

8:15 A.M. - 2040 South Pacheco
Santa Fe, New Mexico

Dockets Nos. 6-99 and 7-99 are tentatively set for February 18, and March 4, 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 January 7, 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 Corn 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 12121: (Continued from January 21, 1999, Examiner Hearing.)

Application of Devon Energy Corporation (Nevada) for pool abolishment and pool expansion, Eddy County, New Mexico. Applicant seeks an order abolishing the Sand Dunes-Cherry Canyon Pool, which covers portions of Sections 23, 24, 25, 26, and 35, Township 23 South, Range 31 East, NMPM, and the concomitant expansion of the Ingle Wells-Delaware Pool to include the Cherry Canyon interval of the Delaware Mountain Group underlying the acreage currently within the San Dunes-Cherry Canyon Pool. These pools are centered approximately 20 miles east of Loving, New Mexico.

CASE 12122: **Application of Conoco Inc. for downhole commingling, unorthodox gas well locations and approval of a pilot project including an exception from Rule 2(b) of the Special Rules and Regulations for the Basin-Dakota Gas Pool, Rio Arriba County, New Mexico.** Applicant seeks approval for a pilot program including an exception for the San Juan 28-7 Unit from Rule 2 of the Special Rule and Regulations for the Basin-Dakota Gas Pool and authorization to drill wells at unorthodox locations anywhere in the proration unit provided such wells are located no closer than 10 feet from any section, quarter-section or quarter-quarter-section line and to increase the well density from the current maximum of two (2) wells (160-acre infill) provided in Order R-8170 to a maximum of four (4) wells (80-acre infill) per gas proration and spacing unit for wells dedicated to the Basin Dakota Gas Pool within the San Juan 28-7 Unit. Applicant further seeks approval, in accordance with Order No. R-10476-B, to downhole commingle production in the six pilot project wells from the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool. Said unit is located approximately 12 miles southwest of Gobernador, New Mexico.

CASE 12123: **Application of Texaco Exploration and Production Inc. for amendment of Division Order No. R-9714 to amend the injection permit for the Vacuum Glorieta West Unit Well No. 108 and to establish an administrative procedure whereby additional wells within the Vacuum Glorieta West Unit Waterflood Project Area may be drilled and completed as horizontal injection wells, Lea County, New Mexico.** Applicant seeks the amendment of Division Order No. R-9714 to authorize the injection of water through two horizontally drilled dual laterals into the Glorieta and Paddock formations in its Vacuum Glorieta West Unit Well No. 108 and for the establishment of an administrative procedure whereby additional wells may be drilled and completed as horizontal injection wells. The Vacuum Glorieta West Unit Pressure Maintenance Project encompasses portions of Sections 24 through 26 and 35 and 36 of Township 17 South, Range 34 East; Sections 30 and 31 of Township 17 South, Range 35 East; Sections 1 and 2 of Township 18 South, Range 34 East; and Section 6 of Township 18 South, Range 35 East. Said waterflood project is located one to three miles south of Buckeye, New Mexico.

CASE 12101: Continued from January 7, 1999, 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 underlying the N/2, for all formations developed on 320-acre spacing in Section 7, Township 19 South, Range 31 East. The unit is to be dedicated to its Red Cloud 7" Fed. Corn. Well No. 1 to be drilled as a wildcat well to test the Morrow formation at a standard location 660 feet from the North line and 1980 feet from the West line of Section 7. Also to be considered will be the cost of drilling and completing the 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 area is located approximately 11 miles northwest of Halfway, New Mexico

CASE 12110: Continued from January 7, 1999, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for approval of a unit agreement, Lea County, New Mexico. Applicant seeks approval of its proposed Range State Unit as an exploratory unit for an area comprising 640 acres, more or less, of state lands consisting of the S/2 of Section 21 and the N/2 of Section 28, Township 21 South, Range 35 East. This unit is located approximately 13 miles west of Eunice, New Mexico.

CASE 12103: **Continued from January 7, 1999, Examiner Hearing.**

Application of Shackelford Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation, underlying the SE/4 SE/4 (Unit P) of Section 3, Township 20 South, Range 33 East, thereby forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Teas Yates-Seven Rivers Pool and Undesignated West Teas Yates-Seven Rivers 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 and completing said well. The proposed 40-acre unit is located approximately one mile north of U. S. Highway 62/180 at mile marker No. 77.

CASE 12037: **Readvertised - Continued from January 21, 1999, Examiner Hearing.**

Application of Yates Petroleum Corporation for pool contraction, pool extension and special pool rules, or in the alternative, simultaneous dedication, Lea County, New Mexico. Applicant seeks contraction and extension of the boundaries of the North Shoe Bar-Atoka Gas Pool to conform to the acreage dedicated to the wells therein, and the promulgation of Special Pool Rules which authorize a second well on each standard spacing and proration unit in the pool. In the alternative, applicant seeks authorization to simultaneously dedicate its Brunson AOK State Com Well No. 1 located 2260 feet from the North line and 1795 feet from the East line and its Big Flat ASN State Com. Well No. 1 located 1650 feet from the South line and 1980 feet from the East line, both in Section 10, Township 16 South, Range 35 East, to a standard gas spacing unit comprised of the E/2 of Section 10 in the North Shoe Bar-Atoka Gas Pool. Said wells are located approximately 6 miles west of Lovington, New Mexico.

CASE 12112: **Continued from January 7, 1999, Examiner Hearing.**

Application of GP II Energy, Inc. for approval of a waterflood project, Eddy County, New Mexico. Applicant seeks approval of its Square Lake Unit Waterflood Project by injection of water into the Grayburg and San Andres formation through 147 injection wells located in the following described area:

Township 16 South, Range 30 East
Section 25: E/2
Section 36: N/2

Township 16 South, Range 31 East
Section 19: S/2
Section 20: S/2
Section 27: SW/4, S/2 NW/4, NW/4 NW/4, S/2 SE/4, NW/4 SE/4, SW/4 NE/4
Sections 28 through 34: All

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for the waterflood operations. This area is located approximately 5 miles northeast of Loco Hills, New Mexico.

CASE 12113: **(Continued from January 7, 1999, Examiner Hearing.)**

Application of GP II Energy, Inc. for statutory unitization, Eddy County, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all mineral interests in the Grayburg and San Andres formations, Square Lake Grayburg-San Andres Pool, underlying 6120 acres, more or less, of Federal and State lands in the following described area:

Township 16 South, Range 30 East
Section 25: E/2
Section 36: N/2

Township 16 South, Range 31 East
Section 19: S/2
Section 20: S/2
Section 27: SW/4, S/2 NW/4, NW/4 NW/4, S/2 SE/4, NW/4 SE/4, SW/4 NE/4
Sections 28 through 34: All

This unit is to be designated the Square Lake Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision of carrying a non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. This area is located 5 miles northeast of Loco Hills, New Mexico.