NMOCD as set forth in Order R-46-A.

(6) Burlington has developed petroleum engineering and geologic evidence which now demonstrates that there is a wide range in drainage areas for wells completed in the Desert Creek formation attributable to differences in permeability within the reservoir.

(7) There is now sufficient reservoir data available from which to calculate that the drainage areas of these wells will be less than 320-acres per well.

(8) Burlington has determined that an additional well is now necessary within the existing 320-acre gas proration and spacing units in this pool in order to recover hydrocarbons that will not be recovered by the original well.

(9) In accordance with BLM Order No. UMU-1, seeks to amend Division Order R-46-C to increase the density of wells in the Barker Dome-Desert Creek from one well to two wells per 320-acre gas spacing unit provided the infill well is located in a quarter section not containing the original well.

(10) Burlington controls 100% of the gas operating rights in the Pool with 100% of the royalty being owned by the Ute Mountain Ute Tribe.

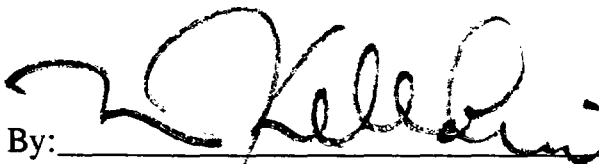
(11) As required, notice is provided to those interest owners as listed on Exhibit "A".

(12) The granting of this Application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant requests that this matter be set for hearing on February 19, 1998 before a duly appointed Examiner of the Oil Conservation Division and, after notice and hearing as required by law, the Division enter its Order granting this application, as amended.

Respectfully submitted,

KELLAHIN and KELLAHIN

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

By: \_\_\_\_\_  
W. Thomas Kellahin  
Post Office Box 2265  
Santa Fe, New Mexico 87504  
(505) 982-4285

EXHIBIT A  
NOTICE LIST

Interest Owners in Pool

Ute Mountain Ute Indian Tribe  
P. O. Box 42  
Towaoc, Colorado 81334

Bureau of Indian Affairs  
Ute Mountain Agency  
Towaoc, Colorado 81334

Bureau of Land Management  
Federal Building  
701 Camino Del Rio  
Durango, Colorado 81301

Offset Operators

Amoco Production Company  
P. O. Box 800  
Denver, Colorado 80201

Ute Mountain Ute Indian Tribe  
P. O. Box 42  
Towaoc, Colorado 81334

Cross Timbers Oil Company  
810 Houston Street, Suite 2000  
Fort Worth, Texas 76102-6298

**DOCKET: EXAMINER HEARING - THURSDAY - MARCH 19, 1998**

8:15 AM - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 8-98 and 9-98 are tentatively set for April 2, 1998 and April 16, 1998. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

**CASE 11947:** Application of Exxon Corporation for a waterflood project and to qualify said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval to institute a secondary recovery project in its proposed Knox-Adkins Cooperative Leasehold Waterflood Project by the injection of water into the Blinebry formation in the Oil Center-Blinebry Pool, encompassing 640 acres of fee land comprising all of Section 10, Township 21 South, Range 36 East. Applicant further seeks to qualify the project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said project is located immediately east of Oil Center, New Mexico. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

**CASE 11926:** (Readvertised)

Application of KCS Medallion Resources, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation underlying the W/2 of Section 33, Township 19 South, Range 28 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including but not limited to the Undesignated Winchester-Morrow Gas Pool, the Winchester-Atoka Gas Pool, and the North Burton Flat-Strawn Gas Pool. Said unit will be dedicated to its Many Sands "33" Well No. 1, to be drilled at an orthodox location 1650 feet from the South line and 660 feet from the West line (Unit L) 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 as operator of the well, and a charge for the risk involved in drilling said well. Said unit is located approximately 11 miles east-southeast of Lakewood, New Mexico.

