

CASE 10355: Application of Nearburg Producing Company for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated North Osudo-Morrow Gas Pool underlying all of Section 30, Township 19 South, Range 36 East, forming a non-standard 631.76-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard gas 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 7 miles west of Monument, New Mexico.

CASE 10347: (Continued from July 11, 1991, Examiner Hearing.)

Application of Warrior, Inc. for a waterflood pilot project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a one well waterflood pilot project on a portion of its Federal "D" Lease underlying the W/2 of Section 26 and the NE/4 of Section 27, Township 20 South, Range 36 East, by the injection of water into the Eumont Oil and Gas Pool, through the perforated interval from approximately 3804 feet to 3964 feet in its Federal "D" Well No. 2, located 1980 feet from the North line and 660 feet from the West line of Section 26. Applicant further seeks an administrative procedure for the expansion of the leasehold waterflood project by the drilling of new injection wells or the conversion of producers to injection within the leasehold. Said project area is located approximately 6.5 miles southwest by south of Monument, New Mexico.

CASE 10356: Application of OXY USA, Inc. for an order affecting its Citgo Empire-Abo Pressure Maintenance Project and affecting ARCO Oil and Gas Company's Empire-Abo Pressure Maintenance Project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to place its Citgo Empire-Abo Pressure Maintenance Project, located in portions of Section 35, Township 17 South, Range 27 East, and Section 2, Township 18 South, Range 27 East, under the provisions of Division Order A-261 (statewide oil prorationing) effective as of May 1, 1988 by rescinding Division Order R-4808 and by an exception to Rule 502 thereby establishing special assignment of allowables and adopting procedures concerning underproduction. Applicant further seeks a determination of the appropriate procedure to be applied by ARCO Oil and Gas Company in its Empire-Abo Pressure Maintenance Project, located in portions of Sections 34 and 36, Township 17 South, Range 27 East; portions of Sections 25, 26, 27 and 31 through 36, Township 17 South, Range 28 East; portions of Sections 29 and 30, Township 17 South, Range 29 East; portions of Sections 1 through 4, 8 through 11, 15 through 17, Township 18 South, Range 27 East; and portions of Sections 4, 5 and 6, Township 18 South, Range 28 East, concerning the accumulation of unused allowable under Rule 3 and Rule 5 of Order R-4549, as amended, to ensure that the correlative rights of the parties involved in these two adjoining projects are not impaired. Said Unit areas are located in an area 9 to 16 miles west by south of Loco Hills, New Mexico.

CASE 9928: (Reopened)

Application of Oryx Energy Company for two unorthodox gas well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for two unorthodox gas well locations in Section 26, Township 22 South, Range 34 East, to test any and all formations and/or pools from the top of the Wolfcamp to the base of the Morrow formation that is being developed on 320-acre spacing (which presently includes but is not necessarily limited to the Undesignated Ojo Chiso-Strawn Gas Pool, Undesignated Antelope Ridge-Atoka Gas Pool, Undesignated Antelope Ridge-Morrow Gas Pool, and the Undesignated Ojo Chiso-Morrow Gas Pool). The E/2 is to be dedicated to the existing Ojo Chiso Federal Well No. 2 located 990 feet from the South line and 2030 feet from the East line (Unit O) and the W/2 to be dedicated to the proposed Ojo Chiso Federal Well No. 3 to be drilled 990 feet from the South and West lines (Unit M). Said Section 26 is located approximately 4 miles north-northwest of the San Simon Sink. This matter is being reopened at the request of the applicant to include the Morrow formation in the provisions of Order No. R-9185.

CASE 10357: (This case will be dismissed.)

Application of Oryx Energy Company for a non-standard gas proration unit, unorthodox gas well location, and dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an 80-acre non-standard gas spacing and proration unit in the Tubb Oil and Gas Pool comprising the N/2 NE/4 of Section 15, Township 22 South, Range 37 East, to be dedicated to its existing Elliott "B" 15 Well No. 4 located at an unorthodox gas well location 510 feet from the North line and 660 feet from the East line (Unit A) of said Section 15. Said well is to be unconventional dually completed in both the Tubb and Blinebry Oil and Gas Pools. Said well is located approximately 3 miles south-southeast of Eunice, New Mexico.

CASE 10358: (This case will be continued to August 22, 1991.)

