



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

MEMORANDUM

**TO: ALL PRODUCERS, PURCHASERS AND TRANSPORTERS OF GAS
FROM ALL PRORATED GAS POOLS IN NORTHEAST NEW MEXICO**

FROM: WILLIAM J. LEMAY, Director *WJL*
Oil Conservation Division

**SUBJECT: COMMISSION HEARING ON AUGUST 13, 1992, CONCERNING
PRORATED GAS ALLOWABLES FOR OCTOBER 1992 - MARCH 1993**

DATE: JULY 24, 1992

A Commission Hearing will be scheduled for August 13, 1992 for the purpose of receiving nominations and other testimony and information to assist the Commission in determining prorated gas allowables for the October 1992 through March 1993 allocation period. The assistance of all segments of the natural gas industry is needed in this process so you are urged to attend the hearing and participate.

The following information is being compiled and will be distributed next week:

- * ***Preliminary allowable estimates for each pool.***
- * ***Explanations for pool allowable adjustments.***
- * ***Comparison of monthly average pool allowables, sales, F1 and F2 factors.***
- * ***Comparison of April and May, 1992 sales volumes to allowables.***
- * ***Requested format for nominations - Form C-121-A.***

Nominations may be submitted prior to or at the August 13 Hearing. Nominations and other information presented at the hearing will be used to revise the preliminary allowables and assign final allowables for the allocation period.



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MEMORANDUM

TO: ALL OIL AND GAS OPERATORS

FROM: WILLIAM J. LEMAY, Director *WJL*
Oil Conservation Division

SUBJECT: USE OF PARK ROADS FOR ACCESS TO WELL LOCATIONS

DATE: JULY 24, 1992

If you plan to use park roads to access drilling locations or production sites, please notify the appropriate park service personnel prior to using the roads. The use of these roads by commercial vehicles could cause damage to irreplaceable and valuable historical resources. In many cases park personnel can suggest alternate means of accessing the location which would minimize environmental impact and reduce the risk of damage to artifacts and historical ruins.

Dockets Nos. 25-92 and 26-92 are tentatively set for August 20, 1992 and September 3, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

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

CASE 10509: Application of Barber Oil, Inc. for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Barber Unit Agreement for an area comprising 2080.00 acres, more or less, of State, Federal and Fee lands within the Undesignated and designated Barber-Yates Pool in portions of Sections 16, 17, 18, 19, 20, 21 and 30, Township 20 South, Range 30 East, which is approximately 17.5 miles south of Loco Hills, New Mexico.

CASE 10517: Application of Shackelford Oil Properties, on behalf of Plains Radio Petroleum Company, for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Tomcat Unit Agreement for an area comprising 1960.0 acres, more or less, of State and Federal lands in all or portions of Sections 28, 29, 31, 32 and 33, Township 8 South, Range 31 East, which is approximately 18 miles south by west of Kenna, New Mexico. The applicant further requests that either Plains Radio Petroleum Company or Fred Pool Drilling Inc. be named the initial operator of said unit.

CASE 10329: (Reopened and Continued from July 23, 1992, Examiner Hearing.)

In the matter of Case 10329 being reopened pursuant to the provisions of Division Order No. R-9554, which order promulgated temporary special rules and regulations for the Cedar Lake-Strawn Pool in Eddy County, New Mexico, including provisions for 80-acre spacing and proration units and designated well location requirements. Operators in said pool may appear and show cause why the temporary special rules and regulations for the Cedar Lake-Strawn Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

CASE 10518: Application of Mewbourne Oil Company for the amendment of Division Order No. R-9554, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-9554 (which order promulgated special pool rules for the Cedar Lake-Strawn Pool located in the W/2 equivalent of Section 2, Township 18 South, Range 30 East, being approximately 4 miles southeast by south of Loco Hills, New Mexico) providing for 160-acre spacing, special well location requirements, and a limiting gas/oil ratio of 4000 cubic feet of gas per barrel of oil.

CASE 10519: Application of Yates Petroleum Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox location 360 feet from the South line and 2080 feet from the West line and (Unit N) of Section 34, Township 20 South, Range 24 East, Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool, the W/2 of said Section 34 to be dedicated to said well forming a standard 320-acre spacing and proration unit for either oil or gas. Said unit is located approximately 10.5 miles west-southwest of Seven Rivers, New Mexico.

CASE 10520: 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 NE/4 of Section 20, Township 19 South, Range 25 East, forming a 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which presently includes only the Undesignated North Dagger Draw-Upper Pennsylvanian 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles northwest of Seven Rivers, New Mexico.

CASE 10521: Application of Union Oil Company of California d/b/a UNOCAL for termination of gas prorationing in the South Blanco-Pictured Cliffs Pool, Rio Arriba, Sandoval and San Juan Counties, New Mexico. Applicant, in the above-styled cause, seeks an order terminating gas prorationing in the South Blanco-Pictured Cliffs Pool and to exclude said pool from the provisions of Division Order No. R-8170, as amended (General Rules For The Prorated Gas Pools of New Mexico). The current pool boundaries include portions of Townships 23 through 29 North, Ranges 1 through 9 West, in the three country area as stated above.

