

DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 15, 1994
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 28-94 and 29-94 are tentatively set for September 29, 1994 and October 13, 1994. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11068: (This Case will be dismissed - Continued from August 18, 1994, Examiner Hearing.)

Application of Arco Permian to rescind Division Order No. R-4808-A and for the adoption of special rules and regulations for the Riverwolf Unit (the former Citgo Empire-Abo Unit) including special oil allowable provisions, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks rescission of Division Order No. R-4808-A, which order provided for development of the Riverwolf Unit, formerly the Citgo Empire-Abo Unit, under statewide rules and seeks adoption of special allowable limits which will permit production rates at levels constituent with withdrawals from the off-setting Empire-Abo Unit. This unit is located approximately 8 miles east of Artesia, New Mexico.

CASE 11069: (This Case will be dismissed - Continued from August 18, 1994, Examiner Hearing.)

Application of Arco Permian for amendment of the special rules and regulations for the Empire-Abo Pressure Maintenance Project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the special rules and regulations for the Empire-Abo Pressure Maintenance Project Area, as promulgated by Division Order Nos. R-4549 through R-4549-G, to permit partial gas sales of project gas and to amend the reporting requirements for project operations to accommodate these sales. This unit is located 6 to 12 miles east of Artesia, New Mexico.

CASE 11082: Application of Petroleum Development Corporation for a high angle/horizontal directional drilling pilot project and for special operating rules therefor, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a short-radius horizontal directional drilling pilot project in the Tom Tom-San Andres Pool on its State "32" Lease comprising the S/2 SW/4 and NW/4 SE/4 of Section 32, Township 7 South, Range 31 East. Initially the applicant proposes to utilize the existing State "32" Well Nos. 2 and 4 located in Units "J" and "N", respectively, of said Section 32 by kicking-off from vertical, build angle to approximately 90 degrees with a short-radius curve and continue drilling a horizontal drainhole within said pool. Applicant further seeks the promulgation of special rules and provisions therein including the designation of a prescribed area limiting the horizontal displacement of any drainhole to within 100 feet of the boundary circumventing said project area, an administrative process for future drainholes, the creation and formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, and the assignment of a special oil allowable to units with drainholes or to assign a special project allowable for the project area should it be deemed advisable. Said project area is located approximately 13 miles south by west of Kenna, New Mexico.

CASE 11083: Application of Petroleum Development Corporation for a high angle/horizontal directional drilling pilot project and for special operating rules therefor, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a short-radius horizontal directional drilling pilot project in the Tomahawk-San Andres Pool on its Tom State "36" Lease comprising the NE/4 NE/4, S/2 NE/4, and SE/4 of Section 36, Township 7 South, Range 31 East. Initially the applicant proposes to utilize the existing Tom State "36" Well Nos. 1, 4, and 5 located in Units "A", "J", and "P", respectively, of said Section 36 by kicking-off from vertical, build angle to approximately 90 degrees with a short-radius curve and continue drilling a horizontal drainhole within said pool. Applicant further seeks the promulgation of special rules and provisions therein including the designation of a prescribed area limiting the horizontal displacement of any drainhole to within 100 feet of the boundary circumventing said project area, an administrative process for future drainholes, the creation and formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, and the assignment of a special oil allowable to units with drainholes or to assign a special project allowable for the project area should it be deemed advisable. Said project area is located approximately 13 miles south by east of Kenna, New Mexico.

CASE 11084: Application of Petroleum Development Corporation for a high angle/horizontal directional drilling pilot project and for special operating rules therefor, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a short-radius horizontal directional drilling pilot project in the Tom Tom-San Andres Pool on its Miller Federal Lease comprising the S/2 NE/4, SE/4 NW/4, S/2 SW/4, and SE/4 of Section 34 and the S/2 of Section 35, both in Township 7 South, Range 31 East. Initially the applicant proposes to utilize the existing Miller Federal lease Well Nos. 3, 6, 7, 8, and 9 by kicking-off from vertical, build angle to approximately 90 degrees with a short-radius curve and continue drilling a horizontal drainhole within said pool. Applicant further seeks the promulgation of special rules and provisions therein including the designation of a prescribed area limiting the horizontal displacement of any drainhole to within 100 feet of the boundary circumventing said project area, an administrative process for future drainholes, the creation and formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, and the assignment of a special oil allowable to units with drainholes or to assign a special project allowable for the project area should it be deemed advisable. Said project area is located approximately 13 miles south by east of Kenna, New Mexico.