Application of Conoco Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas spacing and proration unit in the Jalmat Gas Pool comprising the SE 1/4 of Section 17, Township 22 South, Range 36 East, to be dedicated to the existing State "E" Well No. 2 located at a standard gas well location 1980 feet from the South line and 660 feet from the East line (Unit D) of said Section 17. Said unit is located approximately 7 miles south by west of Oil Center, New Mexico.

CASE 10359: Application of Yates Petroleum Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into an interval best described as being from the top of the Devonian formation to the top of the Pre-Cambrian, in the perforated interval approximately from 9760 feet to 11,150 feet in its Roy "AET" Well No. 3 located 810 feet from the South line and 660 feet from the East line (Unit P) of Section 7, Township 19 South, Range 25 East. Said well is located approximately 7 miles northwest of Seven Rivers, New Mexico.

NOTICE OF INTENT TO APPROVE

The New Mexico Oil Conservation Division has received from Matador Petroleum Corporation an administrative application, pursuant to Division General Rules 408 through 412, for a Hardship Gas Well Classification for its Atoka Com Well No. 2 located 990 feet from the South and East lines (Unit P) of Section 12, Township 18 South, Range 26 East, NMPM, Atoka Pennsylvanian (Prorated) Gas Pool, Eddy County, New Mexico.

Pursuant to Rule 410.B, the Division may approve the above-described application of Matador Petroleum Corporation and grant hardship classification to said well unless the Division has received by August 14, 1991 a written objection from an affected party in this matter.

Written protest shall be directed to:

Michael E. Stogner
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

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s Nos. 21-91 and 22-91 are tentatively set for July 25, 1991 and August 8, 1991. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - JULY 11, 1991

**8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO**

The following cases will be heard before Jim Morrow, Examiner or Michael E. Stogner, or David R. Catanach, Alternate Examiners:

CASE 10334: (Continued from June 27, 1991, Examiner Hearing. This case will be continued to July 25, 1991.)

Application of the United States Department of the Interior, Bureau of Land Management to plug and abandon a certain well in Chaves County, New Mexico. Applicant, in the above-styled cause, seeks to properly plug and abandon, pursuant to the provisions of Section 70-2-38, N.M.S.A. 1978, the A. D. Raby for James T. Raby, Keys Well No. 1 located on a Federal tract of land 990 feet from the North line and 330 feet from the West line (Unit D) of Section 33, Township 6 South, Range 26 East, which is approximately 13 miles north-northeast of the Pecos River Bridge on U.S. Highway 70.

CASE 10335: (Continued from June 27, 1991, Examiner Hearing. This case will be continued to July 25, 1991.)

Application of the United States Department of the Interior, Bureau of Land Management to plug and abandon a certain well in San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to properly plug and abandon, pursuant to the provisions of Section 70-2-38, N.M.S.A. 1978, the Paramount Petroleum Corp. Central Totah Unit Well No. 1 located on a Federal tract of land 820 feet from the South line and 675 feet from the West line (Unit M) of Section 21, Township 29 North, Range 13 West, which is approximately 1 mile south-southeast of the San Juan Bridge on New Mexico Highway 371.

CASE 10323: (Continued from June 27, 1991, Examiner Hearing.)

Application of Collins & Ware, Inc. for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation or to a depth of 15,100 feet, whichever is deeper, underlying Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 31, Township 21 South, Range 32 East, forming a non-standard 334.72-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated Red Tank-Atoka Gas Pool and Undesignated Bilbrey-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 32.75 miles west of Eunice, New Mexico.

CASE 10344: Application of Collins & Ware, Inc. for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 330 feet from the South line and 990 feet from the East line (Unit P) of Section 14, Township 8 South, Range 27 East, to test the Ordovician formation, the S/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. The proposed well site is located approximately 8.25 miles southwest of Elkins, New Mexico.

CASE 10252: (Continued from April 4, 1991, Examiner Hearing.)

Application of Amerada Hess Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its proposed North Monument Grayburg/San Andres Unit Area (Division Case No. 10253) located in portions of Townships 19 and 20 South, Ranges 36 and 37 East, by the injection of water into the Eunice Monument Grayburg-San Andres Pool through 108 certain wells to either be recompleted or converted from producing or abandoned wells to water injection wells. Said project area surrounds Monument, New Mexico.

CASE 10280: (Continued from June 27, 1991, Examiner Hearing.)

