

Dockets Nos. 7-92 and 8-92 are tentatively set for March 5, 1992 and March 19, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 20, 1992

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

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

CASE 10372: (Continued from December 19, 1991, Examiner Hearing - This case will be dismissed.)

Application of Parker & Parsley Development Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the S/2 equivalent of Section 33, Township 31 North, Range 4 West, forming a standard 320-acre, more or less, spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes only the Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard coal gas well location in the SW/4 of said Section 33. 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 15 miles west-southwest of Dulce, New Mexico.

CASE 10216: (Reopened)

In the matter of Case 10216 being reopened pursuant to the provisions of Division Order No. R-6849-A, which order approved a limiting gas-oil ratio of 7,000 to 1 for the West Nadine-Blinbry Pool in Lea County, New Mexico. Said Case 10216 is being reopened to allow the operators in the pool to appear and present evidence and show cause why the foregoing rule should remain in effect.

CASE 10442: Application of Marbob Energy Corporation for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location to be drilled 2263 feet from the South line and 1430 feet from the East line (Unit J) of Section 13, Township 11 South, Range 27 East, Chisum-Devonian Pool. Said well is to be simultaneously dedicated with the existing State CF Well No. 4, located at a standard oil well location 1980 feet from the South and East lines of said Section 13, to the NW/4 SE/4 of said section being a standard 40-acre oil spacing and proration unit in said pool. The subject unit is located approximately 4 miles south of U.S. Highway 380 at milemarker No. 175.

CASE 10443: Application of Marathon Oil Company to amend Division Order No. R-9503, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an amendment of Division Order No. R-9503 to authorize an increase of the vertical extension of the injection interval in its McDonald State A/C-1 Well Nos. 30 and 33 located in Units L and I of Section 16, Township 22 South, Range 36 East, McDonald State A/C-1 Lease Waterflood Project, to include the lowermost 100 feet of the Seven Rivers Formation. Said waterflood project is located approximately 7 miles south of Oil Center, New Mexico.

CASE 10444: Application of Amerada Hess Corporation for pool contraction, pool creation, and promulgation of special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Lower Blinbry formation and the promulgation of special pool rules therefor, including provisions for 80-acre oil spacing and proration units, designated well location requirements and a special gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil. Applicant also seeks the concomitant contraction of the vertical limits of the Hobbs-Blinbry Pool in conjunction with the creation of said new Lower Blinbry oil pool within the existing horizontal boundaries of the Hobbs-Blinbry Pool in portions of Townships 18 and 19 South, Range 38 East. Said area is located on the west side of Hobbs, New Mexico.

CASE 9854: (Readvertised)

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 10422: (Continued from February 6, 1992, Examiner Hearing.)

R-9642
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 from the surface to the base of the Canyon formation underlying the SE/4 of Section 8, Township 19 South, Range 25 East, forming a standard 160-acre gas spacing and proration unit for any and all formations spaced on 160-acre spacing within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location in the NW/4 SE/4 (Unit J) of said Section 8. 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 8.5 miles southwest by west of Dayton, New Mexico.

CASE 10445: **Application of Western Reserves Oil Company Inc. for compulsory pooling, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Northwest Jenkins-San Andres Pool underlying the NE/4 NE/4 (Unit A) of Section 9, Township 9 South, Range 34 East, forming a standard 40-acre oil spacing and proration unit for said pool. Said unit is to be dedicated to the plugged and abandoned Midwest Oil Corporation James Petroleum "A" Well No. 1 located 660 feet from the North and East lines of said Section 9. Also to be considered will be the cost of re-entering and recompleting 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 re-entering and recompleting said well. Said well is located approximately 7.5 miles west-northwest of Crossroads, New Mexico.

CASE 10441: (Continued from February 6, 1992, Examiner Hearing.)

Application of Manzano Oil Corporation for compulsory pooling and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Northeast Lovington-Pennsylvanian Pool underlying the S/2 SE/4 of Section 1, Township 16 South, Range 36 East, forming a standard 80-acre oil spacing and proration unit for said pool, to be dedicated to a well to be drilled at an unorthodox oil well location 330 feet from the South line and 1980 feet from the East line (Unit W) 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 unit is located approximately 2 miles east of the Lea County Fair Grounds.