**CASE 11906:** (Continued from February 19, 1998, Examiner Hearing - This Case Will Be Dismissed.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation underlying the following described acreage in Section 5, Township 20 South, Range 25 East and in the following manner: Lots 1, 2 and the S/2 NE/4 (the NE/4) to form a standard 160.45-acre oil spacing and proration unit for any formations and/or pools developed on 160-acre spacing within said vertical extent, including the Undesignated North Dagger Draw-Upper Pennsylvanian Pool; and the SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools spaced on 40 acres within said vertical extent, including the Undesignated Seven Rivers-Yeso Pool. Said units are to be dedicated to applicant's S.P. Johnson Com Well No. 2, located 1650 feet from the North line and 1980 feet from the East line (Unit G) 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 the risk involved in drilling said well. Said unit is located approximately 4.5 miles west-northwest of Seven Rivers, New Mexico.

**CASE 11941:** (Continued from March 5, 1998, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 11, Township 24 South, Range 24 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Mosley Canyon-Strawn Gas Pool and the Baldrige Canyon-Morrow Gas Pool. Said unit is to be dedicated to its Baldrige Canyon "11" State Com. Well No.1, located 1650 feet from the South line and 660 feet from the West line (Unit L) of said Section 11. 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 unit is located approximately 7 miles northwest of Whites City, New Mexico.

**CASE 11948:** Application of Sonat Exploration Company for blanket surface commingling, Eddy and Lea Counties, New Mexico. Applicant seeks blanket approval to surface commingle Delaware production within ten federal leases from all existing wells and any wells to be drilled within a Project Area which includes all or portions of Sections 1, 8, 9, 10, 11, 12 and 15, Township 24 South, Range 31 East, and portions of Section 18, Township 24 South, Range 32 East, which is located approximately where Highway 128 intersects the Eddy/Lea County Line.

**CASE 11949:** Application of Thornton Operating Corporation to amend Division Order No. R-9514-C, Chaves County, New Mexico. Applicant seeks an amendment to Division Order No. R-9514-C, issued in Case 11615 and dated June 5, 1997 which authorized the reentry and directional drilling of the McClellan Federal Well No. 1 from a previously approved surface location 182 feet from the North line and 507 feet from the West line (Unit D) of Section 26, Township 13 South, Range 29 East, to authorize a new unorthodox bottomhole location for this well in the Devonian formation 68 feet from the South line and 263 feet from the West line (Unit M) of Section 23, Township 13 South, Range 29 East. This well is located approximately 18 miles east of Hagerman, New Mexico. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

**CASE 11950:** Application of Enron Oil & Gas Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Chester formation, or a depth of 11,800 feet, underlying Lots 1, 2, 3, and 4 and the E/2 W/2 (W/2 equivalent) of Section 31, Township 17 South, Range 30 East, in the following described manner: Lots 1, 2, 3 and 4 and the E/2 W/2 forming a 310.56-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing; Lots 3 and 4 and the E/2 SW/4 for any and all formations and/or pools developed on 160-acre spacing; Lot 4 and the SE/4 SW/4 for any and all formations and/or pools developed on 80-acre spacing; and Lot 4 for any and all formations and/or pools developed on 40-acre spacing. Applicant proposes to dedicate these pooled units to its Sand Tank "31" Fed. Com Well No. 2 to be drilled at an unorthodox location 990 feet from the South line and 1200 feet from the West line of said Section 31. Said location was approved by Division Order No. NSL-3932 on January 14, 1998. 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 area is located approximately 2 miles southwest of Loco Hills, New Mexico.

**CASE 11934:** (Readvertised - This Case Will Be Continued to April 2, 1998.)

**Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests underlying the following described acreage in irregular Section 2, Township 16 South, Range 35 East, in the following manner: Lots 11, 12, 13, 14 and the SW/4 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent; Lots 11, 12, 13 and 14 to form a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; Lots 13 and 14 to form a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent; and Lot 13 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said units are to be dedicated to the proposed Fields "APK" State Com Well No. 3 which will be drilled at a standard location 3300 feet from the South line and 760 feet from the West line of said Section 2. 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 area is located approximately 4 miles west of Lovington, New Mexico.

