

ASE 11854: **Application of Penwell Energy, 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 E/2 for all formations developed on 320-acre spacing, the NE/4 for all formations developed on 160-acre spacing, the S/2 NE/4 for all formations developed on 80-acre spacing, and the SE/4 NE/4 for all formations developed on 40-acre spacing, all in Section 14, Township 21 South, Range 27 East. Applicant proposes to dedicate this pooled unit to its Lonetree "14" State Com Well No. 1 to be drilled as a wildcat well at a standard location 1980 feet from the North line and 660 feet from the East line (Unit H) of said Section 14 to test any and all formations to the base of the Morrow formation. 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 area is located approximately 7 miles northeast of Carlsbad, New Mexico.

ASE 11830: (Continued from August 21, 1997, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations from the surface to the base of the Morrow formation, underlying the S/2 for all formations developed on 320-acre spacing, including the Avalon-Morrow Gas Pool, the West Burton Flat-Strawn Gas Pool and the Avalon-Upper Pennsylvanian Gas Pool; underlying the SW/4 for all formations developed on 160-acre spacing; underlying the E/2 SW/4 for all formations developed on 80-acre spacing; and underlying the NE/4 SW/4 for all formations developed on 40-acre spacing in Section 15, Township 21 South, Range 26 East. Said units are to be dedicated to its Carlsbad "15" Federal Com Well No. 1 to be drilled at a standard location 1980 feet from the South line and 1850 feet from the West line (Unit K) of said Section 15. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 2 miles northwest of Carlsbad, New Mexico.

ASE 11840: (Continued from September 4, 1997, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the E/2, in all formations developed on 160-acre spacing underlying the NE/4, in all formations developed on 80-acre spacing underlying the S/2 NE/4, and in all formations developed on 40-acre spacing underlying the SE/4 NE/4, from the surface to the base of the Pennsylvanian formation, Undesignated Leslie Spring-Pennsylvanian Gas Pool, in Section 20, Township 7 South, Range 26 East. Said units are to be dedicated to the proposed Bean Com Well No. 2 which will be drilled at a standard location 1980 feet from the North line and 660 feet from the East line (Unit H) 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 8 miles north-northeast of the intersection of US Highway 70 and the Pecos River in New Mexico.

ASE 11806: (Reopened)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 100 feet below the Loco Hills Sand formation to the top of the Mississippian formation in all formations developed on 320-acre spacing underlying the W/2, including the Sand Tank-Morrow Gas Pool; in all formations developed on 160-acre spacing underlying the NW/4; and in all formations developed on 40-acre spacing underlying the SE/4 NW/4 of Section 1, Township 18 South, Range 29 East. Said units are to be dedicated to the Cerritos APT Federal Com Well No. 1 located 1980 feet from the North and West lines (Unit F) of said Section 1 to test all formations from the surface to the base of the Morrow formation. 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 area is located approximately 20 miles east of Artesia, New Mexico.

SE 11850: (Continued from September 4, 1997, Examiner Hearing.)

Application of Diamond Head Properties, L. P., et al, for clarification of Division Order No. R-10731-B, Eddy County, New Mexico. Applicants, Diamond Head Properties, L. P. and its joint interest owners, Grover Family, L.P., Dugan Production Corp., Pennant Petroleum Inc. and Glenn S. Brant, (collectively the "Diamond Head Group") seek clarification of Order No. R-10731-B, issued February 2, 1997, and request that the Division order KCS Medallion Resources, Inc. ("KCS") to distribute to Diamond Head Properties and its joint owners their proportionate share of any nonconsenting working interest owner's share of production plus the 200% risk factor penalty. Said pooled unit is located approximately 10 miles north of Carlsbad, New Mexico.

CASE 11855: In the matter of the hearing called by the Oil Conservation Division to consider:

The creation of the following pools in San Juan County:

Blanco-Farmington Sand Pool in
Township 29 North, Range 10 West;

South Crouch Mesa-Fruitland Sand Pool
in Township 29 North, Range 11 West;

The extension of the following pools in San Juan County:

Aztec-Fruitland Sand
Barker Dome-Desert Creek
Blanco-Mesaverde
West Kutz-Pictured Cliffs
Pinon-Gallup

The extension of the Eagle Mesa-Entrada Oil Pool in Sandoval County;

The extension of the Otero-Chacra Pool in Rio Arriba and San Juan Counties.