CASE 10483: (Continued from June 11, 1992, Examiner Hearing.)

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the SE/4 NW/4 (Unit F) in all formations developed on 40-acre spacing from the surface to the base of the Strawn formation in Section 33, Township 15 South, Range 36 East, said unit 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 operator of the well and a charge for risk involved in drilling said well. Said area is located approximately one-half mile southeast of the junction of U.S. Highway 82 and New Mexico No. 18.

CASE 10502: (Readvertised - This Case will be Continued to August 20, 1992.)

Application of Meridian Oil Inc. for compulsory pooling, 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the NW/4 NW/4 (Unit D) of Section 23, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6.25 miles north-northwest of the junction of State Highway No. 128 and the Delaware Basin Road.

CASE 10503: (Readvertised - This Case will be Continued to August 20, 1992.)

Application of Meridian Oil Inc. for compulsory pooling, 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the SW/4 NW/4 (Unit E) of Section 23, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles north-northwest of the junction of State Highway No. 128 and the Delaware Basin Road.

CASE 10504: (Readvertised - This Case will be Continued to August 20, 1992.)

Application of Meridian Oil Inc. for compulsory pooling, 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the NW/4 SW/4 (Unit L) of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5.5 miles north by west of the junction of State Highway No. 128 and the Delaware Basin Road.

CASE 10522: **Application of Southland Royalty Company for an unorthodox gas well location, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval to deepen its South Corbin Federal Well No. 3, located 554 feet from the South and East lines (Unit P) of Section 20, Township 18 South, Range 33 East, from the South Corbin-Wolfcamp Pool to test the Undesignated South Corbin-Morrow Gas Pool. Said location is considered unorthodox pursuant to General Rule 104.C.(2). Further, the E/2 of said Section 20 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit in the Morrow interval. Said well is located approximately 10 miles south-southeast of Maljamar, New Mexico.

CASE 10512: (Continued from July 23, 1992, Examiner Hearing.)

Application of Phillips Petroleum Company for three unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks exception to RULE 4 of the Special Rules and Regulations for the Four Lakes-Pennsylvanian Pool, as promulgated by Division Order No. R-2326, for three unorthodox oil well locations each to be drilled within a fifty foot radius of the following described sites all within its South Four Lakes Unit which is located approximately 10 miles west-northwest of Tatum, New Mexico:

- 2200' FSL & 1980' FEL (Unit J) of Section 2, Township 12 South, Range 34 East, the 80 acres comprising the N/2 SE/4 is to be dedicated to said well;
- 1250' FSL & 2450' FWL (Unit N) of Section 35, Township 11 South, Range 34 East, the 80 acres comprising the E/2 SW/4 is to be dedicated to said well; and,
- 2200' FNL & 2150' FWL (Unit F) of Section 2, Township 12 South, Range 34 East, the 80.11 acres comprising Lot 2 and the SE/4 NW/4 is to be dedicated to said well.

CASE 10523: Application of Phillips Petroleum Company for three unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for three unorthodox oil well locations each to be drilled within a fifty foot radius of the following described sites all within Section 4, Township 15 South, Range 32 East, Tulk-Wolfcamp Pool, which is located approximately 24 miles south of Caprock, New Mexico:

- . 1050' FSL & 1450' FEL (Unit O), the 40 acres comprising the SW/4 SE/4 is to be dedicated to said well;
- . 2500' FNL & 660' FEL (Unit H), the 40 acres comprising the SE/4 NE/4 is to be dedicated to said well; and,
- . 1300' FSL & 660' FWL (Unit M), the 40 acres comprising either the NW/4 SW/4 or SW/4 SW/4, whichever is appropriate, is to be dedicated to said well.

CASE 10524: Application of BK Exploration 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 Delaware formation or 6350 feet, whichever is deeper, underlying the SE/4 SE/4 (Unit P) of Section 3, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit 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 the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately north-northeast of Loving, New Mexico.

CASE 10507: (Continued from July 23, 1992, Examiner Hearing.)

Application of C & C Landfarm Inc. for a commercial surface waste disposal facility, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authorization to construct and operate a commercial landfarm facility for remediation of non-hazardous hydrocarbon-contaminated soils using an enhanced biodegradation process. Said area is to be located in the SW/4 NE/4 (Unit G) of Section 3, Township 20 South, Range 37 East, which is approximately 2 miles southeast of Monument, New Mexico. This application has been administratively determined to be approvable, and this hearing is scheduled to allow parties the opportunity to present technical evidence why the application should not be approved pursuant to the rules of the Division. In the absence of objection, this application will be taken under advisement.

CASE 10490: (Continued from June 11, 1992, Examiner Hearing.)