**CASE 11951:** Application of Nearburg Exploration Company, L.L.C. for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks authorization to drill a well to the Morrow formation, Undesignated South Carlsbad-Morrow Gas Pool, at an unorthodox well location 990 feet from the North line and 1650 feet from the West line (Unit C) of Section 22, Township 23 South, Range 26 East. The N/2 of said Section 22 is to be dedicated to said well forming a standard 320-acre spacing and proration unit. Said unit is located approximately 8 miles south-southwest of Carlsbad, New Mexico.

**CASE 11940:** (Continued from March 5, 1998, Examiner Hearing.)

**Application of Manzano Oil Corporation for compulsory pooling and unorthodox well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described area in Section 4, Township 22 South, Range 27 East in the following manner: the S/2 for all formations developed on 320-acre spacing which presently includes but is not necessarily limited to the South Carlsbad-Morrow Gas Pool and the Undesignated South Carlsbad-Strawn Pool; the SE/4 for all formations developed on 160-acre spacing; the E/2 SE/4 for all formations developed on 80-acre spacing; and the SE/4 SE/4 for all formations developed on 40-acre spacing which presently includes but is not limited to the Esperanza-Delaware Pool. Applicant proposes to dedicate these pooled units to its Esperanza Well No. 1 to be drilled at an unorthodox location 660 feet from the South line and 990 feet from the East line (Unit P) 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 the risk involved in drilling said well. Said area is located approximately 2 miles southeast of Carlsbad, New Mexico.



**CASE 11928:** (Continued from February 19, 1998, Examiner Hearing.)

**Application of Oryx Energy Company for the expansion of the Indian Basin-Upper Pennsylvanian Associated Pool and the contraction of the Indian Basin-Upper Pennsylvanian Gas Pool and for approval of a non-standard gas proration and spacing unit, Eddy County, New Mexico.** Applicant seeks an order expanding the Indian Basin-Upper Pennsylvanian Associated Pool to include the E/2 of Section 36, Township 21 South, Range 23 East, and the corresponding contraction of the Indian Basin-Upper Pennsylvanian Gas Pool to delete said acreage from that pool. In addition, applicant seeks the approval of a non-standard gas proration and spacing unit consisting of the W/2 of said Section 36 to be dedicated to production from the Indian Basin-Upper Pennsylvanian Gas Pool. This acreage is located approximately 14 miles southwest of Seven Rivers, New Mexico.

**CASE 11896:** (Continued from February 19, 1998, Examiner Hearing.)

**Application of OXY USA, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described area in Section 17, Township 17 South, Range 27 East and in the following manner: the N/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Jennings Spring-Wolfcamp Pool, Undesignated Logan Draw-Cisco Canyon Gas Pool, Undesignated Hart Draw-Atoka Gas Pool and the Undesignated Logan Draw-Morrow Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; the N/2 NE/4 to form a standard 80-acre gas spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent; and the NW/4 NE/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said unit is to be dedicated to its Livan Fed. Com Well No. 1 to be drilled at a standard location 660 feet from the North line and 1650 feet from the East line (Unit B) of said Section 17. 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 area is located approximately 6 miles east of Artesia, New Mexico.

**CASE 11952:** **Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 31, Township 18 South, Range 33 East, and in the following manner: the N/2 of said Section 31 to form a standard 325.37-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently may include but is not necessarily limited to the South Corbin-Morrow Gas Pool; the NE/4 of said Section 31 to form a standard 160-acre gas spacing and proration unit underlying the NE/4 of said Section 31 for any and all formations/pools developed on 160-acre gas spacing; and the SW/4 NE/4 of said Section 31 to form a standard 40-acre spacing unit for any and all formations/pools developed on 40-acre spacing. Said units are to be dedicated to its Gazelle "31" Well No. 1 to be drilled and completed at a standard gas well location 1980 feet from the North line and 1650 feet from the East line (Unit G) of said Section 31. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 12 miles southeast of Maljamar, New Mexico.

