

**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/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 I) 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

**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 9854:** (Reopened)

In the matter of Case 9854 being reopened pursuant to the provisions of Division Order No. R-9131-A/R-5353-K, which order reclassified the Diablo-Fusselman Pool in Chaves County, New Mexico, as an associated pool with special rules and regulations including provisions for 80-acre oil and 160-acre gas spacing and proration units, designated well location requirements, and established a gas/oil ratio (GOR) limitation of 6,500 cubic feet of gas per barrel of oil. All interested parties may appear and show cause why the Diablo-Fusselman Associated Pool should not be reclassified as either a gas pool or oil pool, to be governed by applicable statewide rules or to make any such recommendations regarding the proper spacing and development for said pool on a permanent basis.

**CASE 10349:** (Continued from July 11, 1991, Examiner Hearing.)

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 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 N/2 equivalent) of said Section 7 comprising 157.31 acres. Said area is located approximately 14 miles north of Jal, New Mexico.

**CASE 10358:** (Continued from July 25, 1991, Examiner Hearing.)

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/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 I) of said Section 17. Said unit is located approximately 7 miles south by west of Oil Center, New Mexico.

**CASE 10363:** (Continued from August 8, 1991, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool underlying the W/2 of Section 25, Township 20 South, Range 24 East, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard 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 well is located approximately 8 miles west-southwest of Seven Rivers, New Mexico.

**CASE 10356:** (Continued from July 25, 1991, Examiner Hearing.)

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.

EXAMINER HEARING - THURSDAY - AUGUST 22, 1991

**CASE 10323:** (Continued from August 8, 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 10375:** Application of Union Oil Company of California D/B/A UNOCAL for high angle directional drilling pilot project, special operating rules therefor, unorthodox gas well location and simultaneous dedication, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a high angle directional drilling pilot project in an existing 160-acre gas spacing and proration unit in the South Blanco Pictured Cliffs Pool comprising the NE/4 of Section 20, Township 27 North, Range 6 West. The applicant proposes to utilize its existing Rincon Unit Well No. 254 located at an unorthodox surface gas well location 1419 feet from the North line and 794 feet from the East line (Unit H) of said Section 20 and penetrate the Pictured Cliffs formation with a 60 degree angled wellbore oriented in a westerly direction. Applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 790 foot offsetting provisions for said pool, pursuant to the Special Rules and Regulations for the South Blanco Pictured Cliffs Pool, as promulgated by Division Order No. R-8170, as amended. Further, the applicant proposes to simultaneously dedicate production from said well with production from the existing Rincon Unit Well No. 52 located at a standard gas well location 1650 feet from the North line and 990 feet from the East line (Unit H) of said Section 20, therefore any provisions adopted for said project area should contain provisions allowing for appropriate exceptions or amendments to the General Rules for the Prorated Gas Pools of New Mexico, as promulgated by said Order No. R-8170, as amended. Said unit is located approximately 10.5 miles southwest by south of Gobernador, New Mexico.

**CASE 10368:** (Continued from August 8, 1991, Examiner Hearing.)

Application of Johnny G. Jones for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to a depth of 13,800 feet, which correlates approximately to the base of the Strawn formation, underlying the SW/4 NE/4 (Unit G) of Section 34, Township 24 South, Range 34 East, forming 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 only the Pitchfork Ranch-Strawn Pool. Said unit is to be dedicated to its existing Moore "34" Com Well No. 1 located 1980 feet from the North and East lines of said Section 34, which was plugged and abandoned in January 1988 and was re-entered on March 30, 1990. 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 16 miles west by north of Jal, New Mexico.

**CASE 10367:** (Continued from August 8, 1991, Examiner Hearing.)

Application of Chevron U.S.A. Inc. for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Eumont Gas Pool for its B.V. Culp (NCT-A) Gas Com Well No. 11 to be drilled 660 feet from the North line and 2310 feet from the West line (Unit C) of Section 19, Township 19 South, Range 37 East. Said well is to be simultaneously dedicated with the B.V. Culp (NCT-A) Gas Com Well No. 10, located at a previously approved unorthodox gas well location 840 feet from the North line and 990 feet from the East line (Unit A) of said Section 19, to the existing 477.14-acre non-standard gas spacing and proration unit comprising Lots 1 and 2, NE/4, E/2 NW/4 and SE/4 of said Section 19 (established by Division Order No. R-1487) which is located approximately 1.5 miles northwest of Monument, New Mexico.