Application of Noranda Minerals Inc. requesting the Division to rescind or deny an application to drill a certain well in the oil/potash area, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order denying or rescinding the approval of an "Application for Permit to Drill" which would authorize Yates Petroleum Corporation to drill its Snyder "AKY" Well No. 1 at a standard oil well location in the NW/4 SW/4 (Unit L) of Section 1, Township 20 South, Range 32 East, (approximately 3 miles north of the junction of U.S. Highway 62/180 and State Highway 176). Said location is within the designated oil/potash area as described in and governed under the provisions of Division Order No. R-111-P.

CASE 10525: 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 Eddy and Chaves Counties, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Bandana Point-Morrow Gas Pool. The discovery well is the Azotea AJZ Federal Well No. 1 located in Unit E of Section 9, Township 23 South, Range 24 East, NMPM.

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM
Section 9: W/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the South Bandana Point-Strawn Gas Pool. The discovery well is the Azotea AJZ Federal Well No. 1 located in Unit E of Section 9, Township 23 South, Range 24 East, NMPM.

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM
Section 9: W/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Yates production and designated as the South Burton-Yates Gas Pool. The discovery well is the State Well No. 1 located in Unit M of Section 20, Township 20 South, Range 29 East, NMPM.

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 21: SW/4

- (d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the Cottonwood Spring-Upper Pennsylvanian production. The discovery well is the Chelsi Well No. 1 located in Unit J of Section 2, Township 26 South, Range 25 East, NMPM.

TOWNSHIP 26 SOUTH, RANGE 25 EAST, NMPM

Section 2: E/2

- (e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the South Golden Lane-Delaware production. The discovery well is the Big Eddy Unit Well No. 113 located in Unit K of Section 8, Township 21 South, Range 29 East, NMPM.

- (f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the Saladar-Upper Pennsylvanian Gas Pool. The discovery well is the Eddy FV State Com Well No. 1 located in Unit H of Section 25, Township 20 South, Range 27 East, NMPM.

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM

Section 25: E/2

- (g) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North San Lorenzo-Bone Spring Pool. The discovery well is the Salt Draw Federal Com Well No. 1 located in Unit G of Section 11, Township 25 South, Range 28 East, NMPM.

TOWNSHIP 25 SOUTH, RANGE 28 EAST, NMPM

Section 11: NE/4

- (h) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the West Sand Dunes-Delaware Pool. The discovery well is the Mobil Federal Well No. 1 located in Unit J of Section 29, Township 23 South, Range 31 East, NMPM.

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 29: SE/4

- (i) EXTEND the Bandana Point-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM

Section 9: W/2

- (j) EXTEND the Brushy Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM

Section 16: SE/4

- (k) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 34: S/2

- (l) EXTEND the West Burton Flat-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM

Section 7: SW/4

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 12: N/2

- (m) EXTEND the South Carlsbad-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 19: S/2

Section 30: NE/4

- (n) EXTEND the South Dagger Draw-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 24: S/2

Section 25: N/2

- (o) EXTEND the Frontier Hills-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM

Section 10: E/2

Section 15: N/2

Section 16: NE/4

- (p) EXTEND the Haystack-Cisco Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 27 EAST, NMPM

Section 30: N/2

- (q) EXTEND the East Herradura Bend-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM

Section 26: SW/4

Section 35: NE/4

- (r) EXTEND the North Illinois Camp-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 1: N/2

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM

Section 6: W/2

- (s) EXTEND the East Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM

Section 19: NE/4

Section 20: N/2

- (t) EXTEND the South Lone Wolf-Devonian Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 29 EAST, NMPM

Section 28: SE/4

- (u) EXTEND the Lost Tank-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 31 EAST, NMPM

Section 24: SE/4

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM

Section 2: NE/4

- (v) EXTEND the East Loving-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 9: SE/4

Section 28: NE/4

- (w) EXTEND the Red Lake Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 16: W/2

- (x) EXTEND the Sheep Draw-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM

Section 33: N/2 and SW/4

DOCKET: COMMISSION HEARING - THURSDAY - AUGUST 13, 1992
9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO

The Land Commissioner's designee for this hearing will be Gary Carlson

CASE 10462: (Continued from July 16, 1992, Examiner Hearing.)

Application of Marathon Oil Company for termination of oil prorationing in the Vacuum-Glorieta Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Division General Rule 505 for the Vacuum-Glorieta Pool, located in portions of Townships 17 and 18 South, Ranges 34 and 35 East, whereby the allowable for each well producing from said pool would equal its producing capability. Said pool is centered approximately 11 miles east of Buckeye, New Mexico.