**CASE 11089:** (Reopened - Continued from February 19, 1998, Examiner Hearing.)

**Application of Burlington Resources Oil and Gas Company to amend Order No. R-46-C to provide for an infill well in the Barker Dome-Desert Creek Pool, San Juan County, New Mexico.** Applicant seek to amend Order No. R-46-C to increase the density of wells in the Barker Dome-Desert Creek Pool from one well to two wells per 320-acre gas spacing unit, provided the infill well is located in a quarter section not containing the original well, within a horizontal area containing all or parts of Sections 7 through 11, 14 through 23, 27 through 32, Township 32 North, Range 14 West, and Sections 12, 13, 24, 25, 36, Township 32 North, Range 15 West. Said area is located approximately 9 miles west-northwest of La Plata, New Mexico.

**CASE 11953:** **Application of Nearburg Exploration Company, L.L.C. for an order shutting in wells operated by Chesapeake Operating, Inc. until the operator is in compliance with Division reporting rules, Lea County, New Mexico.** Applicant seeks an order shutting-in wells operated by Chesapeake Operating, Inc. in the NW/4 of Section 20, Township 16 South, Range 36 East, until production information on these wells has been filed as required by Oil Conservation Division rules and all overproduction, if any, has been made up. Said wells are located approximately 2 miles south of Lovington, New Mexico.

**CASE 11612:** (Reopened)

In the matter of Case No. 11612 being reopened pursuant to the provisions of Division Order No. R-10679-A, which order promulgated temporary special rules and regulations for the East Stallion-Devonian Pool in Lea County, New Mexico, including a provision for 80-acre spacing. Operators in the subject pool may appear and show cause why said temporary special pool rules and regulations should not be rescinded. Said pool is located approximately 13 miles east of Tatum, New Mexico.

**CASE 11900:** (Continued from February 19, 1998, Examiner Hearing.)

**Application of Yates Petroleum Corporation to rescind Administrative Order No. SWD-657, Lea County, New Mexico.** Applicant seeks rescission of Administrative Order No. SWD-657 which approved the application of Manzano Oil Corporation for authorization to convert the State "22" Well No. 1, located 2310 feet from the South line and 990 feet from the East line (Unit I) of Section 22, Township 10 South, Range 37 East, to a salt water disposal well for the injection of Devonian water into the San Andres formation. Said well is located approximately 12 miles northeast of Tatum, New Mexico.

**CASE 11887:** (Continued from February 19, 1998, Examiner Hearing.)

**Application of Santa Fe Energy Resources, Inc. for compulsory pooling and a non-standard gas spacing and proration unit, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 3-6 and 11-14 of Section 1, Township 21 South, Range 34 East, to form a non-standard 315.22-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Wilson-Morrow Gas Pool. Said unit is to be dedicated to its Outland "1" State Well No. 1, to be drilled at an orthodox gas well location 3300 feet from the North line and 1650 feet from the West line of said Section 1. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 10 miles west-northwest of Oil Center, New Mexico.

**CASE 11921:** (Continued from March 5, 1998, Examiner Hearing.)

**Application of Whiting Petroleum Corporation and Maralex Resources, Inc. for an order shutting in certain wells, San Juan County, New Mexico.** Applicants seek an order requiring that the following wells be shut-in because they are producing from a formation or pool owned by applicants: Thompson Engineering & Production Corp. Stacey Well No.1; and the Pendragon Energy Partners, Inc. Chaco Well Nos. 1, 2R, 4 and 5, and Chaco Ltd. Well Nos. 1J and 2J. Said wells are located in Sections 6, 7, and 18, Township 26 North, Range 12 West and Sections 1 and 12, Township 26 North, Range 13 West. Said area is located approximately 15 miles south-southeast of Farmington, New Mexico.

**CASE 11811:** (Continued from December 4, 1997, Examiner Hearing.)

**Application of the Oil Conservation Division for an order requiring Hanson Energy to plug seventeen (17) wells in Eddy County, New Mexico.** In the matter of the hearing called by the Oil Conservation Division ("Division") to permit the operator, Hanson Energy, Gulf Insurance Company, and all other interested parties to appear and show cause why seventeen (17) wells located in Township 18 South, Range 28 East and Township 17 South, Ranges 27 and 28 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program. Further, should the operator fail to properly plug said wells, the Division seeks an order (i) authorizing the Division to plug said wells, (ii) declaring forfeiture of the plugging bond, if any, covering said wells, and (iii) authorizing the Division to recover from the operator the costs of plugging the wells in excess of the amount of the bond. Said wells are located approximately 10 miles south-southeast of Artesia, New Mexico.