CASE 10446: **Application of Yates Petroleum Corporation for authorization to drill, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval to drill within the "Potash Area" pursuant to all applicable rules and procedures governing said area, as promulgated by Division Order No. R-111-P. The proposed well is to be located 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 2, Township 22 South, Range 31 East, to test the Delaware formation at an approximate depth of 8500 feet for oil. Lot 2 of said Section 2 is to be dedicated to said well forming a 39.81-acre oil spacing and proration unit for the Undesignated Lost Tank-Delaware Pool. Said unit is located approximately 11 miles east of IMC Inc.'s Potash Mining and Refining Facilities.

CASE 10447: **Application of Yates Petroleum Corporation for authorization to drill, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval to drill within the "Potash Area" pursuant to all applicable rules and procedures governing said area, as promulgated by Division Order No. R-111-P. The proposed well is to be located 1980 feet from the North line and 1650 feet from the East line (Unit G) of Section 2, Township 22 South, Range 31 East, to test the Delaware formation at an approximate depth of 8500 feet for oil. The SW/4 NE/4 of said Section 2 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for the Undesignated Lost Tank-Delaware Pool. Said unit is located approximately 11 miles east of IMC Inc.'s Potash Mining and Refining Facilities.

CASE 10448: **Application of Yates Petroleum Corporation for authorization to drill, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval to drill within the "Potash Area" pursuant to all applicable rules and procedures governing said area, as promulgated by Division Order No. R-111-P. The proposed well is to be located 660 feet from the South line and 2310 feet from the West line (Unit N) of Section 2, Township 22 South, Range 31 East, to test the Delaware formation at an approximate depth of 8500 feet for oil. The SE/4 SW/4 of said Section 2 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for either the Undesignated Lost Tank-Delaware Pool or the Undesignated Livingston Ridge-Delaware Pool. Said unit is located approximately 11 miles east of IMC Inc.'s Potash Mining and Refining Facilities.

Dockets Nos. 5-92 and 6-92 are tentatively set for February 20, 1992 and March 5, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 6, 1992

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

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

CASE 10438: Application of Collins & Ware, Inc. for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Muley Unit Agreement for an area comprising 5757.4 acres, more or less, of Federal, State and Fee lands in portions of Township 23 South, Ranges 25 and 26 East, which is centered approximately 8.5 miles southwest by west of the Cavern City Air Terminal.

CASE 10434: (Continued from January 23, 1992, Examiner Hearing.)

Application of Hal J. Rasmussen Operating, Inc. for pool reclassification and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order reclassifying the Wilson Yates-Seven Rivers Pool, located in Township 21 South, Ranges 34 and 35 East, as an associated pool to be governed by the General Rules and Regulations for Associated Pools in Southeast New Mexico, as promulgated by Division Order No. R-5353, as amended. Applicant further seeks special provisions to provide for 160-acre gas and 40-acre oil proration units, a special gas/oil ratio limitation of 10,000 cubic feet of gas per barrel of oil, and any other provisions which may be applicable in this instance. Said pool is located approximately 15 miles west of Eunice, New Mexico.

CASE 10419: (Reopened and Readvertised)

Application of BTA Oil Producers for an unorthodox gas well location, Eddy County, New Mexico. Due to inadvertence made by the Division's staff member responsible for reviewing applications to be set for hearing this matter is being reopened at this time. IN THE ABSENCE OF OBJECTION THIS CASE WILL BE TAKEN UNDER ADVISEMENT. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Undesignated South Carlsbad-Morrow Gas Pool for a well to be drilled 1150 feet from the South line and 1650 feet from the East line (Unit O) of Section 4, Township 24 South, Range 26 East, which is located approximately 3.5 miles northwest of Black River Village, New Mexico. The S/2 of said Section 4 is to be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool.

(Continued from January 23, 1992, 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 from the surface to the base of the Canyon formation underlying the SE/4 of Section 8, Township 19 South, Range 25 East, forming a standard 160-acre gas spacing and proration unit for any and all formations spaced on 160-acre spacing within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location in the NW/4 SE/4 (Unit J) of said Section 8. 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 8.5 miles southwest by west of Dayton, New Mexico.