CASE 10530: (Reopened)

In the matter of Case No. 10530 being reopened pursuant to the provisions of Order Nos. R-9722 and R-9722-A, which promulgated special rules and regulations for the West Lovington-Strawn Pool including a provision for 80-acre spacing. Operators in the subject pool should be prepared to appear and show cause why the temporary special rules and regulations for the West Lovington-Strawn Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

CASE 10669: (Reopened)

In the matter of Case No. 10669 being reopened pursuant to the provisions of Order No. R-9875, as amended, which promulgated special rules and regulations for the Northeast Pollack-Wolfcamp Pool, including a provision for 160-acre spacing. Operators in the subject pool should be prepared to appear and show cause why the temporary special rules and regulations for the Northeast Pollack-Wolfcamp Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

CASE 11085: Application of RMI Environmental Services, Inc. for a permit to construct and operate a commercial wastewater evaporation pond, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authorization to construct a synthetic double lined wastewater evaporation pond equipped with proper leak detection for the purpose of commercially disposing of nonhazardous wastewater produced in conjunction with coalbed methane. Said pond is to be located in the SE/4 equivalent of Section 11, Township 32 North, Range 7 West, which is approximately 1/2 mile south of the Colorado/New Mexico stateline on the east side of Tiffany Road.

CASE 11086: Application of C & C Landfarm, Inc. for expansion of a commercial surface waste disposal facility, Lea County, New Mexico. C & C Landfarm, Inc. under Commission Order No. R-9769-A, dated April 29, 1993, was granted the authority to construct and operate a commercial "landfarm" facility for the remediation of non-hazardous hydrocarbon contaminated soils utilizing an enhanced biodegradation process on a site located in the SW/4 NE/4 (Unit G) of Section 3, Township 20 South, Range 37 East. At this time the applicant, in the above-styled cause, seeks to expand said facility by including an adjoining 40-acre tract comprising the NW/4 NE/4 (Unit B) of said Section 3, which is approximately 2 miles southeast of Monument, New Mexico.

CASE 11087: Application of Nearburg Exploration Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Cisco formation, underlying the NW/4 of Section 22, Township 19 South, Range 25 East, forming a standard 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 its proposed Ross Ranch "22" Well No. 2 to be drilled and completed at a standard location in the SW/4 NW/4 (Unit E) in said Section 22. 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 and completing said well. Said unit is located approximately 6 miles west by north of Lakewood, New Mexico.

CASE 11057: (Continued from September 1, 1994, Examiner Hearing.)

Application of Mallon Oil Company 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 underlying the SW/4 NW/4 of Section 27, Township 19 South, Range 34 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. Said unit is to be dedicated to its Mallon "27" Federal Well No. 3 to be drilled and completed 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 8 miles east of Laguna Tonto, New Mexico.

CASE 11058: (Continued from September 1, 1994, Examiner Hearing.)

Application of Mallon Oil Company 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 underlying the SE/4 SW/4 of Section 27, Township 19 South, Range 34 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. Said unit is to be dedicated to its Mallon "27" Federal Well No. 1 to be drilled and completed 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 8 miles east of Laguna Tonto, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 13, 1994
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 31-94 and 32-94 are tentatively set for October 27, 1994 and November 10, 1994. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 10991: (Continued from September 15, 1994, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Abo formation, underlying the SE/4 of Section 20, Township 6 South, Range 26 East, 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, which presently includes but is not necessarily limited to the Pecos Slope Abo 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 15 miles west-northwest of Elkins, New Mexico.