**CASE 11942:** (Continued from March 5, 1998, Examiner Hearing.)

**Application of Oil Conservation Division for an order requiring Rocky Mountain Resources, Inc. to properly plug a well, Lincoln County, New Mexico.** Applicant seeks an order requiring Rocky Mountain Resources, Inc. to properly plug its Border Hills State Well No. 1 located in Unit O of Section 17, Township 11 South, Range 20 East, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond, if any. Said well is located approximately 6 miles east of Sunset, New Mexico.

**DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 19, 1998**

**8:15 AM - 2040 South Pacheco**

**Santa Fe, New Mexico**

Dockets Nos 6-98 and 7-98 are tentatively set for March 5, 1998 and March 19, 1998. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

**CASE 11923:** Application of Shahara Oil, L.L.C. for a unit agreement, Lea County, New Mexico. Applicant seeks approval of its Shahara State Unit Agreement for an area encompassing 320 acres, more or less, of State lands consisting of the W/2 of Section 16, Township 17 South, Range 33 East. Said unit area is located approximately 5.5 miles east-southeast of Maljamar, New Mexico.

**CASE 11924:** Application of Shahara Oil, L.L.C. for a waterflood/tertiary recovery project, qualification for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" for said project, and for two unorthodox oil well locations, Lea County, New Mexico. Applicant seeks approval to institute a waterflood and tertiary recovery project utilizing micro-organisms for enhanced recovery in the Maljamar-Grayburg-San Andres Pool within its proposed Shahara State Unit Area (being the subject of Case No. 11923) to comprise the W/2 of Section 16, Township 17 South, Range 33 East, by the injection of water through 8 certain existing wells. Applicant further seeks to qualify this project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Applicant further seeks approval to drill two new producing wells along the western edge of the proposed Unitized Area at locations considered to be unorthodox. The proposed project area is located approximately 5.5 miles east-southeast of Maljamar, New Mexico.

**CASE 11925:** Application of KCS Medallion Resources, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval of an unorthodox gas well location within the Turkey Track-Morrow Gas Pool for its PDM Well No. 1 to be drilled 860 feet from the South line and 660 feet from the West line (Unit M) of Section 16, Township 19 South, Range 29 East, being approximately 12.5 miles south-southwest of Loco Hills, New Mexico. The S/2 of said Section 16 is to be dedicated to said well to form a standard 320-acre gas spacing and proration unit for said pool.

**CASE 11926:** Application of KCS Medallion Resources, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 33, Township 19 South, Range 28 East, and in the following manner: the W/2 of Section 33 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including but not limited to the Undesignated Winchester-Morrow Gas Pool, the Winchester-Atoka Gas Pool, the North Burton Flat-Strawn Gas Pool, and the Winchester-Wolfcamp Gas Pool; the SW/4 of Section 33 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; the N/2 SW/4 of Section 33 to form a standard 80-acre spacing unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, including but not limited to the Undesignated Old Millman Ranch-Bone Spring Associated Pool; and the NW/4 SW/4 of Section 33 for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, including but not limited to the Undesignated Old Millman Ranch-Bone Spring Associated Pool, the Undesignated Fadeaway Ridge-Delaware Pool, and the Undesignated East Millman Yates-Seven Rivers-Queen-Grayburg-San Andres Pool. Said units will be dedicated to its Many Sands "33" Well No. 1, to be drilled at an orthodox location 1650 feet from the South line and 660 feet from the West line (Unit L) 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 as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 11 miles east-southeast of Lakewood, New Mexico.

