

CASE 11649: (Continued from March 6, 1997, Examiner Hearing.)

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the N/2, in all formations developed on 160-acre spacing underlying the NE/4, in all formations developed on 80-acre spacing underlying the N/2 NE/4, and in all formations developed on 40-acre spacing underlying the NW/4 NE/4 from the surface to the base of the Morrow formation, Cemetery-Morrow Gas Pool, of Section 26, Township 19 South, Range 25 East. Said units are to be dedicated to its Morris 26B Well No.1 which will be drilled at a standard location 660 feet from the North line and 1650 feet from the East line (Unit B) of said Section 26. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 4 ½ miles west of Lakewood, New Mexico.

CASE 11722: (Readvertised - Continued from March 6, 1997, Examiner Hearing.)

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 E/2 of Section 28, Township 20 South, Range 33 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, which presently may include but is not necessarily limited to the Halfway-Atoka Gas Pool and the South Salt Lake-Morrow Gas Pool, and forming a standard 160-acre gas spacing and proration unit underlying the SE/4 of said Section 28 for any and all formations/pools developed on 160-acre gas spacing. Said unit is to be dedicated to its Tomahawk "28" Federal Com Well No. 1 to be drilled and completed at a standard well location in Unit I of said Section 28. 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 the operator of the well and a charge for risk involved in drilling said well. In addition, applicant seeks an order reducing the overriding royalty burdens on the SW/4 SE/4 of said Section 28 so that the net revenue interest for that tract is not less than 75%. Said unit is located approximately 3 miles east of the intersection of State Highway 176/FAS 1217 and U.S. Highway 180 (Laguna Gatuna Area), New Mexico.

CASE 11714: (Continued from March 6, 1997, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the S/2, in all formations developed on 160-acre spacing underlying the SE/4, in all formations developed on 80-acre spacing underlying the S/2 SE/4, and in all formations developed on 40-acre spacing underlying the SW/4 SE/4 from the surface to the base of the Morrow formation in Section 3, Township 24 South, Range 33 East. Said unit is to be dedicated to its Quest "AQS" State Well No. 1 which will be drilled as a wildcat well at a standard location 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 3. 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 applicant as the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 9 miles east of the intersection of Highway FAS 1271 with the Lea County/Eddy County line.

CASE 11739: (Continued from March 6, 1997, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling and a non-standard oil proration unit, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying Lots 8 and 9 of irregular Section 2, Township 16 South, Range 35 East, forming a non-standard 80-acre oil spacing and proration unit for any and all pools developed on 80-acre spacing within said vertical extent, which presently includes only the West Lovington-Strawn Pool. 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, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 3.5 miles west of Lovington, New Mexico.

CASE 11748: **Application of Enron Oil & Gas Company for downhole commingling, Eddy County, New Mexico.** Applicant seeks approval to downhole commingle production from the Atoka formation, Sand Tank-Atoka Gas Pool, and the Morrow formation, Undesignated Sand Tank-Morrow Gas Pool, within the wellbore of its Sand Tank "6" Federal Well No. 1 located 1980 feet from the North line and 1650 feet from the East line (Unit G) of Section 6, Township 18 South, Range 30 East. Said area is located approximately three miles south-southwest of Loco Hills, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - MARCH 20, 1997

8:15 AM - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos 10-97 and 11-97 are tentatively set for April 3, 1997 and April 17, 1997. 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 11639: (Continued from February 20, 1997, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Abo formation to the base of the Morrow formation underlying the N/2 of Section 8, Township 18 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing. Applicant proposes to dedicate this pooled unit to its Scoggin Draw "8" State Well No. 1, to be drilled at an orthodox location 660 feet from the North line and 2250 feet from the East line (Unit B) of said Section 8. 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 11 miles southwest of Artesia, New Mexico.