CASE 11110: **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 21, Township 19 South, Range 25 East, 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, which presently includes only the Undesignated North Dagger Draw-Upper Pennsylvanian Pool. Said unit is to be dedicated to a well to be drilled and completed at a standard location in the SW/4 NE/4 (Unit G) of said Section 21. 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 and completing said well. Said unit is located approximately 6.25 miles west by north of Lakewood, New Mexico.

CASE 11111: **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 21, Township 19 South, Range 25 East, 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, which presently includes only the Undesignated North Dagger Draw-Upper Pennsylvanian Pool. Said unit is to be dedicated to a well to be drilled and completed at a standard location in the SW/4 SE/4 (Unit O) of said Section 21. 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 and completing said well. Said unit is located approximately 6.25 miles west by north of Lakewood, New Mexico.

CASE 10530: (Reopened - Continued from September 15, 1994, Examiner Hearing.)

In the matter of Case No. 10530 being reopened pursuant to the provisions of Order Nos. R-9722 and R-9722-A, which promulgated special rules and regulations for the West Lovington-Strawn Pool including a provision for 80-acre spacing. Operators in the subject pool should be prepared to appear and show cause why the temporary special rules and regulations for the West Lovington-Strawn Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

CASE 10669: (Reopened - Continued from September 15, 1994, Examiner Hearing.)

In the matter of Case 10669 being reopened pursuant to the provisions of Order No. R-9875, as amended, which promulgated special rules and regulations for the Northeast Pollack-Wolfcamp Pool, including a provision for 160-acre spacing. Operators in the subject pool should be prepared to appear and show cause why the temporary special rules and regulations for the Northeast Pollack-Wolfcamp Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

CASE 11112: **Application of Santa Fe Energy Operating Partners, L.P. for pool contraction and expansion, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks to contract the boundaries of the Indian Basin-Upper Pennsylvanian Gas Pool by deleting therefrom Section 14, Township 21 South, Range 23 East, and the concomitant expansion of the boundaries of the South Dagger Draw-Upper Pennsylvanian Associated Pool by adding said acreage. Said change would be contingent upon an order issued in the Division's District II nomenclature Case No. 11121. The subject acreage is centered approximately one mile north of the Marathon Oil Company Indian Basin Gas Plant.

CASE 11080: (Continued from September 1, 1994, Examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L.P. 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 areas in Section 20, Township 23 South, Range 29 East, and in the following manner: The S/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the Laguna Salado-Atoka Gas Pool; and the SE/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 unit is to be dedicated to its Harroun Trust 20 Fed. Com Well No. 1, to be drilled at an unorthodox gas well location 1980 feet from the South line and 660 feet from the East line of said Section 20. 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 miles east of Loving, New Mexico.

CASE 11113: **Application of Great Western Drilling Company for a waterflood project and to qualify said project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act", Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval to institute a waterflood project in its proposed South Carter (San Andres) Unit comprising portions of Sections 5, 6, 7, and 8, Township 18 South, Range 39 East, by the injection of water into the South Carter-San Andres Pool, through 5 existing wells to be converted. Applicant further seeks to qualify this project for the recovered Oil Tax Rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Said project is located approximately 6 miles north-northeast of Hobbs, New Mexico.

CASE 11114: **Application of Great Western Drilling Company for statutory unitization, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the South Carter-San Andres Pool underlying its proposed South Carter (San Andres) Unit Area encompassing some 624 acres, more or less, of Federal and Fee lands comprising portions of Sections 5, 6, 7 and 8, Township 18 South, Range 39 East. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable and equitable allocation of production and costs of production, including capital investments, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to unit voting procedures, selection, removal or substitution of the unit operator, and time of commencement and termination of unit operations. Said unit area is located approximately 6 miles north-northeast of Hobbs, New Mexico.