**CASE 11877:** (Continued from February 5, 1998, Examiner Hearing.)

**Application of Fasken Land and Minerals, Ltd. for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying all of Section 12, Township 23 South, Range 24 East, forming a standard 640-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the Rock Tank-Upper Morrow Gas Pool and the Rock Tank-Lower Morrow Gas Pool. Said unit is to be dedicated to its Carnero "12" Federal Com Well No. 1 to be drilled and completed at an unorthodox gas well location 500 feet from the North line and 2265 feet from the West line (Unit E) of said Section 12. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Fasken Oil and Ranch, Ltd. as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 15 miles southwest of Carlsbad, New Mexico.

**CASE 11906:** (Continued from January 22, 1998, Examiner Hearing.)

**Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation underlying the following described acreage in Section 5, Township 20 South, Range 25 East and in the following manner: Lots 1, 2 and the S/2 NE/4 (the NE/4) to form a standard 160.45-acre oil spacing and proration unit for any formations and/or pools developed on 160-acre spacing within said vertical extent, including the Undesignated North Dagger Draw-Upper Pennsylvanian Pool; and the SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools spaced on 40 acres within said vertical extent, including the Undesignated Seven Rivers-Yeso Pool. Said units are to be dedicated to applicant's S.P. Johnson Com Well No. 2, located 1650 feet from the North line and 1980 feet from the East line (Unit G) 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 the risk involved in drilling said well. Said unit is located approximately 4.5 miles west-northwest of Seven Rivers, New Mexico.

**CASE 11013:** (Continued from January 22, 1998, Examiner Hearing. Readvertised and Reopened by the Division for a Show Cause Hearing)

**Application of Baber Well Servicing Company and/or Pronghorn Management Corporation for an unorthodox oil well location, Lea County, New Mexico.** Applicant seeks approval for its New Mexico "BZ" State NCT-5 Well No. 5 (API No. 30-025-32362), drilled at an unorthodox oil well location 40 feet from the North line and 750 feet from the West line (Unit D) of Section 29, Township 21 South, Range 35 East, as an infill well on an existing 40-acre standard oil spacing and proration unit in the North San Simon-Yates Associated Pool comprising the NW/4 NW/4 of said Section 29, which is dedicated to the Pronghorn Management Corporation New Mexico "BZ" State NCT-5 Well No. 1 (API No. 30-025-03521), located at a standard oil well location 660 feet from the North and East lines (Unit D) of said Section 29. Said 40-acre unit is located approximately 8.5 miles west-southwest of Oil Center, New Mexico. **FURTHER, the operator of said 40-acre unit shall appear and show cause why:** (i) the New Mexico "BZ" State NCT-5 Well No. 5 should not be plugged and abandoned; (ii) it commenced producing said well without proper authorization; (iii) the offset interests' correlative rights were not violated by the past production; and (iv) a civil penalty should not be assessed or other restrictions imposed for any violations committed by the operator.

**CASE 11927:** **Application of Redstone Oil & Gas Company for compulsory pooling and unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 12, Township 23 South, Range 24 East, and in the following manner: All of Section 12 to form a standard 640-acre gas spacing and proration unit for any formations and/or pools developed on 640-acre spacing within said vertical extent, including but not limited to the Rock Tank-Upper Morrow Gas Pool and the Rock Tank-Lower Morrow Gas Pool; and the N/2 of Section 12 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent. Said units are to be dedicated to a well to be located at an unorthodox gas well location 500 feet from the North line and 2515 feet from the East line (Unit B) of said Section 12. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 11 miles northwest of Whites City, New Mexico.**CASE 11919:** (Continued from February 5, 1998, Examiner Hearing.)

**Application of Enron Oil & Gas Company for compulsory pooling and unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow-Chester formation, Undesignated Grayburg-Morrow Gas Pool, underlying the N/2 of Section 34, Township 17 South, Range 29 East, for all formations developed on 320-acre spacing. Applicant proposes to dedicated this pooled unit to its STW "34" Federal Com. Well No. 1 to be drilled at an unorthodox gas well location 660 feet from the North line and 1250 feet from the East line (Unit A) 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 the risk involved in drilling said well. Said area is located approximately 5 miles west-southwest of Loco Hills, New Mexico.