CASE 10463: (De Novo)

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 a depth of 5000 feet below the surface to the base of the Morrow formation underlying the N/2 of Section 27, Township 18 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for any and all formations spaced on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Red Lake Atoka-Morrow Gas Pool. Said unit is to be dedicated to be drilled at an unorthodox gas well location 660 feet from the North line and, either, 1310 feet or 1330 feet from the East line (Unit A or B) of said Section 27. 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 7.5 miles south by east of Riverside, New Mexico. Upon application of Nearburg Exploration Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10473: (De Novo)

Application of Nearburg Exploration Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation underlying the N/2 of Section 27, Township 18 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for any and all formations spaced on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Red Lake Atoka-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the North line and 1330 feet from the East line (Unit B) of said Section 27. 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 7.5 miles south by east of Riverside, New Mexico. Upon application of Nearburg Exploration Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10526: The Oil Conservation Division is calling a hearing on its own motion to accept nominations and other evidence and information to assist in determining October 1992 through March 1993 gas allowables for the prorated gas pools in New Mexico. Thirteen of the prorated gas pools are in Lea, Eddy, and Chaves Counties in Southeast New Mexico and four pools are in San Juan, Rio Arriba, and Sandoval Counties in Northwest New Mexico. Amendments to the Gas Proration Rules approved by Commission Order No. R-8170-H in December 1990 provide for allowables to be established for 6-month allocation periods beginning in April and October of each year. Information concerning preliminary allowable estimates for the October-March period is being distributed with OCD Memorandum dated July 27, 1992.

Dockets Nos. 13-92 and 14-92 are tentatively set for April 30, 1992 and May 14, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - APRIL 16, 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 10465: Application of Marbob Energy Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Cedar Lake-Abo Pool through the perforated interval from approximately 6890 feet to 7480 feet in its Turner "B" Well No. 65 located 330 feet from the South line and 1980 feet from the West line (Unit N) of Section 20, Township 17 South, Range 31 East. Said well is located approximately 5 miles east of Loco Hills, New Mexico.

CASE 10466: Application of Marbob Energy Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Cedar Lake-Abo Pool through the perforated interval from approximately 6890 feet to 7230 feet in its Turner "B" Well No. 69 located 380 feet from the North line and 2310 feet from the East line (Unit B) of Section 29, Township 17 South, Range 31 East. Said well is located approximately 5 miles east of Loco Hills, New Mexico.

CASE 10457: (Continued from April 2, 1992, Examiner Hearing.)

Application of Union Oil Company of California D/B/A UNOCAL, for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special rules for the Red Hills-Pennsylvanian Gas Pool, including a provision for 640-acre spacing units and designated well location requirements. Said pool comprises Sections 31, 32 and 33, Township 25 South, Range 33 East and Sections 4, 5, and 6, Township 26 South, Range 33 East and is located approximately 23 miles west of Jal, New Mexico.

CASE 10467: (This case will be continued to April 30, 1992.)

Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from a depth of 5000 feet below the surface to the base of the Morrow formation underlying the N/2 of Section 27, Township 18 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for any and all formations spaced on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Red Lake Atoka-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the North line and, either, 1310 feet or 1330 feet from the East line (Unit A or B) of said Section 27. 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 7.5 miles south by east of Riverside, New Mexico.

CASE 10459: (Continued from April 2, 1992, Examiner Hearing.)

Application of Bright & Company for a high angle/horizontal directional drilling pilot project, special operating rules therefor, and an exception to the pool's gas/oil ratio limitation factor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Undesignated Rio Puerco-Mancos Oil Pool by commencing its Cuba Mesa Unit Well No. 1 at a standard surface oil well location 730 feet from the North line and 1000 feet from the West line (Unit M) of Section 35, Township 21 North, Range 2 West, drill vertically to a depth of approximately 4000 feet, kick-off in a northerly direction, build angle up to approximately 88 degrees, drill horizontally for approximately 3000 feet, and bottom said wellbore at a location approximately 1250 feet from the North line and 660 feet from the West line of said Section 35. Said well is to be dedicated to the W/2 of said Section 35 forming a standard 320-acre oil spacing and proration unit for said pool. Applicant further seeks the adoption of special operating provisions and rules within the pilot project area including a special gas/oil ratio of 1,000 to 1. Applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 660 foot setback from the outer boundary of the assigned spacing unit. Said unit is located approximately 3.5 miles west by south of Cuba, New Mexico.

CASE 10468: Application of Ultramar Oil and Gas Limited for compulsory pooling, 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 underlying the E/2 of Section 16, Township 21 South, Range 35 East, forming a standard 320-acre gas spacing and proration unit for any and all formations spaced on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the South Osudo-Morrow Gas Pool. Said unit is to be dedicated its existing P. Q. Osudo State Com Well No. 1, which was drilled in 1989 at a standard gas well location 1980 feet from the North and East lines (Unit G) of said Section 16. 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 6.5 miles west by south of Oil Center, New Mexico.

CASE 10399: (Continued from January 9, 1992, 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.