CASE 11115: **Application of Manzano Oil Corporation for an unorthodox oil well location, Chaves County, New Mexico.** Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its S. V. Sundown State Well No. 1 to be drilled 477 feet from the South line and 191 feet from the West line (Unit M) of Section 14, Township 10 South, Range 30 East, to test the Devonian formation. The SW/4 SW/4 of said Section 14 is to be dedicated to said well to form a standard 40-acre oil spacing and proration unit. Said unit is located approximately 6.5 miles west northwest of the junction of U. S. Highway 380 and New Mexico State Highway No. 172.

CASE 11106: (Readvertised)

Application of Richardson Operating Company for downhole commingling and an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle Basin-Fruitland Coal (Gas) Pool production with Pictured Cliffs gas production from either the Undesignated West Kutz-Pictured Cliffs Pool or the Undesignated Fulcher Kutz-Pictured Cliffs Pool within the wellbore of its proposed Ropco Federal "12" Well No. 2 to be drilled at an unorthodox gas well location 1630 feet from the North line and 770 feet from the East line (Unit H) of Section 12, Township 29 North, Range 13 West. The E/2 of said Section 12 forming a standard 320-acre gas spacing and proration unit in the Basin-Fruitland Coal (Gas) Pool and the NE/4 of said Section 12 forming a standard 160-acre gas spacing and proration unit in the Pictured Cliffs interval are to be dedicated to said well. Said location is approximately four miles east of the Four Corners Regional Airport in Farmington, New Mexico.

CASE 10530: (Reopened - Continued from October 13, 1994, Examiner Hearing.)

In the matter of Case No. 15030 being reopened pursuant to the provisions of Order Nos. R-9722 and R-9722-A, which promulgated special rules and regulations for the West Lovington-Strawn Pool including a provision for 80-acre spacing. Operators in the subject pool should be prepared to appear and show cause why the temporary special rules and regulations for the West Lovington-Strawn Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

CASE 11124: (Continued from October 27, 1994, Examiner Hearing.)

Application of Conoco Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated North Dagger Draw-Upper Pennsylvanian Pool underlying the NW/4 of Section 32, Township 19 South, Range 25 East, forming a standard 160-acre oil spacing and proration unit for said 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 costs 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 the risk involved in drilling and completing said well. Said unit is located approximately 10 1/2 miles west of Lakewood, New Mexico.

CASE 11133: Application of Meridian Oil Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Pool gas production (158.47-acre dedication comprising Lots 11, 12, and 13 and the NW/4 SW/4, being the SW/4 equivalent) with gas from the Basin-Fruitland Coal (Gas) Pool (314.89-acre dedication comprising Lots 3, 4, 5, 6, 11, 12, and 13 and the NW/4 SW/4, being the W/2 equivalent) within the wellbore of its existing Murphy "B" Well No. 1 located at a standard gas well location for both intervals 1050 feet from the South line and 1600 feet from the West line (Lot 13/Unit N) of Section 25, Township 30 North, Range 11 West. Said well is located approximately 3 miles southeast of Aztec, New Mexico. In the absence of objection, this application will be taken under advisement.

CASE 11134: Application of Meridian Oil Inc. for downhole commingling and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Pool gas production (157.77-acre dedication comprising Lots 6, 11, and 12 and the NE/4 SE/4, being the SE/4 equivalent) with gas from the Basin-Fruitland Coal (Gas) Pool within the wellbore of its existing Payne Well No. 2 located 1180 feet from the South line and 1750 feet from the East line (Lot 11/Unit O) of Section 35, Township 30 North, Range 11 West. Said well location is considered to be an "off-pattern" unorthodox coal gas well location and is to be dedicated to a standard 316.83-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool comprising Lots 9 through 13, the SE/4 SW/4, and the W/2 SE/4 (S/2 equivalent) of said Section 35. Said well is located approximately 4 miles southeast of Aztec, New Mexico.