**CASE 11928:** **Application of Oryx Energy Company for the expansion of the Indian Basin-Upper Pennsylvanian Associated Pool and the contraction of the Indian Basin-Upper Pennsylvanian Gas Pool and for approval of a non-standard gas proration and spacing unit, Eddy County, New Mexico.** Applicant seeks an order expanding the Indian Basin-Upper Pennsylvanian Associated Pool to include the E/2 of Section 36, Township 21 South, Range 23 East, and the corresponding contraction of the Indian Basin-Upper Pennsylvanian Gas Pool to delete said acreage from that pool. In addition, applicant seeks the approval of a non-standard gas proration and spacing unit consisting of the W/2 of said Section 36 to be dedicated to production from the Indian Basin-Upper Pennsylvanian Gas Pool. This acreage is located approximately 14 miles southwest of Seven Rivers, New Mexico.

**CASE 11896:** (Continued from January 22, 1998, Examiner Hearing.)

**Application of OXY USA, Inc. for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described area in Section 17, Township 17 South, Range 27 East and in the following manner: the N/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Jennings Spring-Wolfcamp Pool, Undesignated Logan Draw-Cisco Canyon Gas Pool, Undesignated Hart Draw-Atoka Gas Pool and the Undesignated Logan Draw-Morrow Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; the N/2 NE/4 to form a standard 80-acre gas spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent; and the NW/4 NE/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said unit is to be dedicated to its Livan Fed. Com Well No. 1 to be drilled at a standard location 660 feet from the North line and 1650 feet from the East line (Unit B) of said Section 17. 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 area is located approximately 6 miles east of Artesia, New Mexico.

**CASE 11089:** (Reopened)

**Application of Burlington Resources Oil and Gas Company to amend Order No. R-46-C to provide for an infill well in the Barker Dome-Desert Creek Pool, San Juan County, New Mexico.** Applicant seek to amend Order No. R-46-C to increase the density of wells in the Barker Dome-Desert Creek Pool from one well to two wells per 320-acre gas spacing unit, provided the infill well is located in a quarter section not containing the original well, within a horizontal area containing all or parts of Sections 7 through 11, 14 through 23, 27 through 32, Township 32 North, Range 14 West, and Sections 12, 13, 24, 25, 36, Township 32 North, Range 15 West. Said area is located approximately 9 miles west-northwest of La Plata, New Mexico.

**CASE 11929:** **Application of Mobil Exploration & Producing TX & NM Inc. for approval of horizontal injection wells, for an administrative procedure whereby additional horizontal injection wells may be approved within the North Vacuum Abo Unit Pressure Maintenance Project, and to qualify a portion of said project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act", Lea County, New Mexico.** Applicant seeks approval to inject fresh water into the Abo formation through three horizontal injection wells as an expansion of the North Vacuum Abo Unit Pressure Maintenance Project. The three wells, which have previously been approved as convention vertical injection wells, are as follows: NVAU Well No. 136 located 660 feet from the North line and 860 feet from the West line (Unit D) of Section 26; NVAU Well No. 156 located 1893 feet from the South line and 1800 feet from the East line (Unit J) of Section 23; and NVAU Well No. 213 located 460 feet from the South line and 1980 feet from the West line (Unit N) of Section 23, all in Township 17 South, Range 34 East. Applicant further seeks to establish an administrative process whereby additional horizontal injection wells may be approved within the North Vacuum Abo Unit Pressure Maintenance Project. Further, applicant seeks to qualify a portion of its North Vacuum Abo Unit Pressure Maintenance Project as an enhanced oil recovery project pursuant to the New Mexico Enhanced Oil Recovery Act, NMSA 1978. Said wells are located approximately 1 mile north of Buckeye, New Mexico.