State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico 87505



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

MATTHEW BACA
DEPUTY SECRETARY

MEMORANDUM

TO: ALL INTERESTED PARTIES

FROM: WILLIAM J. LEMAY, Director *WJL*
Oil Conservation Division

SUBJECT: STATE OF THE INDUSTRY

This year's New Mexico Oil and Gas Industry Meeting will be held in Morgan Hall, State Land Office Building, Santa Fe, New Mexico, on May 8, 1992, beginning at 9:00 a.m. Navajo Refining Company will be hosting a welcoming reception for everyone attending the State of Industry meeting. It will be held on Thursday night, May 7, 1992, from 6:30 p.m. to 8:00 p.m. at the La Fonda Hotel. Cocktails and hors d'oeuvres will be served. There will be a varied and interesting program this year which will include presentations on crude oil and natural gas production and markets from the New Mexico domestic and international perspective. The agenda will be finalized and distributed prior to May 8th. The meeting is open to everyone at no charge.

For additional information contact the Oil Conservation Division at (505) 827-5802.

VILLAGRA BUILDING - 408 Galisteo
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ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE NEW MEXICO 87504
(505) 827-5800

MEMORANDUM

TO; ALL PRODUCERS OF GAS IN NEW MEXICO.

FROM: MICHAEL E. STOGNER, CHIEF HEARING OFFICER *MS.*

SUBJECT: SPECIAL ADMINISTRATIVE RULES AND REGULATIONS FOR
TIGHT FORMATION DESIGNATIONS UNDER SECTION 107 OF THE
NATURAL GAS POLICY ACT OF 1978.

DATE: APRIL 2, 1992

On January 9, 1992, a hearing was called to modify the rules and procedures for filing applications for tight formation designations in New Mexico. As a result of this hearing, Division Order No R-6388-A, which promulgated the existing rules and procedures, was placed in abeyance until further notice.

In its place, the Division has adopted administrative rules and procedures for the filing of future tight formation designation applications (see attached). These rules are effective as of March 31, 1992 for all filings made after this date.

This new approach will help facilitate faster determinations from the jurisdictional agencies as well as allow the Division to keep up with policy changes from the Federal Energy Regulatory Commission without the need for a rule-making hearing.

MES/AMG

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
P.O. BOX 2088
SANTA FE, NEW MEXICO 87504

SPECIAL RULES AND PROCEDURES FOR
TIGHT FORMATION DESIGNATIONS UNDER
SECTION 107 OF THE NATURAL GAS POLICY ACT OF 1978

Amended March 31, 1992

A. *General*

Applications for tight formation designations under Section 107 of the NGPA and applicable FERC rules and regulations shall be accepted by the Division at its Santa Fe, New Mexico office after June 30, 1980. These special rules apply only to individual tight formation designations and do not apply to individual well filing requirements for price category determination.

B. *Definitions*

1. "Crude oil" means a mixture of hydrocarbons that exists in liquid phase in natural underground reservoirs and remains liquid at atmospheric pressure after passing through surface separation facilities.
2. "Division" means the Oil Conservation Division of the Energy, Minerals and Natural Resources Department of the State of New Mexico.
3. "FERC" means the Federal Energy Regulatory Commission.
4. "USBLM" means the office of the United States Bureau of Land Management in Albuquerque, New Mexico.
5. "Formation" means any geological formation or portion thereof described by geological as well as geographical parameters which is the subject of a tight formation designation application.
6. "Infill drilling" means any drilling in a substantially developed formation (or a portion thereof) subject to the requirements respecting well spacing or proration units which were amended by the Division or the Oil Conservation Commission after the formation (or portion thereof) was substantially developed and which were adopted for the purpose of more effective and efficient drainage of the reservoirs in such formation. Such amendment may provide for the establishment of smaller drilling or production units or may permit the drilling of additional wells on original units.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

**SPECIAL ADMINISTRATIVE
RULES AND PROCEDURES
FOR
TIGHT FORMATION DESIGNATIONS
UNDER SECTION 107
OF THE
NATURAL GAS POLICY ACT OF 1978**

Effective March 31, 1992

C. Procedure

1. All applications for tight formation designation in the State of New Mexico, which contain state and/or fee lands in any proportion, shall be filed with the Division.
2. Any application for tight formation designation in the State of New Mexico which contains Federal and/or Indian lands in any proportion shall be concurrently filed with the USBLM and the Division.
3. Any application containing lands entirely administered by the federal government shall be filed only with the USBLM. **IF LANDS ARE ENTIRELY FEDERAL, NO APPLICATION NEED BE FILED WITH THE DIVISION NOR WILL ACTION BY THE DIVISION BE NECESSARY.**
4. Upon receipt of an application for the designation of a tight formation which involves both the Division and USBLM, it will be determined after preliminary review of the subject filing which agency is the most appropriate to sponsor said filing and submit same to the FERC.
5. Proof of publication must be submitted with the application. Such proof shall consist of a copy of the legal advertisement which was published once in a newspaper of general circulation in the county or counties within the proposed tight formation area. The contents of such advertisement shall include:
 - a. the name, address, phone number and contact party for the applicant;
 - b. the legal description of the proposed area, amount of acreage contained in said area and percentages of land types within said area;
 - c. name of formation or formations to be included and pool names if applicable;
 - d. a notation that any interested party must file objections or requests for hearing with the Oil Conservation Division, P.O. Box 2088, Santa Fe, New Mexico, 87504, within fifteen days from the date of publication.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTIFICATION HAS BEEN SUBMITTED.