CASE 10439: Application of Anadarko Petroleum Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter and deepen the previously plugged and abandoned Hudson & Hudson, Inc. Saunders "A" Well No. 1 to the Capitan Reef and dispose of produced salt water in the open hole interval from approximately 3500 feet to 4300 feet. Said well is located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 19, Township 19 South, Range 33 East, which is approximately 14.5 miles south by east of Maljamar, New Mexico.

CASE 10440: Application of OXY USA, Inc. for extension of the vertical limits for a portion of the Langlie-Mattix Pool and the concomitant contraction of a portion of the Jalmat Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the contraction of the vertical limits of the Jalmat Gas Pool and the concomitant upward extension of the vertical limits of the Langlie-Mattix Pool to a depth of 3400 feet, subsurface, underlying the SW/4 SE/4 (Unit O) of Section 19, Township 24 South, Range 37 East, which is located approximately 5.5 miles north of Jal, New Mexico.

CASE 10441: Application of Manzano Oil Corporation for compulsory pooling and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Northeast Lovington-Pennsylvanian Pool underlying the S/2 SE/4 of Section 1, Township 16 South, Range 36 East, forming a standard 80-acre oil spacing and proration unit for said pool, to be dedicated to a well to be drilled at an unorthodox oil well location 330 feet from the South line and 1980 feet from the East line (Unit W) 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 unit is located approximately 2 miles east of the Lea County Fair Grounds.

CASE 10414: (Reopened)

In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Lea, Chaves, and Roosevelt Counties, New Mexico.

This case will be reopened solely to consider the extension of the West Milnesand-Pennsylvanian Pool in Chaves County.

m. EXTEND the West Milnesand-Pennsylvanian Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 33 EAST, NMPM

Section 24: NE/4

Dockets Nos. 4-92 and 5-92 are tentatively set for February 6, 1992 and February 20, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 23, 1992

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

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

CASE 10437: Application of the Mark Clark d/b/a Desert States Energy, Inc. for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 920 feet from the South line and 1310 feet from the East line (Unit P) of Section 13, Township 11 South, Range 27 East, to test the Chisum-Devonian Pool, the SE/4 SE/4 of said Section 13 to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for said pool. Said unit is located approximately 4.5 miles south of U. S. Highway 380 at mile market No. 175.

CASE 10434: (Continued from January 9, 1992, Examiner Hearing.)

Application of Hal J. Rasmussen Operating, Inc. for pool reclassification and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order reclassifying the Wilson Yates-Seven Rivers Pool, located in Township 21 South, Ranges 34 and 35 East, as an associated pool to be governed by the General Rules and Regulations for Associated Pools in Southeast New Mexico, as promulgated by Division Order No. R-5353, as amended. Applicant further seeks special provisions to provide for 160-acre gas and 40-acre oil proration units, a special gas/oil ratio limitation of 10,000 cubic feet of gas per barrel of oil, and any other provisions which may be applicable in this instance. Said pool is located approximately 15 miles west of Eunice, New Mexico.

CASE 10407: (Continued from December 19, 1991, Examiner Hearing.)

Application of Great Lakes Chemical Corporation for an exception to Division Order No. R-333-I and the Reassignment of Retroactive Gas Allowables, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the retroactive reassignment of gas allowables to the following six wells located in Township 27 North, Range 8 West, Blanco-Mesaverde Pool, said allowable for each well to be based on delinquent deliverability tests. The applicant further requests an exception to the provisions of Division Order No. R-333-I whereby each well would be exempt from any late penalties on allowables caused by failure to submit deliverability well test data in a specified time:

- Graham Well No. 1 (Unit A) Section 4
- Graham Well No. 1A (Unit P) Section 4
- Graham Well No. 3 (Unit J) Section 3
- Hammond Well No. 5 (Unit F) Section 35
- Hammond Well No. 55 (Unit B) Section 26
- Hammond Well No. 55 A (Unit D) Section 26

CASE 10421: (Continued from December 19, 1991, Examiner Hearing.)

Application of Union Oil Company of California d/b/a UNOCAL for designation of a tight formation, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Blanco-Mesaverde Pool underlying portions of Townships 26 and 27 North, Ranges 6 and 7 West, containing 20,642.7 acres, more or less, as a "Tight Formation" pursuant to Section 107 of the Natural Gas Policy Act of 1978 and 18 C.F.R. Section 271.701-705. Said area is located 22 miles southeast by east of Blanco, New Mexico.

