

**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.

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 June 11, 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 10486:** (Continued from June 11, 1992, Examiner Hearing.)

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

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

**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.

Dockets Nos. 20-92 and 21-92 are tentatively set for July 9, 1992 and July 23, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - THURSDAY - JUNE 25, 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 10493:** Application of Maralo, Inc. for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Little Bear Unit Agreement for an area comprising 638.72 acres, more or less, of State lands comprising all of Section 18, Township 24 South, Range 25 East, which is approximately 4.5 miles northwest of White City, New Mexico.

**CASE 10494:** Application of Union Oil Company of California d/b/a UNOCAL for pool contraction, pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Red Hills-Pennsylvanian Gas Pool, which is currently comprised of Sections 31, 32, and 33, Township 25 South, Range 33 East, and Sections 4, 5, and 6, Township 26 South, Range 33 East, to include only the interval from the top of the lower "Atoka lime" to the base of the Morrow formation. Further, the applicant seeks the creation of a new pool for the production of gas from the "Upper Atoka" formation underlying all of Section 5, Township 26 South, Range 33 East, and the promulgation of special pool rules therefor, including provisions for 640-acre spacing and proration units and designated well location requirements. Said area is located approximately 23 miles west by south of Jal, New Mexico.

**CASE 10323:** (Continued from May 14, 1992, Examiner Hearing.)

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

**CASE 10479:** (Continued from June 11, 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 10495:** Application of Beach Exploration Inc. for amendment of Division Order No. R-9453 to increase the injection pressure limitation in its Red Lake Unit Penrose Waterflood Project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order increasing the surface injection limitation pressure to 1500 psi in each of the fourteen existing injection wells located in Sections 24, 25, 35 and 36, Township 16 South, Range 28 East, NMPM. Said project is located approximately 16 miles east-northeast of Artesia, New Mexico.

**CASE 10496:** Application of Southland Royalty Company for an unorthodox gas well location, downhole commingling, and to amend Division Administrative Order No. NWU-80, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle gas production from the Fulcher Kutz-Pictured Cliffs Pool and the Basin Fruitland Coal (Gas) Pool within the wellbore of its proposed Aztec Well No. 700 to be drilled at an unorthodox well location for both producing horizons 2280 feet from the South line and 1500 feet from the West line (Unit K) of Section 14, Township 28 North, Range 11 West. The S/2 of said Section 14 forming a standard 320-acre gas spacing and proration unit for the Basin Fruitland Coal (Gas) Pool is to be dedicated to said well. Further, Division Administrative Order NWU-80, dated May 20, 1955, which authorized a non-standard 160-acre gas spacing and proration unit in the Fulcher Kutz-Pictured Cliffs Pool comprising the W/2 NW/4 and N/2 SW/4 of said Section 14 is to be amended to show that the proposed Aztec Well No. 700 is to replace the existing Aztec Well No. 3 located in Unit E as the unit's only producing well. Said area is located approximately 4 miles south by east of Bloomfield, New Mexico.