CASE 11746: **Application of SDX Resources, Inc. to abolish both the East Millman-Seven Rivers Pool and the Palmillo-Seven Rivers Pool and to extend the vertical and horizontal limits of the East Millman Queen-Grayburg-San Andres Pool, Eddy County and to redesignate said pool as the East Millman Queen-Grayburg-San Andres-Yates-Seven Rivers Pool, New Mexico.** Applicant seeks an order abolishing both the East Millman-Seven Rivers Pool, which currently comprises all or parts of Sections 11, 14, 21, 22, 23, 28 and 29, Township 19 South, Range 28 East, and the Palmillo-Seven Rivers Pool which currently comprises the NW/4 of Section 18, Township 19 South, Range 29 East, and to concomitantly expand the horizontal limits of the East Millman Queen-Grayburg-San Andres Pool to include all the acreage contained within the aforesaid East Millman-Seven Rivers and Palmillo-Seven Rivers Pools, and expand the vertical limits of the East Millman Queen-Grayburg-San Andres Pool to include the Yates and Seven Rivers formations. Said affected acreage is located in portions or all of Sections 1, 11, 12, 13, 14, 15, 21, 22, 23, 24, 27, 28, 29 of Township 19 South, Range 28 East, and portions or all of Sections 6, 7, 17 and 18 of Township 19 South, Range 29 East. Said area is centered approximately 9 miles southwest of Loco Hills, New Mexico.

CASE 11743: (Continued from March 6, 1997, Examiner Hearing.)

Application of Santa Fe Energy 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 17, Township 22 South, Range 28 East, and in the following manner: the N/2 of Section 17 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 West Indian Flats-Strawn Gas Pool, the Undesignated Dublin Ranch-Atoka Gas Pool, and the Undesignated Dublin Ranch-Morrow Gas Pool; and the NE/4 of Section 17 to form a 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent. Said units are to be dedicated to its Foal "17" Fed. Well No. 1, to be drilled at an orthodox location 1980 feet from the North line and 1980 feet from the East line (Unit G) 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 the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 7 1/2 miles north of Loving, New Mexico.

CASE 11089 (Reopened - Continued from February 20, 1997, Examiner Hearing.)

In the matter of Case No. 11089 being reopened pursuant to the provisions of Division Order No. R-46-A, which order promulgated Temporary Special Pool Rules and Regulations for the Parker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek and Barker Dome-Ismay Pools in San Juan, County, New Mexico. Operators should appear and show cause why the rules should not be rescinded.

CASE 11747: **Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and an unorthodox gas well location, Lea 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 14, Township 21 South, Range 32 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the South Salt Lake-Morrow Gas Pool, and forming a standard 160-acre gas spacing and proration unit underlying the NW/4 of said Section 14 for any and all formations/pools developed on 160-acre gas spacing. Said unit is to be dedicated to its Aztec "14" Federal Com Well No. 1 to be drilled and completed at an unorthodox gas well location 1980 feet from the North line and 2180 feet from the West line (Unit F) of said Section 14. 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 7 miles southeast of the intersection of State Highway 176/FAS 1217 and U. S. Highway 180 (Laguna Gatuna Area), New Mexico.

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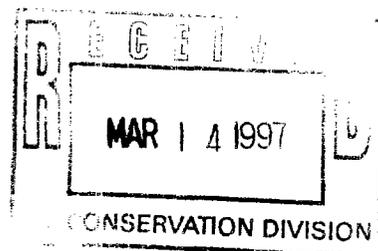
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March 14, 1997

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
2040 South Pacheco
Santa Fe, New Mexico 87505



Re: ***Oil Conservation Division Case No. 11714:
Application of Yates Petroleum Corporation for Compulsory Pooling, Lea
County, New Mexico***

Dear Mr. LeMay:

Yates Petroleum Corporation, applicant in the above-captioned case respectfully requests that this matter which is currently set on the Division docket for the March 20, 1997 hearings be continued to the April 3, 1997 Examiner docket.

Your attention to this matter is appreciated.

Very truly yours,

WILLIAM F. CARR
WFC:mlh

cc: Ms Mecca Mauritsen
W. Thomas Kellahin, Esq.

CASE 11727: (Continued from February 20, 1997, Examiner Hearing.)

