

**DOCKET: EXAMINER HEARING - THURSDAY - MARCH 18, 1999**

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos. 10-99 and 11-99 are tentatively set for April 1, and April 15, 1999. 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 12097:** Continued from February 18, 1999, Examiner Hearing.

**Application of Merrion Oil Corporation for compulsory pooling, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying Lots 3 and 4, the S/2 NW/4, and the SW/4 of Section 2, Township 26 North, Range 13 West, thereby forming a standard-acre gas spacing and proration unit for this pool. This unit is to be dedicated to its proposed Shank Com Well No. 1 (API No. 30-045029516) to be drilled at a previously approved off-pattern unorthodox coal gas well location 1840 feet from the North and West lines (Unit F) of Section 2 (see Division Administrative Order NSL-4166, dated November 19, 1988). Also to be considered will be the cost of drilling and completing this 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 the well. This unit is located approximately 14 miles south of Farmington, New Mexico.

**CASE 12120:** Continued from February 18, 1999, Examiner Hearing.

**Application of Universal Resources Corporation for surface commingling, Rio Arriba and San Juan Counties, New Mexico.** Applicant seeks an exception to Division Rules 303-A and 309-A to permit surface commingling of Alamito-Gallup and Lybrook-Gallup Pool production from the following Federal Leases NMNM6682, NMNM6681, NMNM16586, NMNM58878, NMNM10087, NMNM048989A, and State Lease: 00016172 and 00016174, covering parts of Sections 21, 22, 23, 27, 28, 31, 32, 34, Township 23 North, Range 7 West, NMPM, San Juan County, New Mexico; Section 2, Township 22 North, Range 8 West, and Section 36, Township 23 North, Range 8 West, Rio Arriba County, New Mexico. These leases are located approximately 50 miles southeast of Farmington, New Mexico.

**CASE 11973:** Reopened

**Application of Shahara Oil, L.L.C. to amend Division Order No. R-11027, Eddy County, New Mexico.** Applicant seeks to amend Division Order No. R-11027 dated August 3, 1998, which authorized Shahara Oil, L.L.C. to institute a waterflood project on its Beeson "F" Federal Lease by the injection of water and micro-organisms into the Queen, Grayburg and San Andres formations. Loco Hills Queen-Grayburg-San Andres Pool, through twelve injection wells located in Sections 29 and 31, Township 17 South, Range 30 East. Applicant seeks to delete the requirement that it re-enter and re-plug five wells located within the "area of review" prior to commencing injection operations. This project is located approximately two miles southwest of Loco Hills, New Mexico.

**CASE 12130:** Readvertised

**Application of Yates Petroleum Corporation for an unorthodox gas well location to accommodate the rededication of acreage for geologic reasons, Lea County, New Mexico** Applicant seeks authorization to change the spacing and proration unit dedicated to its Sand Spring State Well No. 1 located 330 feet from the North line and 1650 feet from the West line (Unit C) of Section 11, Township 11 South, Range 34 East, in the Atoka and Morrow formations, Sand Spring-Atoka Gas Pool, from a N/2 to a W/2 spacing and proration unit. These spacing units are approximately 10 miles northwest of Tatum, New Mexico

**CASE 12128:** Continued from February 18, 1999, Examiner Hearing.

**Application of Yates Petroleum Corporation for extension of the vertical limits of the Sand Springs-Atoka Gas Pool and for special pool rules, Lea County, New Mexico.** Applicant seeks the expansion of the vertical limits of the Sand Springs-Atoka Gas Pool to include both the Atoka and Morrow formations and for the issuance of special pool rules for this expanded pool including provisions for a second gas well on each standard spacing and proration unit in the pool. This Sand Springs-Atoka Gas Pool is located in portions of Sections 1 and 2 of Township 11 South, Range 34 East. This area is located approximately 11 miles northwest of Tatum, New Mexico.

**CASE 11089:** Reopened

In the matter of Case No. 11089 being reopened pursuant to the provisions of Division Order No. R-46-C, which order established temporary special pool rules for the Barker Dome-Akah/Upper Barker Creek Pool, San Juan County, New Mexico. Operators in this pool may appear and show cause why the temporary special rules and regulations for the pool should not be rescinded. This pool is located approximately 7 miles west of La Plata, New Mexico.

**CASE 12135:** **Application of Marathon Oil Company for surface commingling, off-lease measurement and storage, Eddy County, New Mexico.** Applicant seeks an exception to Division Rule 309-A and Rule 303-A and the amendment of Division Administrative Order PLC-140 to permit surface commingling, off-lease measurement and storage of Indian Basin Upper Pennsylvanian Gas Pool and Indian Basin-Upper Pennsylvanian Associated Pool production from its Indian Basin "32" State Lease in Section 32 with its Indian Hills Unit covering parts of Sections 20, 21, 28, 29 and 33, all in Township 21 South, Range 24 East which shall be stored and measured at its centralized facility located in Unit P, Section 19, Township 21 South, Range 24 East. This facility is located approximately 18 miles east of Carlsbad, New Mexico.