6. If no objection is received within fifteen days following the date of public notification, the application may be approved administratively.

- e. a report of the extent to which an applicant believes existing state and federal regulations will assure that development of the formation will not adversely affect or impair fresh water aquifers (during both hydraulic fracturing and waste disposal operations) that are being used or are expected to be used in the foreseeable future for domestic or agricultural water supplies;
 - f. if the formation has been authorized to be developed by infill drilling prior to the date of recommendation, information and data demonstrating that the formation cannot be developed without the incentive price established in 18 CFR §271.703(a); and,
 - g. any other information which the Division and/or BLM may require.
2. Evidence shall be based on each of the following geological and engineering guidelines:
- a. The estimated average in situ permeability, throughout the pay section, is expected to be 0.1 millidarcy or less;
 - (1) Permeability may be established and demonstrated by any customary or acceptable methods, techniques, or testing acceptable in the oil and gas industry.
 - b. The stabilized production rate, either at atmospheric pressure or calculated against atmospheric pressure, of wells completed for production in the formation, without stimulation, is not expected to exceed the production rate determined in accordance with the following table:

<i>If the average depth to the top of the formation (in feet):</i>		<i>The maximum allowable production rate (in MCF/day) may not exceed:</i>
<i>Exceeds</i>	<i>but does not exceed</i>	
0	1000	44
1000	1500	51
1500	2000	59
2000	2500	68
2500	3000	79
3000	3500	91

<i>If the average depth to the top of the formation (in feet):</i>		<i>The maximum allowable production rate (in MCF/day) may not exceed:</i>
<i>Exceeds</i>	<i>but does not exceed</i>	
3500	4000	105
4000	4500	122
4500	5000	141
5000	5500	163
5500	6000	188
6000	6500	217
6500	7000	251
7000	7500	290
7500	8000	336
8000	8500	388
8500	9000	449
9000	9500	519
9500	10000	600
10000	10500	693
10500	11000	802
11000	11500	927
11500	12000	1071
12000	12500	1328
12500	13000	1432
13000	13500	1655
13500	14000	1913
14000	14500	2212
14500	15000	2557

- c. No well drilled into the recommended tight formation is expected to produce, without stimulation, more than five barrels of crude oil per day.

- d. If an application meets the guidelines contained in subparagraphs 2.b. and 2.c. above, but does not meet the guidelines contained in subparagraph 2.a., the applicant may, in the alternative, show that the formation exhibits low permeability characteristics and that the incentive price is necessary to provide reasonable incentive for production of natural gas from the formation due to extraordinary risks or costs associated with such production.
 - (1) An application based on the guidelines outlined in subparagraph 2.d. above shall include data to support the contention that the guidelines contained in paragraph 2.b. and 2.c above are met, and in addition thereto, shall contain:
 - (a) the types and extent of enhanced production techniques which are expected to be necessary;
 - (b) the estimated expenditures necessary for employing those techniques; and,
 - (c) an estimate of the degree of increase in production from use of such techniques together with engineering and geological data to support that estimate.
- e. If the formation or any portion thereof were authorized to be developed by infill drilling prior to the date of recommendation and the Division has information which in its judgement indicates that such formation or portion subject to infill drilling can be developed absent the incentive price established in 18 CFR §271.703(a), then the Division Director shall not include such formation or portion thereof in its recommendation.

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico 87505



BRUCE KING
GOVERNOR

MEMORANDUM

ANITA LOCKWOOD
CABINET SECRETARY

MATTHEW BACA
DEPUTY SECRETARY

TO: PIPELINE AND GATHERING SYSTEM OPERATORS

FROM: WILLIAM J. LEMAY, Director, Oil Conservation Division *WJL*

SUBJECT: TANK FOUNDATIONS, FIREWALLS AND CHEMICAL IDENTIFICATION

DATE: APRIL 1, 1992

The Oil Conservation Division requires operators to conduct a review of the method and manner of supporting chemical tanks for both storage and distribution along gas gathering systems, on well locations, and at gas plants. Of particular concern is the load carrying capacity of any tank rack or stand as a function of underlying soil type and support padding of gravel and other materials.

The Oil Conservation Division requires the construction of berms or fire walls around chemical tanks larger than 250 gallons. The fire walls shall form a reservoir having a capacity one third larger than the enclosed tank or tanks. An exception to the firewall requirement may be granted by the District Supervisor, upon application demonstrating that geology and hydrology in the area of the tank will prevent contamination if a tank failure should occur. A compliance schedule will be determined by the district supervisors.

Chemical storage tanks must have labeling showing the generic name or chemical formula of the contents (not brand name). Applicable hazard code identifications are to be prominently displayed on chemical storage tanks. The chemical labels and hazard codes will be maintained in a legible condition.