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

DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 4, 1997

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

Dockets Nos 28-97 and 29-97 are tentatively set for September 18, 1997 and October 9, 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 11839: Application of Odessa Oil Investments, Inc. for salt water disposal, Eddy County, New Mexico. Applicant seeks authority to re-enter the existing Lakewood State Com Well No. 1 (formerly the Monsanto Company Lakewood State Com Well No. 1), located 1980 feet from the North and West lines (Unit F) of Section 30, Township 19 South, Range 26 East, and utilize the well to dispose of produced water into the Devonian formation through the open-hole interval from approximately 10,300 feet to 10,700 feet. Said well is located approximately 3 miles west of Lakewood, New Mexico.

CASE 11840: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the E/2, in all formations developed on 160-acre spacing underlying the NE/4, in all formations developed on 80-acre spacing underlying the S/2 NE/4, and in all formations developed on 40-acre spacing underlying the SE/4 NE/4, from the surface to the base of the Pennsylvanian formation, Undesignated Leslie Spring-Pennsylvanian Gas Pool, in Section 20, Township 7 South, Range 26 East. Said units are to be dedicated to the proposed Bean Com Well No. 2 which will be drilled at a standard location 1980 feet from the North line and 660 feet from the East line (Unit H) 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 8 miles north-northeast of the intersection of US Highway 70 and the Pecos River in New Mexico.

CASE 11821: (Continued from August 7, 1997, Examiner Hearing.)

Application of Paloma Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the following described acreage in Section 28, Township 16 South, Range 37 East, and in the following manner: the W/2 SW/4 thereby forming a 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 but is not necessarily limited to the Undesignated West Knowles-Drinkard Pool and the Undesignated West Casey-Strawn Pool; and the SW/4 SW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Lovington-Grayburg San Andres Pool, Undesignated Lovington-Paddock Pool, Lovington-Abo Pool, and the Undesignated East Lovington-Upper Pennsylvanian (Cisco and Canyon formations) Pool. Said units are to be dedicated to the plugged and abandoned Shell Oil Company Home Stake Well No. 1 (T.D. - 12,125 feet) located at a standard oil well location 660 feet from the South and West lines (Unit M) of said Section 28. Also to be considered will be the costs of re-entering and the recompletion of said well and the allocation of the costs 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 the re-entry of said well. The location of this wellbore is approximately 7 miles north-northwest of Humble City, New Mexico.

CASE 11826: (Readvertised)

Application of Quay Valley, Inc. for amendment of Division Order No. R-4629 to authorize a tertiary recovery project by the injection of carbon dioxide in its North El Mar-Delaware Unit Waterflood Project Area, and to qualify this project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval to institute a tertiary recovery project in its North El Mar-Delaware Unit Waterflood Project Area by the injection of carbon dioxide into the Delaware formation in the El Mar-Delaware Pool. The North El Mar-Delaware Unit Waterflood Project Area encompasses portions of Sections 24, 25, 26, 27, 34, 35 and 36 of Township 26 South, Range 32 East; and Sections 19, 30, and 31 of Township 26 South, Range 33 East. Applicant also seeks reapproval of the injection wells within the project area and an increase in the approved surface injection pressure for carbon dioxide injection in this project area to 1160 pounds. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said unit is located approximately 26 miles west-southwest of Jal, New Mexico.

CASE 11841: Application of Yates Petroleum Corporation for pool contraction and expansion, Eddy County, New Mexico. Applicant seeks the contraction of the Indian Basin-Upper Pennsylvanian Gas Pool to delete Section 6, Township 22 South, Range 24 East, and the expansion of the Indian Basin-Upper Pennsylvanian Associated Pool to include this acreage. Said area is located approximately 18 miles west of Carlsbad, New Mexico.

Examiner Hearing - September 4, 1997
Docket No. 27-97
Page 2 of 4

CASE 11807: (Readvertised)

Application of Stevens & Tull, Inc. for salt water disposal, Lea County, New Mexico. Applicant seeks authority to dispose of water produced from the Yates-Seven Rivers formation back into the Yates-Seven Rivers formation of the West Teas Yates-Seven Rivers Pool in the interval from 2989 feet to 3212 feet in its State "BF" Well No. 4 located 330 feet from the North and East lines (Unit A) of Section 16, Township 20 South, Range 33 East. In addition, applicant seeks approval of a surface injection pressure of 1,000 psi and an administrative procedure for obtaining further increases in said limitation. Said well is located approximately 3 1/2 miles northeast of the intersection of U.S. Highway 180 and New Mexico Highway 176 in New Mexico.