Application of ARCO Permian, a Division of Atlantic Richfield Company, for an unorthodox bottomhole location and directional drilling, Eddy County, New Mexico. Applicant seeks authorization to directionally drill its Evelyn 35 State Com Well No. 1 to the base of the Upper Mississippian formation from a surface location 1730 feet from the North line and 660 feet from the East line (Unit H) to an unorthodox bottomhole location within 100 feet of a point in the Morrow formation, South Empire-Morrow Gas Pool, 1253 feet from the North line and 508 feet from the East line of Section 35, Township 17 South, Range 28 East. The N/2 of said Section 35 shall be dedicated to this well. Said area is located approximately 18 miles southeast of Artesia, New Mexico.

CASE 11723: (Continued to February 20, 1997, Examiner Hearing.)

Application of Mewbourne Oil Company for an unorthodox gas well location and non-standard gas proration unit, Eddy County, New Mexico. Applicant seeks authorization to drill a well at an unorthodox gas well location 660 feet from the South line and 2310 feet from the East line (Lot 31-Unit W) of Irregular Section 1, Township 21 South, Range 25 East, to test the Catclaw Draw-Morrow Gas Pool. Lots 29, 30, 31, and 32 and the SW/4 (S/2 equivalent) of said irregular Section 1 is to be dedicated to said well to form a non-standard 297.88-acre, more or less, gas spacing and proration unit for said pool. Said unit is located approximately 9 miles northwest of Carlsbad, New Mexico.

CASE 11724: (Continued from February 20, 1997, Examiner Hearing.)

Application of Gillespie-Crow, Inc. for unit expansion, statutory unitization, and qualification of the expanded unit area for the recovered oil tax rate and certification of a positive production response pursuant to the "New Mexico Enhanced Oil Recovery Act", Lea County, New Mexico. Applicant seeks an order expanding the West Lovington Strawn Unit and unitizing all mineral interests in the designated and Undesignated West Lovington-Strawn Pool underlying the S/2 SE/4 of Section 28, all of Section 33, and the W/2 and W/2 SE/4 of Section 34, Township 15 South, Range 35 East; Lots 1 through 8 of Section 1, Township 16 South, Range 35 East; and Lots 3 through 5 of Section 6, Township 16 South, Range 36 East, comprising 1618.95 acres, more or less, of state, federal, and fee lands. Among the matters to be considered at the hearing, pursuant to the New Mexico Statutory Unitization Act, Sections 70-7-1 et. seq., will be: the necessity of unit operations; 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 investments, to each of the 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. Applicant further seeks to qualify the expanded unit area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5), and to certify two wells within the expanded unit area for a positive production response. Said unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

CASE 11714: (Continued from February 20, 1997, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the S/2, in all formations developed on 160-acre spacing underlying the SE/4, in all formations developed on 80-acre spacing underlying the S/2 SE/4, and in all formations developed on 40-acre spacing underlying the SW/4 SE/4 from the surface to the base of the Morrow formation in Section 3, Township 24 South, Range 33 East. Said unit is to be dedicated to its Quest "AQS" State Well No. 1 which will be drilled as a wildcat well at a standard location 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 3. 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 applicant as the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 9 miles east of the intersection of Highway FAS 1271 with the Lea County/Eddy County line.

CASE 11744: Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 3500 feet beneath the surface to the base of the Morrow formation, underlying the following described acreage in Section 34, Township 18 South, Range 28 East, and in the following manner: the S/2 of Section 34 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 North Turkey Track-Atoka Gas Pool and the Undesignated North Turkey Track-Morrow Gas Pool; the SE/4 of Section 34 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; and the SW/4 SE/4 of Section 34 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within said vertical extent, including the Undesignated Palmillo-Bone Spring Pool. Said units are to be dedicated to its Scanlon Draw "34" State Com. Well No. 1, to be drilled at an orthodox location in 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 the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 3 miles east-southeast of Old Illinois Camp.

CASE 11736: (Continued from February 20, 1997, Examiner Hearing.)