Operators will post an identification sign for chemical tanks larger than 250 gallons which are not located at a facility with a street address. Identification signs are to show the operator's name, facility name, unit letter or quarter quarter designation, section, township and range. Operators should include an emergency notification telephone number on identification signs. Identification signs shall be posted no more than 50 feet from the tank and must be legible at a distance of 50 feet under normal conditions.

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Dockets Nos. 14-92 and 15-92 are tentatively set for May 14, 1992 and May 28, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - APRIL 30, 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 10459: (Reopened and Readvertised)

Application of Bright & Company for a high angle/horizontal directional drilling pilot project, special operating rules therefor, and an exception to the pool's gas/oil ratio limitation factor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Undesignated Rio Puerco-Mancos Oil Pool by commencing its Cuba Mesa Unit Well No. 1 at a standard surface oil well location 730 feet from the South line and 1000 feet from the West line (Unit M) of Section 35, Township 21 North, Range 2 West, drill vertically to a depth of approximately 4000 feet, kick-off in a northerly direction, build angle up to approximately 88 degrees, drill horizontally for approximately 3000 feet, and bottom said wellbore at a location approximately 1250 feet from the North line and 660 feet from the West line of said Section 35. Said well is to be dedicated to the W/2 of said Section 35 forming a standard 320-acre oil spacing and proration unit for said pool. Applicant further seeks the adoption of special operating provisions and rules within the pilot project area including a special gas/oil ratio of 1,000 to 1. Applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 660 foot setback from the outer boundary of the assigned spacing unit. Said unit is located approximately 3.5 miles west by south of Cuba, New Mexico.

CASE 10323: (Readvertised and this case will be continued to May 14, 1992.)

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 3344: (Reopened and continued from April 2, 1992, Examiner Hearing.)

Application of Texaco Inc. for amendment of Division Order No. R-3007, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-3007, dated December 3, 1965, which authorized its West Vacuum Unit Agreement covering 2000 acres, more or less, of state lands in portions of Townships 17 and 18 South, Range 34 East. The applicant at this time seeks to revise the definition of the "Unitized Formation" as originally incorporated in said agreement. Said unit is centered approximately 3 miles west southwest of Buckeye, New Mexico.

CASE 10469: Application of Nearburg Producing Company for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to drill its Emerald "32" Federal Well No. 1 at an unorthodox oil well location 2007 feet from the North line and 1470 feet from the West line (Unit F) of Section 32, Township 24 South, Range 29 East, to test the Delaware formation. The SE/4 NW/4 of said Section 32 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said unit is located approximately 5 miles southeast of Malaga, New Mexico.

CASE 10470: Application of Maralo, Inc. for compulsory pooling, 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 Wolfcamp formation underlying the S/2 SE/4 of Section 13, Township 18 South, Range 32 East, forming a standard 80-acre oil spacing and proration unit for any and all formations spaced on 80-acre spacing within said vertical extent, which presently includes only the South Corbin-Wolfcamp Pool. Said unit is to be dedicated to a well located at a standard oil well location is the SE/4 SE/4 (Unit P) of said Section 13. 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 8.25 miles south-southeast of Maljamar, New Mexico.

CASE 10471: Application of Southwest Royalties, Inc. 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 NE/4 of Section 17, Township 19 South, Range 25 East, forming a standard 160-acre spacing and proration unit for any and all formations spaced on 160-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the North Dagger Draw-Pennsylvanian 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 unit is located approximately 6.5 miles northwest of Sevenrivers, New Mexico.

(DE NOVO)

~~(Continued from April 16, 1992, Examiner Hearing.)~~

Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from a depth of 5000 feet below the surface to the base of the Morrow formation underlying the N/2 of Section 27, Township 18 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for any and all formations spaced on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Red Lake Atoka-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the North line and, either, 1310 feet or 1330 feet from the East line (Unit A or B) of said Section 27. 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 7.5 miles south by east of Riverside, New Mexico.

Upon application of Nearburg Exploration Company, this case will be heard De Novo pursuant to the provisions of Rule 122c.

CASE 10472: 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 a depth of 5000 feet below the surface to the base of the Morrow formation underlying the N/2 of Section 27, Township 18 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for any and all formations spaced on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Red Lake Atoka-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 7.5 miles south by east of Riverside, New Mexico.

CASE 10468: (Continued from April 16, 1992, Examiner Hearing.)

Application of Ultramar Oil and Gas Limited for compulsory pooling, 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 underlying the E/2 of Section 16, Township 21 South, Range 35 East, forming a standard 320-acre gas spacing and proration unit for any and all formations spaced on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the South Osudo-Morrow Gas Pool. Said unit is to be dedicated its existing P. Q. Osudo State Com Well No. 1, which was drilled in 1989 at a standard gas well location 1980 feet from the North and East lines (Unit G) of said Section 16. 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 6.5 miles west by south of Oil Center, New Mexico.