CASE 10422: (Continued from January 9, 1992, 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 from the surface to the base of the Canyon formation underlying the SE/4 of Section 8, Township 19 South, Range 25 East, forming a standard 160-acre gas spacing and proration unit for any and all formations spaced on 160-acre spacing within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location in the NW/4 SE/4 (Unit J) of said Section 8. 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 8.5 miles southwest by west of Dayton, New Mexico.

Dockets Nos. 3-92 and 4-92 are tentatively set for January 23, 1992 and February 6, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 9, 1992

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

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

CASE 10432: Application of the OCD on its own motion to consider the amendment of Division Order No. R-6388-A, special rules and procedures for tight formation designations under Section 107 of the Natural Gas Policy Act of 1978. The Division seeks to adopt an administrative procedure for reviewing such applications for tight formation designations and submitting its recommendations to the FERC. Also to be considered are minor changes and/or additions to meet certain FERC requirements for such procedure.

CASE 10399: (Continued from December 5, 1991, Examiner Hearing.)

Application of Meridian Oil, Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, non-standard oil proration unit, special project allowable and increase in gas-oil ratio, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Rio Puerco-Mancos Oil Pool by commencing its San Isidro Wash Well No. 1 at a standard surface oil well location tentatively selected in the NW/4 NW/4 (Unit D) of Section 21, Township 20 North, Range 3 West, drill vertically to a depth of approximately 3,000 feet, kick-off in a southeasterly direction, build angle up to approximately 80 degrees and then drill horizontally for approximately 4,000 feet. Applicant, further seeks the adoption of special operating provisions and rules within the pilot project area including a special project allowable of up to 640 BOPD with a GOR of 1,000 to 1, and an unorthodox well location exception. Applicant further seeks the flexibility to dedicate the N/2 of said Section 21 to the well as a standard 320-acre spacing unit or, in the alternative, the approval of all of Section 21 as a 640-acre non-standard spacing unit. Applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 660 foot setback from the outer sides of the assigned spacing unit. Said unit is located approximately 12 miles west-southwest of Cuba, New Mexico.

CASE 10433: Application of Geodyne Operating Company to amend Division Administrative Order No. SWD-449, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Administrative Order No. SWD-449, which order authorized the applicant to utilize the PFI Amoco "19" Federal Well No. 2 located 1687 feet from the South line and 2041 feet from the West line (Unit K) of Section 19, Township 22 South, Range 26 East, as a disposal well, injection to occur into the Delaware formation at approximately 2332 feet to 4538 feet, by contracting the injection interval to approximately 2332 feet to 2446 feet. Applicant further seeks the deletion of a provision within said order which required the applicant to perform remedial cement work on the Mitchell Energy Corporation McKittrick "30" Federal Well No. 1 located in Unit C of Section 30, Township 22 South, Range 26 East. Said well is located approximately 6.5 miles southwest of Carlsbad, New Mexico.

CASE 10434: Application of Hal J. Rasmussen Operating, Inc. for pool reclassification and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order reclassifying the Wilson Yates-Seven Rivers Pool, located in Township 21 South, Ranges 34 and 35 East, as an associated pool to be governed by the General Rules and Regulations for Associated Pools in Southeast New Mexico, as promulgated by Division Order No. R-5353, as amended. Applicant further seeks special provisions to provide for 160-acre gas and 40-acre oil proration units, a special gas/oil ratio limitation of 10,000 cubic feet of gas per barrel of oil, and any other provisions which may be applicable in this instance. Said pool is located approximately 15 miles west of Eunice, New Mexico.

CASE 10422: (Continued from December 19, 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 from the surface to the base of the Canyon formation underlying the SE/4 of Section 8, Township 19 South, Range 25 East, forming a standard 160-acre gas spacing and proration unit for any and all formations spaced on 160-acre spacing within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location in the NW/4 SE/4 (Unit J) of said Section 8. 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 8.5 miles southwest by west of Dayton, New Mexico.