Application of John H. Hendrix Corporation for a non-standard gas proration unit and an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval of an unorthodox gas well location in the Eumont Gas Pool for its existing New Mexico "B" State Well No. 6 (API No. 30-025-33352) located 990 feet from the North line and 2310 feet from the East line (Unit B) of Section 29, Township 21 South, Range 36 East. Further, the applicant seeks to dedicate said well to a non-standard 40-acre gas spacing and proration unit comprising the NW/4 NE/4 of said Section 29, which is located approximately 7 miles west of Eunice, New Mexico.

CASE 11470: (Reopened)

Application of Pride Energy Company to reopen Energy Development Corporation's Case No. 11470 for salt water disposal and designation of a portion of the Menefee member of the Mesaverde formation as an "Exempted Aquifer", Sandoval County, New Mexico. Applicant, being the successor operator to Energy Development Corporation within the San Isidro (Shallow) Unit, seeks to reopen Case No. 11470 which was heard by the Division on March 21 and May 2, 1996, to present additional technical evidence in its application for authority to inject produced water into the Menefee interval through perforations from 2,438 feet to 2,624 feet in its existing San Isidro (Shallow) Unit Well No. 7-11, located 2074 feet from the South line and 1,650 feet from the West line (Unit K) of Section 7, Township 20 North, Range 2 West. Applicant also seeks to designate the Menefee interval underlying the W/2 E/2 and W/2 of Section 7 and the N/2 NW/4 of Section 18, Township 20 North, Range 2 West, and the E/2 E/2 of Section 12, Township 20 North, Range 3 West, as an "Exempted Aquifer" pursuant to Division Rule No. 701.E. and applicable Federal Underground Injection Control Program Rules and Regulations, as contained within the Code of Federal Regulations, 40 CFR Parts 145 and 146, thereby enabling the injection of produced water, for purpose of disposal, into said interval. Said area is located approximately 8 miles southwest of Cuba, New Mexico.

CASE 11728: (Continued from February 20, 1997, Examiner Hearing.)

Application of Thompson Engineering & Production Company for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant seeks authorization to drill its Steward Com Well No. 1 at an unorthodox "off pattern" coal gas well location in the Basin Fruitland Coal (Gas) Pool 790 feet from the South and East lines (Unit P) of Section 28, Township 32 North, Range 13 West. The E/2 of said Section 28 is to be dedicated to said well forming a standard 320-acre spacing and proration unit. Said unit is located approximately 3 miles north of La Plata, New Mexico.

CASE 11726: (Continued from February 20, 1997, Examiner Hearing.)

Application of ARCO Permian, a unit of Atlantic Richfield for compulsory pooling, directional drilling and unorthodox well locations, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the S/2, in all formations developed on 160-acre spacing underlying the SW/4, in all formations developed on 80-acre spacing underlying the S/2 SW/4, and in all formations developed on 40-acre spacing underlying the SE/4 SW/4, from below 3300 feet to the base of the Upper Mississippian formation, of Section 8, Township 18 South, Range 28 East. Said units are to be dedicated to its Mimosa 8 State Com Well No. 1 which will be directionally drilled from an unorthodox surface location 350 feet from the South line and 2003 feet from the West line (Unit N) to an unorthodox bottomhole location in the Mississippian and Morrow formations, within 55 feet of a point 404 feet from the South line and 1749 feet from the West line 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 the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 14 miles southeast of Artesia, New Mexico.

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March 3, 1997

HAND-DELIVERED

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M-S.

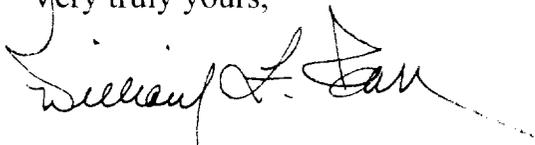
Re: ***Oil Conservation Division Case No. 11714:
Application of Yates Petroleum Corporation for Compulsory Pooling, Lea
County, New Mexico***

Dear Mr. LeMay:

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Your attention to this matter is appreciated.

Very truly yours,



WILLIAM F. CARR
WFC:mlh

cc: Ms Mecca Mauritsen
W. Thomas Kellahin, Esq. (Via Hand-Delivery)