**Examiner Hearing – March 18, 1999**  
**Docket No. 8-99**  
**Page 2 of 4**

---

- CASE 12136:**      **Application of Phillips Petroleum Company for the establishment of a downhole commingling reference case for its San Juan 29-6 Unit pursuant to Division Rule 303.E and the adoption of special administrative rules therefor, Rio Arriba County, New Mexico.** Applicant seeks to establish a downhole commingling reference case to provide for (a) marginal economic criteria, (b) pressure criteria, (c) allocation formulas, and (d) modification of notification rules on an area-wide basis authorization for downhole commingling of Dakota, Mesaverde, Fruitland-Coal and Pictured Cliffs gas production in the wellbores of existing or future wells drilled anywhere within the San Juan 29-6 Unit located in Township 29 North, Range 6 West. The center of this area is located approximately 4 miles west of the Gobernador Camp, New Mexico.
- CASE 12137:**      **Application of Phillips Petroleum Company for the establishment of a downhole commingling reference case for its San Juan 32-7 Unit pursuant to Division Rule 303.E and the adoption of special administrative rules therefor, San Juan County, New Mexico.** Applicant seeks to establish a downhole commingling reference case to provide for (a) marginal economic criteria, (b) pressure criteria, (c) allocation formulas, and (d) modification of notification rules on an area-wide basis authorization for downhole commingling of Dakota, Mesaverde, Fruitland-Coal and Pictured Cliffs gas production in the wellbores of existing or future wells drilled anywhere within the San Juan 32-7 Unit located in Townships 31 and 32 North, Range 7 West. The center of this area is located approximately 18 miles east-northeast of Cedar Hill, New Mexico.
- CASE 12138:**      **Application of Phillips Petroleum Company for the establishment of a downhole commingling reference case for its San Juan 31-6 Unit pursuant to Division Rule 303.E and the adoption of special administrative rules therefor, Rio Arriba County, New Mexico.** Applicant seeks to establish a downhole commingling reference case to provide for (a) marginal economic criteria, (b) pressure criteria, (c) allocation formulas, and (d) modification of notification rules on an area-wide basis authorization for downhole commingling of Dakota, Mesaverde, Fruitland-Coal and Pictured Cliffs gas production in the wellbores of existing or future wells drilled anywhere within the San Juan 31-6 Unit located in Townships 30 and 31 North, Ranges 6 and 7 West. The center of this area is located approximately 8.5 miles northeast of Navajo Dam, New Mexico.
- CASE 12139:**      **Application of Phillips Petroleum Company for the establishment of a downhole commingling reference case for its San Juan 32-8 Unit pursuant to Division Rule 303.E and the adoption of special administrative rules therefor, San Juan County, New Mexico.** Applicant seeks to establish a downhole commingling reference case to provide for (a) marginal economic criteria, (b) pressure criteria, (c) allocation formulas, and (d) modification of notification rules on an area-wide basis authorization for downhole commingling of Dakota, Mesaverde, Fruitland Coal and Pictured Cliffs gas production in the wellbores of existing or future wells drilled anywhere within the San Juan 32-8 Unit located in Townships 31 and 32 North, Range 8 West. The center of this area is located approximately 12 miles east of Cedar Hill, New Mexico.
- CASE 12140:**      **Application of Matador Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico.** Applicant seeks approval to drill its proposed Red Hills Well No. 4 at an unorthodox gas well location 454 feet from the South line and 1500 feet from the West line (Unit N) of Section 32, Township 25 South, Range 33 East, to be dedicated to a 640-acre gas spacing and proration unit consisting of all of this section for any pools/formations spaced on 640-acre spacing including the Red Hills Wolfcamp Gas Pool and the Red Hills-Devonian Gas Pool, and to a 320-acre gas spacing and proration unit consisting of the S/2 of this section for any pools/formations spaced on 320-acre spacing and to a 160-acre gas spacing and proration unit consisting of the SW/4 of this section for any pools/formations spaced on 160-acre spacing. This location is approximately 21 ½ miles west of Jal, New Mexico.
- CASE 12141:**      **Application of Falcon Creek Resources, Inc. for surface commingling, off-lease measurement and storage, Lea County, New Mexico.** Applicant seeks an exception to Division Rules 309-A and 303.A to permit surface commingling, off-lease measurement and storage of West Teas Yates-Seven Rivers Pool production from its BF State Lease in the E/2 NE/4, SW/4 NE/4, NW/4 SE/4 and N/2 SW/4 and its Conoco State Lease in the N/2 NW/4 all in Section 16, Township 20 South, Range 33 East which shall be stored and measured at its centralized facility located in Unit G of this section. This facility is located approximately 4 miles northeast of the intersections of Federal Secondary Highway FAS 1217 and US Highway 180.
- CASE 12142:**      **Application of Cross Timbers Oil Company for compulsory pooling and an unorthodox oil well location, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests from the base of the Pictured Cliffs formation to the base of the Dakota formation underlying the following described acreage in Section 32, Township 28 North, Range 10 West, in the following manner: the W/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre gas spacing within that vertical extent, including the Basin-Dakota Gas Pool; the NW/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre gas spacing within that vertical extent, including the Undesignated Otero-Chacra Gas Pool; and the NW/4 NW/4 to form a standard 40-acre oil spacing and proration unit for any formations and/or pools developed on 40-acre spacing within that vertical extent, including the Undesignated Kutz-Gallup Pool. These units are to be dedicated to its Federal A Well No. 1E, to be drilled at an orthodox gas well location/unorthodox oil well location 1190 feet from the North and West lines. Also to be considered will be the costs of drilling and completing this well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Cross Timbers Operating Company as the operator of the well and a charge for risk involved in this well. These units are located approximately 7 miles southeast of Bloomfield, New Mexico.