

Dockets Nos. 19-92 and 20-92 are tentatively set for June 25, 1992 and July 9, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 11, 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 10475: (Readvertised)

Application of Terra Energy Ltd. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the South Lone Wolf Unit Agreement for an area comprising 2320 acres, more or less, of Federal, State and Fee lands in portions of Township 13 South, Range 29 East, which is approximately 16 miles east by north of Hagerman, New Mexico.

CASE 10483: **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 10484: **Application of Mewbourne Oil 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 surface to the base of the Morrow formation underlying the following described area in Section 35, Township 17 South, Range 28 East, and in the following manner: the N/2 forming a standard 320-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, Undesignated Empire-Atoka Gas Pool, and Undesignated South Empire-Morrow Gas Pool; and the NW/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent. Said units are to be dedicated to a single well to be drilled at an unorthodox gas well location 915 feet from the North line and 990 feet from the West line (Unit D) of said Section 35. 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 9.5 miles west by south of Loco Hills, New Mexico.

CASE 10485: **Application of Mewbourne Oil Company 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 Morrow formation underlying the following described area in Township 18 South, Range 28 East, and in the following manner: the W/2 forming a standard 320-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, Undesignated Palmillo Draw-Atoka Gas Pool, and North Illinois Camp-Morrow Gas Pool; the NW/4 forming a standard 160-acre gas spacing and proration unit for any and all formations developed on 160-acre spacing within said vertical extent; either the W/2 NW/4 or S/2 NW/4 forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing which presently includes only the Undesignated Travis-Upper Pennsylvanian Pool; and the SW/4 NW/4 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Artesia Queen-Grayburg San Andres Pool. Said units are to be dedicated to a single well to be drilled in Unit E and considered standard for all zones. 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 12 miles west-southwest of Loco Hills, New Mexico.

CASE 10479: (Continued from May 28, 1992, Examiner Hearing.)

Application of Bird Creek Resources, 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 Delaware formation underlying the NW/4 NE/4 (Unit B) of Section 22, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent which presently includes but is not necessarily limited to the East Loving-Delaware Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 1.75 miles east-northeast of Loving, New Mexico.

CASE 10480: (Continued from May 28, 1992, Examiner Hearing.)

Application of Marathon Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Lea-Wolfcamp Pool underlying the S/2 of Section 1, Township 20 South, Range 35 East, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to the plugged and abandoned Amoco Production Company Selby Well No. 1 located at a standard gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 1. 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 9 miles west by south of Monument, New Mexico.

CASE 10482: (Continued from May 28, 1992, Examiner Hearing.)

Application of Laguna Gatuna, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter the Pan American Petroleum Corporation Little Eddy Unit Well No. 1 (plugged and abandoned July, 1966) located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 5, Township 20 South, Range 33 East, and utilize said wellbore to dispose of produced salt water into the Undesignated Gem-Bone Spring Pool through the perforated interval from approximately 9136 feet to 9188 feet, the Wolfcamp formation through the perforated interval from approximately 11,184 feet to 11,248 feet, and the Devonian formation through the openhole interval from 14,608 feet to 14,895 feet. Said well is located approximately 2 miles north of U.S. Highway 62/180 at mile marker No. 72.

CASE 10486: **Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, a special project oil allowable, and special GOR assignment, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in an area that includes all of Section 20, Township 30 North, Range 15 West, Undesignated Horseshoe-Gallup Oil Pool. Within said area the applicant seeks to dedicate up to 320 acres to a horizontal well to be drilled from an unorthodox surface oil well location in the SE/4 SW/4 (Unit N) of said Section 20. Special rules and provisions would be promulgated for the area including the designation of a prescribed area limiting the horizontal displacement of the producing interval of the wellbore, special allowable considerations, and the adoption of a special gas/oil ratio of 4500 to 1. Said pilot project area is located approximately 4.75 miles northwest by north of Fruitland, New Mexico.

CASE 10487: **Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, a special project oil allowable, and special GOR assignment, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in an area that includes the N/2 and SW/4 of Section 17 and Lots 1 and 2, E/2, and E/2 NW/4 of Section 18, both in Township 30 North, Range 15 West, designated and Undesignated Horseshoe-Gallup Oil Pool. Within said area the applicant seeks to dedicate up to 320 acres to a horizontal well to be drilled from an unorthodox surface oil well location in the NW/4 NW/4 (Unit D) of said Section 17. Special rules and provisions would be promulgated for the area including the designation of a prescribed area limiting the horizontal displacement of the producing interval of the wellbore, special allowable considerations, and the adoption of a special gas/oil ratio of 4500 to 1. Said pilot project area is located approximately 6 miles northwest by north of Fruitland, New Mexico.

CASE 10488: **Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, a special project oil allowable, and special GOR assignment, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks the formation of a 160-acre non-standard oil spacing and proration unit in the Gallup formation comprising the SW/4 of Section 24, Township 32 North, Range 13 West, for the purpose of initiating a high angle/horizontal directional drilling pilot project. The applicant proposes to utilize its existing USA Well No. 2 located 930 feet from the South line and 1050 feet from the West line (Unit M) of said Section 24, by sidetracking and drilling a lateral borehole within said project area. Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the horizontal displacement of the wellbore such that its producing interval be no closer than 330 feet from the subject area. Also to be considered will be special allowable provisions for a spacing unit larger than the statewide accepted 40-acre oil proration unit. The project area is located approximately 3.25 miles northeast by north of La Plata, New Mexico.

CASE 10489: **Application of Yates Petroleum Corporation for an unorthodox gas well location, Chaves County, New Mexico.** Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 330 feet from the South line and 1225 feet from the West line (Unit M) of Section 13, Township 8 South, Range 27 East, to test the Precambrian/Granite Wash formations at a depth of approximately 6900 feet, the S/2 of said Section 13 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. The proposed well site is located approximately 8 miles southwest of Elkins, New Mexico.