CASE 10473: Application of Nearburg Exploration Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation underlying the N/2 of Section 27, Township 18 South, Range 27 East, forming a standard 320-acre gas spacing and proration unit for any and all formations spaced on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Red Lake Atoka-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the North line and 1330 feet from the East line (Unit B) of said Section 27. 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 7.5 miles south by east of Riverside, New Mexico.

CASE 10464: (Continued from April 2, 1992, Examiner Hearing.)

In the matter of the application of the Oil Conservation Division on its own motion for an order contracting and extending certain pools in Rio Arriba, San Juan and Sandoval Counties, New Mexico.

- (a) CONTRACT the Basin-Dakota Pool in San Juan County, New Mexico, by the deletion of the following described area:

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM

Section 6: N/2

- (b) EXTEND the Dufers Point Gallup-Dakota Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM

Section 6: N/2

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM

Section 1: All

- (c) EXTEND the Angel Peak-Gallup Associated Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM

Section 4: S/2

Section 9: All

Section 10: All

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM

Section 30: SE/4

Section 31: E/2

- (d) EXTEND the South Bisiti-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 9 WEST, NMPM

Section 3: SE/4

Section 9: S/2

Section 10: E/2 NW/4, SW/4, and NE/4

- (e) EXTEND the Gallegos-Gallup Associated Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM

Section 16: W/2

Section 17: NE/4

Section 18: N/2

Sections 19 and 20: All

Sections 29 and 30: All

TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM

Section 13: N/2

Section 25: N/2

- (f) EXTEND the West Kutz-Pictured Cliffs Pool in San Juan County, New Mexico to include therein:

TOWNSHIP 29 NORTH, RANGE 12 WEST, NMPM

Section 36: SW/4

- (g) EXTEND the West Lindrith Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 2 WEST, NMPM

Section 6: W/2

- (h) EXTEND the Navajo City-Chacra Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 8 WEST, NMPM
Section 34: E/2

CASE 10474: In the matter of the application of 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 a gas pool for Strawn production and designated as the Carlsbad Springs-Strawn Gas Pool. The discovery well is the Marathon Oil Co. Pioneer Fed Com. Well No. 1 located in Unit G of Section 19, Township 21 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 19: N/2

- (b) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the North Foot Ranch-Wolfcamp Gas Pool. The discovery well is the Yates Pet. Corp. Rolla TC Well No. 2 located in Unit G of Section 29, Township 9 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 26 EAST, NMPM
Section 29: N/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Hoag Tank-Atoka Gas Pool. The discovery well is the Yates Pet. Corp., Oakson NV Fed Well No. 2 located in Unit F of Section 27, Township 19 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 27: N/2

- (d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Jennings Spring-Wolfcamp Gas Pool. The discovery well is the Yates Pet. Corp. Estelle TA Fed Com Well No. 1 located in Unit N of Section 21, Township 17 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 21: S/2

- (e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the East Poker Lake-Delaware Pool. The discovery well is the Yates Pet. Corp. Cotton Draw AJT Fed. Well No. 1 located in Unit E of Section 23, Township 24 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM
Section 23: NW/4

- (f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Sage Draw-Wolfcamp Gas Pool. The discovery well is the Hawthorne Oil & Gas Corp. Delta Fed. Well No. 1 located in Unit G of Section 7, Township 25 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 7: E/2

- (g) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Cisco production and designated as the Sand Dune-Upper Pennsylvanian Pool. The discovery well is the Myco Inc. E. Turkey Track Fed Com. Well No. 1 located in Unit K of Section 23, Township 18 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 23: SW/4

- (h) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Willow Lake-Delaware Pool. The discovery well is the Nearburg Prod. Co. Diamond 31 St. Well No. 1 located in Unit I of Section 31, Township 24 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM
Section 31: SE/4

- (i) EXTEND the Avalon-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 28: W/2

- (j) EXTEND the Avalon-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 16: All
Section 21: E/2

- (k) EXTEND the Border Hills-Abo Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 21 EAST, NMPM
Section 1: NW/4
Section 2: E/2
Section 11: NE/4

- (l) EXTEND the East Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 1: All

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM
Section 6: W/2

- (m) EXTEND the Cabin Lake-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM
Section 3: E/2

- (n) EXTEND the Cass Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 14: NE/4

- (o) EXTEND the West Corral Canyon-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM
Section 10: SW/4
Section 15: W/2

- (p) EXTEND the Coyote-Queen Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 27 EAST, NMPM
Section 20: SE/4

- (q) EXTEND the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 28: NE/4

- (r) EXTEND the North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 6: NW/4

- (s) EXTEND the South Dagger Draw-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 24: N/2

- (t) EXTEND the East Lake-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM
Section 32: SE/4

- (u) EXTEND the Livingston Ridge-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM
Section 11: NE/4
Section 12: NW/4

- (v) EXTEND the Lost Tank-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM
Section 1: W/2 and SE/4
Section 2: SE/4

- (w) EXTEND the South Poker Lake-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM
Section 34: NW/4

- (x) EXTEND the Twin Lakes-San Andres Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM
Section 5: E/2 NW/4