CASE 11135: Application of Meridian Oil Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Pool gas production (159.75-acre dedication comprising Lot 5, the N/2 NE/4, and the SE/4 NE/4, being the NE/4 equivalent) with gas from the Basin-Fruitland Coal (Gas) Pool (319.43-acre dedication comprising Lots 1 through 5, the N/2 NE/4, and the SE/4 NE/4, being the N/2 equivalent) within the wellbore of its existing Wood Well No. 2 located at a standard gas well location for both intervals 1650 feet from the North line and 1800 feet from the East line (Lot 5/Unit G) of Section 35, Township 30 North, Range 11 West. Said well is located approximately 4 miles southeast of Aztec, New Mexico. In the absence of objection, this application will be taken under advisement.

CASE 11136: Application of Meridian Oil Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Pool gas production (156.28-acre dedication comprising Lots 1, 2, 7, and 8, being the NE/4 equivalent) with gas from the Basin-Fruitland Coal (Gas) Pool (313.36-acre dedication comprising Lots 1, 2, 7, 8, 9, 10, 14, and 15, being the E/2 equivalent) within the wellbore of its existing Albright "A" Well No. 1 located at a standard gas well location for both intervals 990 feet from the North and East lines (Lot 1/Unit A) of Section 25, Township 30 North, Range 11 West. Said well is located approximately 3 miles southeast of Aztec, New Mexico. In the absence of objection, this application will be taken under advisement.

CASE 11137: Application of Meridian Oil Inc. for downhole commingling and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Pool gas production (160-acre, SE/4 dedication) with coal gas from the Basin-Fruitland Coal (Gas) Pool within the wellbore of its existing Garrett Com Well No. 1 located 1650 feet from the South and East lines (Unit J) of Section 12, Township 29 North, Range 11 West. Said well location is considered to be an "off-pattern" unorthodox coal gas well location and is to be dedicated to a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool comprising the E/2 of said Section 12. Said well is located approximately 2 miles northeast of Bloomfield, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 10, 1994

8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING

SANTA FE, NEW MEXICO

Dockets Nos. 34-94 and 35-94 are tentatively set for December 1, 1994 and December 15, 1994. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11131: In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, Donald Sharratt, and all other interested parties to appear and show cause why the Baker "C" Well No. 1 (API No. 30-02510469) located 660 feet from the North and East lines (Unit A) of Section 26, Township 22 South, Range 37 East, Lea County, New Mexico (which is approximately 5 miles south southeast of Eunice, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Additionally, the Division seeks an order directing the operator to pay the costs of such plugging and if failing to do so, ordering a forfeiture of the plugging bond covering this well and authorizing the Director of the Division to make demand upon Norwest Bank New Mexico, formerly the United New Mexico Bank at Lea County, Hobbs, New Mexico to pay to the Division so much of the funds of the certificate of deposit given as collateral for said bond as is necessary to compensate the costs of plugging said well.

CASE 11080: (Continued from October 27, 1994, Examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L.P. 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 areas in Section 20, Township 23 South, Range 29 East, and in the following manner: The S/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the Laguna Salado-Atoka Gas Pool; and the SE/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 unit is to be dedicated to its Harroun Trust 20 Fed. Com Well No. 1, to be drilled at an unorthodox gas well location 1980 feet from the South line and 660 feet from the East line of said Section 20. 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 miles east of Loving, New Mexico.

CASE 11132: Application of Meridian Oil Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle gas production from the Blanco-Mesaverde Pool (W/2 equivalent dedication), Chacra formation (SW/4 equivalent dedication) and South Blanco-Pictured Cliffs Pool (SW/4 equivalent dedication) within the wellbore of its Navajo Indian "B" Well No. 3 located 1180 feet from the South line and 1450 feet from the West line (Unit N) of Section 19, Township 27 North, Range 8 West. Said well is located approximately 12 miles northeast of the Huerfano Training Post, New Mexico. In the absence of objection, this application will be taken under advisement.

CASE 11107: (Continued from October 27, 1994, Examiner Hearing.)