CASE 10428: (Readvertised)

Application of ENRON Oil & Gas Company for designation of a tight formation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Morrow formation underlying portions of Township 25 South, Ranges 33 and 34 East, containing 17,280 acres, more or less, as a "Tight Formation" pursuant to Section 107 of the Natural Gas Policy Act of 1978 and 18 C.F.R. Section 271.701-705. Said area is located approximately 19 miles west northwest of Jal, New Mexico.

CASE 10435: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Chaves and Eddy Counties, New Mexico.

- a. CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Cedar Canyon-Bone Spring Pool. The discovery well is the Vision Energy, H.B. 3 Federal Well No. 1 located in Unit J of Section 3, Township 24 South, Range 29 East, NMPM.

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 3: SE/4

In addition, a discovery allowable of 39,315 barrels of oil is hereby assigned to said discovery well to be produced over a period of 2 years.

- b. CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Upper Pennsylvanian production and designated as the North Santo Nino-Upper Pennsylvanian Pool. The discovery well is the Myco Ind., Inc. East Turkey Track Fed. Com Well No. 1 located in Unit K of Section 23, Township 18 South, Range 29 East, NMPM.

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 23: SW/4

- c. CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Tansill Dam-Atoka Gas Pool. The discovery well is the Bird Creek Resources Inc. Jarvis Mead Com. Well No. 1 located in Unit N of Section 5, Township 22 South, Range 27 East, NMPM.

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 5: W/2

- d. EXTEND the Burton-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 17: SW/4

- e. EXTEND the Crozier Bluff-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 14: E/2

Section 23: N/2

Section 26: N/2

- f. EXTEND the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM

Section 35: W/2

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 21: NE/4

- g. EXTEND the Livingston Ridge-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM

Section 14: SE/4

Dockets Nos. 1-92 and 2-92 are tentatively set for January 9, 1992 and January 23, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 19, 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 Michael E. Stogner, Examiner or David R. Catamach, Alternate Examiner:

CASE 10407: (Continued from November 21, 1991, Examiner Hearing. This case will be continued to January 23, 1991.)

Application of Great Lakes Chemical Corporation for an exception to Division Order No. R-333-I and the Reassignment of Retroactive Gas Allowables, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the retroactive reassignment of gas allowables to the following six wells located in Township 27 North, Range 8 West, Blanco-Mesaverde Pool, said allowable for each well to be based on delinquent deliverability tests. The applicant further requests an exception to the provisions of Division Order No. R-333-I whereby each well would be exempt from any late penalties on allowables caused by failure to submit deliverability well test data in a specified time:

- Graham Well No. 1 (Unit A) Section 4
- Graham Well No. 1A (Unit P) Section 4
- Graham Well No. 3 (Unit J) Section 3
- Hammond Well No. 5 (Unit F) Section 35
- Hammond Well No. 55 (Unit B) Section 26
- Hammond Well No. 55 A (Unit D) Section 26

CASE 10417: (Continued from December 5, 1991, Examiner Hearing.)

Application of Coquina Oil Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 990 feet from the North and East lines (Unit A) of Section 34, Township 19 South, Range 25 East, the N/2 of said Section 34 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for any and all formations from the surface to the base of the Morrow formation spaced on 320 acres, which presently includes but is not necessarily limited to the Undesignated Dagger Draw-Strawn Gas Pool, North Cemetery Atoka Gas Pool and Cemetery-Morrow Gas Pool.

CASE 10424: Application of Citation Oil & Gas Corporation for downhole commingling, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle oil production from the South Hospah Upper Sand Oil Pool and the South Hospah Lower Sand Oil Pool within the wellbores of those wells located in the N/2 and N/2 S/2 of Section 12 and the SE/4 NE/4 and NE/4 SE/4 of Section 11, Township 17 North, Range 9 West. Said area is located 6 miles south of Whitehorse, New Mexico.

CASE 10372: (Continued from November 21, 1991, Examiner Hearing.)

Application of Parker & Parsley Development Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the S/2 equivalent of Section 33, Township 31 North, Range 4 West, forming a standard 320-acre, more or less, spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes only the Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard coal gas well location in the SW/4 of said Section 33. 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 15 miles west-southwest of Dulce, New Mexico.