CASE 11842: **Application of Kaiser-Francis Oil Company for an unorthodox gas well location, Lea County, New Mexico.** Applicant seeks approval to drill its proposed State "8" Well No. 9 at an unorthodox location 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 8, Township 16 South, Range 35 East, to the base of the Morrow formation, said location being unorthodox for any and all gas producing formations from the top of the Wolfcamp to the base of the Morrow formations, including but not limited to the Townsend-Morrow Gas Pool and, if productive, to be dedicated to a 320-acre gas spacing unit consisting of the N/2 of said Section 8. Said location is located approximately 7 miles southwest of Lovington, New Mexico.

CASE 11843: **Application of Conoco Inc. for compulsory pooling and a non-standard gas proration and spacing unit, San Juan County, New Mexico.** Applicant seeks an order pooling all uncommitted mineral owners, including working interest and royalty interests below the base of the Dakota formation (base of the Cretaceous aged formation) to the base of the Pre-Cambrian aged formation underlying all of Irregular Section 1, Township 27 North, Range 8 West, forming a non-standard 641.12-acre gas spacing and proration unit for any formations and/or pools developed on 640-acre gas spacing within said vertical extent. Said unit is to be dedicated to Conoco's Stove Canyon Well No. 1 which is to be drilled at a standard gas well location 1940 feet from the South line and 1320 feet from the West line (Unit K) 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 operator of the well and a charge for risk involved in drilling said well. Said well is located approximately 11 miles south of Navajo City, New Mexico.

CASE 11844: **Application of Chesapeake Operating, Inc. for an unorthodox oil well location, Lea County, New Mexico.** Applicant seeks approval to drill its proposed Gandy "19" Well No. 1 at an unorthodox oil well location 2523 feet from the North line and 2370 feet from the East line (Unit G) of Section 19, Township 16 South, Range 36 East, to the base of the Strawn formation, said location being unorthodox for any and all oil producing formations, and if productive, to be dedicated to a standard 40-acre oil spacing and proration unit consisting of the SW/4 NE/4 of said Section 19. Said location is located approximately 3 1/2 miles southwest of Lovington, New Mexico.

CASE 11803: (Continued from August 7, 1997, Examiner Hearing.)

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and a non-standard oil proration and spacing unit, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Bone Springs formation underlying Lot 4 and the SE/4 SW/4 (S/2 SW/4 equivalent) of Irregular Section 31, Township 18 South, Range 34 East, forming a non-standard 78.09-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre oil spacing within said vertical extent, which presently may include but is not necessarily limited to the EK-Bone Spring Pool, and forming a non-standard 38.09-acre oil spacing and proration unit underlying Lot 4 (SW/4 SW/4 equivalent) of said Section 31 for any and all formations/pools developed on 40-acre oil spacing. Said unit(s) is to be dedicated to its McElvain "31" Federal Well No. 1 to be drilled and completed at a standard well location in Unit M 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 applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 14 miles southeast of Maljamar, New Mexico.

CASE 11845: **Application of Devon Energy Corporation (Nevada) for lease commingling, Eddy County, New Mexico.** Applicant seeks an exception to Division Rule 309 to permit lease commingling of Red Lake Queen-Grayburg-San Andres Pool production from 14 wells drilled or to be drilled on its Federal Leases NM 89156, LC 070678-A, NM 29273, and NM 0758, covering parts of Sections 8 and 17, Township 18 South, Range 27 East, without separately metering production from each well or lease. Said leases are located approximately 8 miles southeast of Artesia, New Mexico.

CASE 11846: **Application of Devon Energy Corporation (Nevada) for lease commingling, Eddy County, New Mexico.** Applicant seeks an exception to Division Rule 309 to permit lease commingling of Red Lake Queen-Grayburg-San Andres Pool production from 20 wells drilled or to be drilled on its Federal Leases NM 031186, NM 025604, and LC 065478-B, covering part of Section 9, Township 18 South, Range 27 East, without separately metering production from each well or lease. Said leases are located approximately 9 miles southeast of Artesia, New Mexico.