

Dockets Nos. 26-92 and 27-92 are tentatively set for September 3, 1992 and September 17, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 20, 1992

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

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

CASE 10527: **Application of Yates Petroleum Corporation for a unit agreement, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval of the Sedge Unit Agreement for an area comprising 1967.92 acres, more or less, of State and Federal lands in Sections 18, 19, and 30, Township 22 South, Range 23 East, which is centered approximately 7.5 miles southwest by south of Marathon Oil Company's Indian Basin Gas Plant.

CASE 10519: **(Continued from August 6, 1992, Examiner Hearing.)**

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 10528: **Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Canyon formation, underlying the SE/4 of Section 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 10529: **Application of Pogo Producing Company for an unorthodox gas well location, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 34, Township 22 South, Range 32 East, to test the Morrow formation, the N/2 of said Section 34 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. The proposed well site is located approximately 8.75 miles north-northeast of New Mexico State Highway No. 128 at the Lea/Eddy County Line.

[REDACTED] CASE 10529: **Application of Charles B. Gillespie, Jr. for pool creation and special pool rules, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Strawn formation comprising the W/2 SE/4 of Section 33, Township 15 South, Range 35 East, the assignment of a discovery allowable, and the promulgation of special rules therefor including provisions for 80-acre spacing units and designated well location requirements. Said area is located approximately 3.5 miles northwest of Lovington, New Mexico.

CASE 10502: **(Continued from August 6, 1992, Examiner Hearing.)**

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: **(Continued from August 6, 1992, Examiner Hearing.)**

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: (Continued from August 6, 1992, Examiner Hearing.)

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 10531: **Application of Southland Royalty Company for an unorthodox gas well location and downhole commingling, 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 a well to be drilled at an unorthodox gas well location 1800 feet from the North line and 790 feet from the West line (Unit E) of Section 12, Township 27 North, Range 10 West. The W/2 of said Section 12, forming a standard 320-acre spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool, and the NW/4 of said Section 12, forming a standard 160-acre spacing and proration unit for the Fulcher Kutz-Pictured Cliffs Pool, are to be dedicated to said well. Said wellsite is located approximately 11 miles southeast of Bloomfield, New Mexico.

CASE 10522: (Continued from August 6, 1992, Examiner Hearing.)

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 10523: (Readvertised)

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:

- . 1150' FSL & 1450' FEL (Unit O), the 40 acres comprising the SW/4 SE/4 is to be dedicated to said well;
- . 2600' 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 10521: (Continued from August 6, 1992, Examiner Hearing.)

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 August 6, 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.

the top of the Wolfcamp formation to the base of the Morrow formation which are spaced on 320-acre spacing, Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of said Section 2 are to be dedicated to said well forming a standard 321.08-acre gas spacing and proration unit. Further, the applicant seeks an exception to Division General Rule 104.C(2) to allow the N/2 equivalent of said Section 2 to be simultaneously dedicated in the Penasco Draw-Permo Pennsylvanian Gas Pool to the proposed well and to the existing Irish Hills "KW" State Well No. 2 located at a standard gas well location 1980 feet from the North and East lines (Unit G) of said Section 2. Said unit is located approximately 11.5 miles west by south at Seven Rivers, New Mexico.

CASE 10544: **Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 23, Township 22 South, Range 23 East, to test all formations and/or pools from the top of the Wolfcamp formation to the base of the Morrow formation which are spaced on 320-acre spacing (this presently excludes the Undesignated Indian Basin-Upper Pennsylvanian Gas Pool which is spaced on 640-acre units), the N/2 of said Section 23 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 6 miles south of the Marathon Oil Company's Indian Basin Gas Plant.

CASE 10529: (Continued from August 20, 1992)

Application of Pogo Producing Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 34, Township 22 South, Range 32 East, to test the Morrow formation, the N/2 of said Section 34 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. The proposed well site is located approximately 8.75 miles north-northeast of New Mexico State Highway No. 128 at the Lea/Eddy County Line.