CASE 10426: Application of BTA Oil Producers for simultaneous dedication and to amend Division Order No. R-9009, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-9009 whereby the Maxus "B" 8026 JV-P Well No. 2 located at a standard gas well location 990 feet from the South line and 1980 feet from the West line (Unit N) of Section 34, Township 22 South, Range 34 East, would be allowed to produce at a restricted flow rate from the Antelope Ridge-Atoka Gas Pool. Further, the applicant seeks an exception to Division General Rule 104.C(2) to allow for the simultaneous dedication of the existing 320-acre gas spacing and proration unit comprising the S/2 of said Section 34 to the No. 2 well and to the Maxus "B" 8026 JV-P Well No. 1 located at a previously approved unorthodox gas well location (Division Order No. R-8331) 660 feet from the South and East lines (Unit P) of said Section 34. Said unit is located approximately 20 miles west southwest of Eunice, New Mexico.

CASE 10427: Application of Mewbourne Oil Company for compulsory pooling, an unorthodox gas well location and non-standard gas proration units, Eddy 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 underlying the following described area in Section 6, Township 18 South, Range 28 East, and in the following manner: Lots 3 through 7, SE/4 NW/4 and E/2 SW/4 (W/2 equivalent) forming a non-standard 334.98-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Empire Pennsylvanian Gas Pool and the Undesignated North-Illinois Camp-Morrow Gas Pool and Lots 6 and 7 and the E/2 SW/4 (SW/4 equivalent) forming a non-standard 167.36-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within said vertical extent. Said units are to be dedicated to a single well to be drilled 990 feet from the South line and 730 feet from the West line (Unit M) of said Section 6 which is a standard location for zones spaced on 160 acres but unorthodox for zones spaced on 320 acres. 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 5 miles north of the Old Illinois Field Camp.

CASE 10415: (Continued from December 5, 1991, Examiner Hearing.)

Application of Samuel Gary, Jr. and Associates for a horizontal directional drilling pilot project, special operating rules therefor, an unorthodox surface oil well location, an exception to the pool's gas/oil ratio limitation factor, simultaneous dedication and possibly a non-standard oil proration unit, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Rio Puerco-Mancos Oil Pool by drilling vertically from an unorthodox surface location 330 feet from the South line and 1650 feet from the West line (Unit N) of Section 4, Township 20 North, Range 2 West, to a depth of approximately 3250 feet, kick-off in a northerly direction, build angle to approximately 83 degrees and then drill horizontally for approximately 3850 feet. The applicant is proposing to establish a window in the W/2 equivalent of said Section 4 whereby a horizontal displacement of said well's producing interval will be no closer than 660 feet from the W/2 outer boundary. Further, the applicant seeks the adoption of special operating provisions within the pilot project area including a special Gas-Oil Ratio of 1000 to 1 and the flexibility to dedicate up to the 597.28 acres comprising all of said Section 4. Also to be included is the simultaneous dedication of the proposed well with the existing Johnson "4" Well No. 14 located 860 feet from the South line and 1650 feet from the West line (Unit N) which has dedicated to it the S/2 of said Section 4. The subject area is located approximately 5.5 miles west-southwest of Cuba, New Mexico.

CASE 10416: (Continued from December 5, 1991, Examiner Hearing.)

Application of Presidio Exploration, Inc. for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Division General Rule 104.C. (2) to allow for the simultaneous dedication of East Burton Flat-Strawn Gas Pool production from the Superior Federal Well No. 9 located at a standard gas well location 1830 feet from the North line and 1980 feet from the East line (Unit G) of Section 1, Township 20 South, Range 29 East, and to a well to be drilled at an unorthodox gas well location 1300 feet from the North and West lines (Unit D) of said Section 1. Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of said Section 1 is to be the designated spacing unit for both wells comprising 321.20 acres. Said unit is located 15 miles southeast of Loco Hills, New Mexico.

CASE 10429: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to deepen its existing Albert "AJH" Well No. 1 located 660 feet from the North and East lines (Unit A) of Section 21, Township 20 South, Range 24 East, and complete said well as an unorthodox gas well location in the Foster Ranch-Morrow Gas Pool. The E/2 of said Section 21 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said well is located approximately 10 miles west by south of Seven Rivers, New Mexico.