Application of Maralo, 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 Bone Spring formation, underlying the NE/4 NW/4 (Unit C) of Section 30, Township 23 South, Range 30 East, forming a standard 40-acre oil spacing and proration unit. 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 10 miles east by south of Loving, New Mexico.

CASE 10280: (Reopened)

In the matter of Case No. 10280 being reopened pursuant to the provisions of Division Orders Nos. R-9594 and R-9594-A, which orders promulgated temporary special rules and regulations for the Milnesand-Abo Pool in Lea and Roosevelt Counties, New Mexico, including a provision for 80-acre spacing. Operators in the subject pool may appear and show cause why said special pool rules should not be rescinded and why the Milnesand-Abo Pool should not be developed on other than 40-acre spacing and proration units.

CASE 10804: (Reopened)

In the matter of Case No. 10804 being reopened pursuant to the provisions of Division Order No. R-10010, which order promulgated temporary special rules and regulations for the Happy Valley-Delaware Pool in Eddy County, New Mexico, including provisions for a limiting gas/oil ratio of 10,000 cubic feet of gas per barrel of oil and a special depth bracket allowable of 160 barrels of oil per day. Operators in said Happy Valley-Delaware Pool may appear and present evidence and show cause why said special rules and regulations should remain in effect.

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 1, 1994**8:15 A.M. - 2040 SOUTH PACHECO****SANTA FE, NEW MEXICO**

Dockets Nos. 35-94 and 36-95 are tentatively set for December 15, 1994 and January 5, 1995. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11144: In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, S & I Oil Company, American Employers' Insurance Company, and all other interested parties to appear and show cause why any or all of the following seven wells located in Township 29 North, Range 15 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program:

WELL NAME AND NO.	FOOTAGE LOCATION	SECTION	UNIT
Barbara Well No.	1760' FSL - 810' FEL	12	P
Davis Well No. 1	330' FSL - 870' FWL	2	M
Moore Well No. 1	1980' FNL - 660' FWL	12	E
TRS-EV Well No. 1	2130' FNL - 810' FEL	11	H
Bob Blanche Well No. 1	1830' FSL - 660' FWL	12	L
Dorothy Well No. 1	1840' FSL - 520' FEL	11	I
Neilson Well No. 1	240' FSL - 330' FEL	3	P

CASE 10530: (Reopened - Continued from November 10, 1994, Examiner Hearing.)

In the matter of Case No. 15030 being reopened pursuant to the provisions of Order Nos. R-9722 and R-9722-A, which promulgated special rules and regulations for the West Lovington-Strawn Pool including a provision for 80-acre spacing. Operators in the subject pool should be prepared to appear and show cause why the temporary special rules and regulations for the West Lovington-Strawn Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

CASE 11123: (Continued from November 10, 1994, Examiner Hearing.)

Application of Rand Oil & Gas, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to convert its Summers Well No. 1 located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 18, Township 17 South, Range 39 East, and utilize said well to dispose of produced salt water into the South Knowles-Devonian Pool through the open-hole interval from approximately 4950 feet to 8900 feet. Said well is located approximately 3 miles east of Knowles, New Mexico.

CASE 11145: Application of Meridian Oil Inc. for downhole commingling and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Pool gas production (160-acre dedication comprising the SE/4) with gas from the Basin-Fruitland Coal (Gas) Pool within the wellbore of its existing McClure Well No. 1 located 990 feet from the South line and 1650 feet from the East line (Unit O) of Section 3, Township 29 North, Range 11 West. Said well location is considered to be an "off-pattern" unorthodox coal gas well location and is to be dedicated to a standard 305.47-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool comprising Lots 1 and 2, the S/2 NE/4, and the SE/4 (E/2 equivalent) of said Section 3. Said well is located approximately 2 miles north of Bloomfield, New Mexico.