**CASE 11900:** (Continued from January 22, 1998, Examiner Hearing.)

**Application of Yates Petroleum Corporation to rescind Administrative Order No. SWD-657, Lea County, New Mexico.** Applicant seeks rescission of Administrative Order No. SWD-657 which approved the application of Manzano Oil Corporation for authorization to convert the State "22" Well No. 1, located 2310 feet from the South line and 990 feet from the East line (Unit I) of Section 22, Township 10 South, Range 37 East, to a salt water disposal well for the injection of Devonian water into the San Andres formation. Said well is located approximately 12 miles northeast of Tatum, New Mexico.

**CASE 11910:** (Continued from January 22, 1998, Examiner Hearing.)

**Application of Nearburg Exploration Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations developed on 160-acre spacing in the NE/4, in all formations developed on 80-acre spacing in the S/2 NE/4, and in all formations developed on 40-acre spacing in the SW/4 NE/4 of Section 13, Township 19 South, Range 25 East. Said units are to be dedicated to its Lakewood Farms "13" Well No. 1 to be drilled in the Undesignated North Dagger Draw-Upper Pennsylvania Pool at a standard location 1650 feet from the North and East lines (Unit G) 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 the risk involved in drilling said well. Said area is located approximately 3 miles northwest of Lakewood, New Mexico.

**CASE 11887:** (Continued from January 22, 1998, Examiner Hearing.)

**Application of Santa Fe Energy Resources, Inc. for compulsory pooling and a non-standard gas spacing and proration unit, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying Lots 3-6 and 11-14 of Section 1, Township 21 South, Range 34 East, to form a non-standard 315.22-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Wilson-Morrow Gas Pool. Said unit is to be dedicated to its Outland "1" State Well No. 1, to be drilled at an orthodox gas well location 3300 feet from the North line and 1650 feet from the West line of said Section 1. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 10 miles west-northwest of Oil Center, New Mexico.

**CASE 11921:** (Continued from February 5, 1998, Examiner Hearing.)

**Application of Whiting Petroleum Corporation and Maralex Resources, Inc. for an order shutting in certain wells, San Juan County, New Mexico.** Applicants seek an order requiring that the following wells be shut-in because they are producing from a formation or pool owned by applicants: Thompson Engineering & Production Corp. Stacey Well No. 1; and the Pendragon Energy Partners, Inc. Chaco Well Nos. 1, 2R, 4 and 5, and Chaco Ltd. Well Nos. 1J and 2J. Said wells are located in Sections 6, 7, and 18, Township 26 North, Range 12 West and Sections 1 and 12, Township 26 North, Range 13 West. Said area is located approximately 15 miles south-southeast of Farmington, New Mexico.

**CASE 11930:** In the matter of the hearing called by the Oil Conservation Division for an order creating and extending certain pools in Eddy County, 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 East Hackberry-Bone Spring Pool. The discovery well is the Lynx Petroleum Consultants, Inc. Federal HJ-27 Well No. 1 located in Unit F of Section 27, Township 19 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 27: NW/4

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Chester production and designated as the North Illinois Camp-Chester Gas Pool. The discovery well is the Marathon Oil Company W. B. Travis 15 State Com Well No. 1 located in Unit G of Section 15, Township 18 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 15: E/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Cisco production and designated as the McMillan-Cisco Gas Pool. The discovery well is the Maralo, Inc. D. S. "26" Federal Well No. 1 located in Unit H of Section 26, Township 20 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM

Section 26: E/2

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

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 9: SE/4

Section 16: S/2 and NE/4

- (e) EXTEND the Black River-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM

Section 10: E/2

Section 11: SW/4

- (f) EXTEND the Cemetery-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 7: All

- (g) EXTEND the West Corral Canyon-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM

Section 13: W/2

Section 14: SE/4

- (h) EXTEND the South Indian Basin-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 23 EAST, NMPM

Section 34: SW/4

- (i) EXTEND the East Loving-Brushy Canyon Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 21: NE/4

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

TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMPM

Section 36: S/2

- (k) EXTEND the Red Lake-Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 17: E/2

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

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM

Section 27: E/2 NW/4

- (m) EXTEND the Sand Point-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM

Section 2: SE/4

- (n) EXTEND the Shugart-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 22: S/2

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.