CASE 10422: (Continued from December 5, 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 from the surface to the base of the Canyon formation underlying the SE/4 of Section 8, Township 19 South, Range 25 East, forming a standard 160-acre gas spacing and proration unit for any and all formations spaced on 160-acre spacing within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location in the NW/4 SE/4 (Unit J) of said Section 8. 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 8.5 miles southwest by west of Dayton, New Mexico.

Dockets Nos. 36-91 and 1-92 are tentatively set for December 19, 1991 and January 9, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 5, 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 David R. Catanach, Examiner or Michael E. Stogner, Alternate Examiner:

CASE 10415: Application of Samuel Gary, Jr. and Associates for a horizontal directional drilling pilot project, special operating rules therefor, an unorthodox surface oil well location, an exception to the pool's gas/oil ratio limitation factor, simultaneous dedication and possibly a non-standard oil proration unit, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Rio Puerco-Mancos Oil Pool by drilling vertically from an unorthodox surface location 330 feet from the South line and 1650 feet from the West line (Unit N) of Section 4, Township 20 North, Range 2 West, to a depth of approximately 3250 feet, kick-off in a northerly direction, build angle to approximately 83 degrees and then drill horizontally for approximately 3850 feet. The applicant is proposing to establish a window in the W/2 equivalent of said Section 4 whereby a horizontal displacement of said well's producing interval will be no closer than 660 feet from the W/2 outer boundary. Further, the applicant seeks the adoption of special operating provisions within the pilot project area including a special Gas-Oil Ratio of 1000 to 1 and the flexibility to dedicate up to the 597.28 acres comprising all of said Section 4. Also to be included is the simultaneous dedication of the proposed well with the existing Johnson "4" Well No. 14 located 860 feet from the South line and 1650 feet from the West line (Unit N) which has dedicated to it the S/2 of said Section 4. The subject area is located approximately 5.5 miles west-southwest of Cuba, New Mexico.

CASE 10416: Application of Presidio Exploration, Inc. for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Division General Rule 104.C. (2) to allow for the simultaneous dedication of East Burton Flat-Strawn Gas Pool production from the Superior Federal Well No. 9 located at a standard gas well location 1830 feet from the North line and 1980 feet from the East line (Unit G) of Section 1, Township 20 South, Range 29 East, and to a well to be drilled at an unorthodox gas well location 1300 feet from the North and West lines (Unit D) of said Section 1. Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of said Section 1 is to be the designated spacing unit for both wells comprising 321.20 acres. Said unit is located 15 miles southeast of Loco Hills, New Mexico.

CASE 10417: Application of Coquina Oil Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 990 feet from the North and East lines (Unit A) of Section 34, Township 19 South, Range 25 East, the N/2 of said Section 34 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for any and all formations from the surface to the base of the Morrow formation spaced on 320 acres, which presently includes but is not necessarily limited to the Undesignated Dagger Draw-Strawn Gas Pool, North Cemetery Atoka Gas Pool and Cemetery-Morrow Gas Pool.

CASE 10399: (Continued from November 7, 1991, Examiner Hearing.)

Application of Meridian Oil, Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, non-standard oil proration unit, special project allowable and increase in gas-oil ratio, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Rio Puerco-Mancos Oil Pool by commencing its San Isidro Wash Well No. 1 at a standard surface oil well location tentatively selected in the NW/4 NW/4 (Unit D) of Section 21, Township 20 North, Range 3 West, drill vertically to a depth of approximately 3,000 feet, kick-off in a southeasterly direction, build angle up to approximately 80 degrees and then drill horizontally for approximately 4,000 feet. Applicant, further seeks the adoption of special operating provisions and rules within the pilot project area including a special project allowable of up to 640 BOPD with a GOR of 1,000 to 1, and an unorthodox well location exception. Applicant further seeks the flexibility to dedicate the N/2 of said Section 21 to the well as a standard 320-acre spacing unit or, in the alternative, the approval of all of Section 21 as a 640-acre non-standard spacing unit. Applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 660 foot setback from the outer sides of the assigned spacing unit. Said unit is located approximately 12 miles west-southwest of Cuba, New Mexico.

CASE 10413: (Continued from November 21, 1991, Examiner Hearing.)