CASE 11146: Application of Meridian Oil Inc. for downhole commingling and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Pool gas production (145.33-acre dedication comprising Lots 3 and 4 and the S/2 NW/4, being the NW/4 equivalent) with gas from the Basin-Fruitland Coal (Gas) Pool within the wellbore of its existing Murphy "A" Com A Well No. 2 located 990 feet from the North line and 1650 feet from the West line (Lot 3/Unit C) of Section 2, Township 29 North, Range 11 West. Said well location is considered to be an "off-pattern" unorthodox coal gas well location and is to be dedicated to a standard 305.33-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool comprising Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of said Section 2. Said well is located approximately 3.5 miles north-northeast of Bloomfield, New Mexico.

CASE 11139: (Readvertised)

Application of Meridian Oil Inc. for downhole commingling and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Pool gas production (160-acre, NW/4 dedication) with gas from the Basin-Fruitland Coal (Gas) Pool within the wellbore of its existing Seymour Com Well No. 1 located 990 feet from the North line and 1650 feet from the West line (Unit C) of Section 36, Township 30 North, Range 11 West. Said well location is considered to be an "off-pattern" unorthodox coal gas well location and is to be dedicated to a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool comprising the W/2 of said Section 36. Said well is located approximately 6 miles southwest of Aztec, New Mexico.

CASE 11147: Application of Southland Royalty Company for downhole commingling and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Fulcher Kutz-Pictured Cliffs Pool gas production (160-acre dedication comprising SE/4) with gas from the Basin-Fruitland Coal (Gas) Pool within the wellbore of its existing McGrath Well No. 3 located 1650 feet from the South and East lines (Unit J) of Section 3, Township 29 North, Range 12 West. Said well location is considered to be an "off-pattern" unorthodox coal gas well location and is to be dedicated to a standard 319.86-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool comprising Lots 1 and 2, the S/2 NE/4, and the SE/4 (E/2 equivalent) of said Section 3. Said well is located approximately 3 miles southwest of Flora Vista, New Mexico.

CASE 11148: Application of Meridian Oil Inc. for downhole commingling and a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Pool gas production (134.36-acre dedication comprising Lots 3, 4 and the S/2 SW/4, being SW/4 equivalent) with gas production from the Basin-Fruitland Coal (Gas) Pool within the wellbore of its existing Zachry Well No. 1 located at a standard gas well location for both intervals 990 feet from the South line and 1650 feet from the West line (Unit N) of Irregular Section 12, Township 28 North, Range 10 West. All of said Section 12 is to be dedicated to the Basin-Fruitland Coal (Gas) Pool thereby forming a non-standard 270.11-acre gas spacing and proration unit. Said well is located approximately 8-1/2 miles southeast of Bloomfield, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 11149: Application of Meridian Oil Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Pool gas production (149.72-acre dedication comprising Lots 1, 2, 7, and 8, being the NE/4 equivalent) with gas production from the Basin-Fruitland Coal (Gas) Pool (305.68-acre standard dedication comprising Lots 1, 2, 7, 8, 9, 10, 11 and the SW/4 SE/4, being the E/2 equivalent) within the wellbore of its existing Feuille "A" Well No. 2 located at a standard gas well location for both intervals 1090 feet from the North line and 1650 feet from the East line (Lot 2/Unit B) of Section 17, Township 29 North, Range 10 West. Said well is located approximately 4-1/2 miles northeast of Bloomfield, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 11150: Application of Meridian Oil Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Pool gas production (160-acre standard dedication comprising the NE/4) with gas production from the Basin-Fruitland Coal (Gas) Pool (320-acre standard dedication comprising the E/2) within the wellbore of its existing Schultz Com "D" Well No. 8 located at a standard gas well location for both intervals 990 feet from the North line and 1190 feet from the East line (Unit A) of Section 16, Township 29 North, Range 10 West. Said well is located approximately 3 miles northwest of Blanco, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 11151: Application of Meridian Oil Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Pool gas production (160-acre standard dedication comprising the SW/4) with gas production from the Basin-Fruitland Coal (Gas) Pool (320-acre standard dedication comprising the W/2) within the wellbore of its existing Schultz Com "B" Well No. 6 located at a standard gas well location for both intervals 990 feet from the South and West lines (Unit M) of Section 16, Township 29 North, Range 10 West. Said well is located approximately 3.5 miles west of Blanco, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 11152: Joint application of Texaco Exploration and Production, Inc. and Marathon Oil Company for a pressure maintenance project, unorthodox injection well locations, and qualification for the recovered oil tax credit pursuant to the New Mexico Oil Recovery Act, Lea County, New Mexico. Applicants, in the above-styled cause, seek authority to institute a cooperative pressure maintenance project in the Vacuum-Drinkard Pool comprising portions of Section 36, Township 17 South, Range 34 East; Section 31, Township 17 South, Range 35 East; Section 1, Township 18 South, Range 34 East; and, Section 6, Township 18 South, Range 35 East, by the injection of water into two existing wells and six wells to be drilled at locations considered to be unorthodox. Applicants further seek to qualify this project for the Recovered Oil Tax Rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said project is located approximately 1.5 miles south of Buckeye, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 19, 1995**8:15 A.M. - 2040 SOUTH PACHECO****SANTA FE, NEW MEXICO**