~~CASE 10530:~~ (Continued from August 20, 1992, Examiner Hearing)

Application of Charles B. Gillespie, Jr. for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Strawn formation comprising the W/2 SE/4 of Section 33, Township 15 South, Range 35 East, the assignment of a discovery allowable, and the promulgation of special rules therefor including provisions for 80-acre spacing units and designated well location requirements. Said area is located approximately 3.5 miles northwest of Lovington, New Mexico.

CASE 10545: **Application of Phillips Petroleum Company for an unorthodox gas well location, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location to be drilled within a fifty-foot radius of a point 2300 feet from the North line and 330 feet from the West line (Unit E) of Section 1, Township 12 South, Range 34 East, South Four Lakes Unit, Four Lakes-Devonian Gas Pool. Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) of said Section 1 is to be dedicated to said well forming a standard 160-06-acre gas spacing and proration unit. Said unit is located approximately 10 miles west-northwest of Tatum, New Mexico.

CASE 10546: **Application of Phillips Petroleum Company for an unorthodox gas well location and for simultaneous dedication, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location to be drilled within a fifty-foot radius of a point 2450 feet from the North line and 960 feet from the East line (Unit H) of Section 2, Township 12 South, Range 34 East, South Four Lakes Unit, Four Lakes-Devonian Gas Pool. Further, the applicant seeks an exception to Division General Rule 104.C(2) to allow the existing 160.14-acre gas spacing and proration unit comprising Lots 1 and 2 and the S/2 NE/4 (NE/4 equivalent) of said Section 2 to be simultaneously dedicated in the Four Lakes-Devonian Gas Pool to the proposed well and to the South Four Lakes Unit Well No. 8 located at a standard gas well location 660 feet from the North line and 990 feet from the East line (Unit A) of said Section 2. Said unit is located approximately 10 miles west-northwest of Tatum, New Mexico.

CASE 10512: (Readvertised)

Application of Phillips Petroleum Company for directional drilling and three unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an 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 (one which will be directionally drilled to an unorthodox bottomhole location) all within its South Four Lakes Unit which is located approximately 10 miles west-northwest of Tatum, New Mexico:

- . 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;
- . 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; and,

- from a surface location 2050' FSL & 1980' FEL to be drilled directionally to an unorthodox bottomhole location within a 50-foot radius of a point 2200 feet from the South line and 1980 feet from the East line, all in 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.

CASE 10502: (Continued from August 20, 1992, Examiner Hearing.)

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: (Continued from August 20, 1992, Examiner Hearing.)

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: (Continued from August 20, 1992, Examiner Hearing.)

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 10547: **Application of Benson-Montin-Greer Drilling Corporation for a high angle/horizontal directional drilling pilot project, Rio Arriba County, New Mexico.** Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project within a standard 640-acre oil spacing and proration unit in the West Puerto Chiquito-Mancos Oil Pool comprising all of Section 9, Township 27 North, Range 1 West. The applicant proposes to drill vertically from a well to be located on the surface at an unorthodox surface oil well location 1050 feet from the North line and 2300 feet from the West line (Unit C) of said Section 9 to a depth sufficient to penetrate the base of the Mesaverde formation and kick-off in a southerly direction, build angle and continue to drill horizontally in the Mancos formation. The applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 1650 foot offsetting provisions for said pool, pursuant to the Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool, as promulgated by Division Order No. R-6469-B, as amended. Said unit is located approximately 26 miles north of Regina, New Mexico.

CASE 10548: **Application of Benson-Montin-Greer Drilling Corporation for a high angle/horizontal directional drilling pilot project, Rio Arriba County, New Mexico.** Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project within a standard 640-acre oil spacing and proration unit in the West Puerto Chiquito-Mancos Oil Pool comprising all of Section 10, Township 27 North, Range 1 West. The applicant proposes to drill vertically from a well to be located on the surface at a standard oil well location 2060 feet from the South line and 2130 feet from the West line (Unit K) of said Section 10 to a depth sufficient to penetrate the base of the Mesaverde formation at which point the applicant will select the proper direction for a lateral extension in the pool. The applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 1650 foot offsetting provisions for said pool, pursuant to the Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool, as promulgated by Division Order No. R-6469-B, as amended. Said unit is located approximately 26 miles north of Regina, New Mexico.