Application of Merrion Oil & Gas Corporation to revise the special rules and regulations for the Snake Eyes-Dakota "D" Gas Pool and for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-4343, which authorized 320-acre spacing units and limited well location requirements in the Snake Eyes-Dakota "D" Gas Pool, by either permitting the drilling of an optional second well on an existing 320-acre spacing unit without notice and hearing, provided that the second well would not be drilled in the quarter section of the unit which does not contain a well OR, IN THE ALTERNATIVE, to reestablish 160-acre spacing in said pool. In either instance the applicant further seeks to allow well locations to be no closer than 330 feet from the outer boundary of a spacing unit nor 330 feet from any quarter/quarter section line or subdivision inner boundary. Said pool is comprised of Sections 17 and 20, Township 21 South, Range 8 West, which is located approximately 15 miles south by east of Nageezi, New Mexico. In conjunction to the proposed rule changes the applicant seeks approval for an unorthodox gas well location for the existing Santa Fe "20" Well No. 3 located 2220 feet from the North line and 990 feet from the East line (Unit H) of said Section 20.

CASE 10418: **Application of Amoco Production Company for an exception to Rule 303-A and 309-A, surface commingling of condensate, Rio Arriba County, New Mexico.** Applicant, in the above-styled cause, seeks an exception to Division General Rules 303-A and 309-A for the surface commingling of condensate production from gas wells completed in the Pictured Cliffs formation, Blanco-Mesaverde Pool, Otero-Chacra Pool, and Basin-Dakota Pool in the San Juan 28-7 Unit located in all or portions of Townships 27 and 28 North, Range 7 West, which is located approximately 16 miles east-southeast of Blanco, New Mexico.

CASE 10419: **Application of BTA Oil Producers for an unorthodox gas well location and a non-standard gas proration unit, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Undesignated White City-Pennsylvanian Gas Pool for a well to be drilled 1150 feet from the South line and 1650 feet from the East line (Unit O) of Section 4, Township 24 South, Range 26 East, which is located approximately 3.5 miles northwest of Black River Village, New Mexico. All of said Section 4 is to be dedicated to the well forming a non-standard 637.12-acre gas spacing and proration unit for said pool.

CASE 10420: **Application of Union Oil Company of California d/b/a UNOCAL, for designation of a tight formation, Rio Arriba County, New Mexico.** Applicant, in the above-styled cause, seeks the designation of the Basin-Dakota Pool underlying portions of Townships 26 and 27 North, Ranges 6 and 7 West, containing 20,642.7 acres, more or less, as a "Tight Formation" pursuant to Section 107 of the Natural Gas Policy Act of 1978 and 18 C.F.R. Section 271.701-705. Said area is located 22 miles southeast by east of Blanco, New Mexico.

CASE 10421: **Application of Union Oil Company of California d/b/a UNOCAL for designation of a tight formation, Rio Arriba County, New Mexico.** Applicant, in the above-styled cause, seeks the designation of the Blanco-Mesaverde Pool underlying portions of Townships 26 and 27 North, Ranges 6 and 7 West, containing 20,642.7 acres, more or less, as a "Tight Formation" pursuant to Section 107 of the Natural Gas Policy Act of 1978 and 18 C.F.R. Section 271.701-705. Said area is located 22 miles southeast by east of Blanco, New Mexico.

CASE 10422: **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 from the surface to the base of the Canyon formation underlying the SE/4 of Section 8, Township 19 South, Range 25 East, forming a standard 160-acre gas spacing and proration unit for any and all formations spaced on 160-acre spacing within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location on the NW/4 SE/4 (Unit J) of said Section 8. 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 8.5 miles southwest by west of Dayton, New Mexico.

CASE 10412: (Continued from November 21, 1991, Examiner Hearing.)

Application of MW Petroleum Corporation/Apache Corporation to amend Division Order No. R-9487-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-9487-A, dated, which authorized the drilling of a well at an unorthodox gas well location 2049 feet from the North line and 480 feet from the West line (Unit E) of Section 12, Township 22 South, Range 23 East, NMPM, Indian Basin-Upper Pennsylvanian Gas Pool. Applicant specifically seeks to amend the gas allowable acreage factor assigned to the well by said order. All of Section 12 is dedicated to the subject well forming a standard 640-acre gas spacing and proration unit for said pool. Said unit is located approximately 20 miles West of Carlsbad, New Mexico.