Application of Knox Industries Inc. for special pool rules, Lea and Roosevelt Counties, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special pool rules for the Milnesand-Abo Pool, including a provision for 80-acre spacing and designated well location requirements. Said pool is located in portions of Sections 33 and 34, Township 8 South, Range 35 East, and Section 3, Township 9 South, Range 35 East, straddling the Roosevelt/Lea County line approximately 4 miles north by west of Crossroads, New Mexico.

CASE 10345: Application of BHP Petroleum (Americas) Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the W/2 of Section 23, Township 29 North, Range 13 West, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to its existing Gallegos Canyon Unit Well No. 390 located at a previously approved unorthodox coal gas well location 245 feet from the South line and 1530 feet from the West line (Unit N) of said Section 23. 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 unit is located at the southeast edge of Farmington, New Mexico.

CASE 10346: Application of BHP Petroleum (Americas) Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the E/2 of Section 23, Township 29 North, Range 13 West, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to its existing Gallegos Canyon Unit Well No. 391 drilled at a standard location 975 feet from the North line and 870 feet from the East line (Unit A) of said Section 23. 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 unit is located at the southeast edge of Farmington, New Mexico.

CASE 10331: (Continued from June 13, 1991, Examiner Hearing.)

Application of Veteran Exploration Inc. to amend Division Order No. R-9330, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks to modify Rule 7 of the Special Operating Rules and Regulations for the San Isidro (Shallow) Unit in the Rio Puerco-Mancos Oil Pool as promulgated by Division Order No. R-9330 allowing for the administrative approval of 640-acre oil spacing and proration units formed for the purpose of dedicating high angle/horizontal wellbores that cross Section lines. Said Unit Area is located approximately 5 to 13 miles west-southwest of Cuba, New Mexico.

CASE 10347: Application of Warrior, Inc. for a waterflood pilot project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a one well waterflood pilot project on a portion of its Federal "D" Lease underlying the W/2 of Section 26 and the NE/4 of Section 27, Township 20 South, Range 36 East, by the injection of water into the Eumont Oil and Gas Pool, through the perforated interval from approximately 3804 feet to 3964 feet in its Federal "D" Well No. 2, located 1980 feet from the North line and 660 feet from the West line of Section 26. Applicant further seeks an administrative procedure for the expansion of the leasehold waterflood project by the drilling of new injection wells or the conversion of producers to injection within the leasehold. Said project area is located approximately 6.5 miles southwest by south of Monument, New Mexico.

CASE 10348: Application of KLM Oil & Gas for a high angle/ horizontal directional drilling pilot project, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project within a standard 640-acre oil spacing and proration unit in the West Puerto Chiquito-Mancos Oil Pool comprising all of Section 33, Township 24 North, Range 1 West. The applicant proposes to drill vertically from a well to be located on the surface at a standard oil well location in the NE/4 SW/4 (Unit K) of said Section 33 to a depth of approximately 6900 feet, evaluate the pay zone, plug back to an appropriate depth of 6137 feet and kick-off in a northeasterly direction, build angle to approximately 90 degrees in 587 feet (10 degrees per 100 feet), and continue to drill horizontally in the Mancos formation for approximately 2800 feet. The applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 1650 foot offsetting provisions for said pool, pursuant to the Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool, as promulgated by Division Order No. R-6469-B, as amended. Said unit is located approximately 6 miles north of Regina, New Mexico.

CASE 10349: (This case will be continued to August 22, 1991.)

Application of Doyle Hartman, Oil Operator, for two non-standard gas proration units, unorthodox gas well locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to rededicate acreage in the Jalmat Gas Pool and form two non-standard gas spacing and proration units in the N/2 equivalent of Section 7, Township 23 South, Range 37 East. The Stevens "B-7" Com Well No. 1 located at an unorthodox gas well location 990 feet from the North and West lines (Unit D) of said Section 7 is to be dedicated to Lot 1, N/2 NE/4 and NE/4 NW/4 (N/2 NE/4 equivalent) comprising 157.34 acres and the Stevens "B" Well No. 13 located at an unorthodox gas well location 1980 feet from the North line and 330 feet from the West line (Unit E) and Stevens "B-7" Com Well No. 2 also located at an unorthodox gas well location 1650 feet from the North and East lines (Unit G) are to be simultaneously dedicated to Lot 2, S/2 NE/4 and SE/4 NW/4 (S/2 NE/4 equivalent) of said Section 7 comprising 157.31 acres. Said area is located approximately 14 miles north of Jal, New Mexico.