Dockets Nos. 4-95 and 5-95 are tentatively set for February 2, 1995 and February 16, 1995. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 10280: (Reopened - Continued from December 15, 1994, Examiner Hearing.)

In the matter of Case No. 10280 being reopened pursuant to the provisions of Division Orders Nos. R-9594 and R-9594-A, which orders promulgated temporary special rules and regulations for the Milnesand-Abo Pool in Lea and Roosevelt Counties, New Mexico, including a provision for 80-acre spacing. Operators in the subject pool may appear and show cause why said special pool rules should not be rescinded and why the Milnesand-Abo Pool should not be developed on other than 40-acre spacing and proration units.

CASE 11129: (Reopened)

Application of AnSon Gas Corporation for compulsory pooling and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Atoka formation underlying the N/2 SE/4 of Section 15, Township 17 South, Range 37 East, forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, which presently includes both the Undesignated Humble City-Atoka Pool and the Undesignated Humble City-Strawn Pool. Said unit is to be dedicated to a well to be drilled at an unorthodox oil well location 2310 feet from the South line and 410 feet from the East line (Unit I) of said Section 15. 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 3 miles north northwest of Humble City, New Mexico.

CASE 10530: (Reopened - Continued from January 5, 1995, Examiner Hearing.)

In the matter of Case No. 10530 being reopened pursuant to the provisions of Order Nos. R-9722 and R-9722-A, which promulgated special rules and regulations for the West Lovington-Strawn Pool including a provision for 80-acre spacing. Operators in the subject pool should be prepared to appear and show cause why the temporary special rules and regulations for the West Lovington-Strawn Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

CASE 11176: Application of Amoco Production Company to amend Division Order No. R-10174 to include provisions for an unorthodox surface gas well location, simultaneous dedication, and an exception to Rule 2(b) of the Special Rules governing the Blanco-Mesaverde Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-10174, issued in Case 11054 and dated August 25, 1994, which order authorized Amoco Production Company to initiate a high angle/horizontal directional drilling pilot project within an existing non-standard 327.11-acre gas spacing and proration unit in the Blanco-Mesaverde Pool comprising Lots 8, 9, 10, and 11 and the SE/4 (E/2 equivalent) of Section 6, Township 30 North, Range 8 West, by changing the surface location of its proposed Florance "H" Well No. 37-R to an unorthodox surface gas well location 465 feet from the South line and 1660 feet from the East line (Unit O) of said Section 6. Applicant further seeks an exception to Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Pool, as promulgated by Division Order No. R-8170, as amended, allowing for a third well to be drilled on a spacing unit and for production from all three wells to be simultaneously dedicated to said 327.11-acre proration unit. Said project area is located approximately 5 miles northwest of the Navajo Reservoir Dam. In the absence of objection, this application will be taken under advisement.

CASE 11153: (Readvertised)

Application of Amoco Production Company for surface commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to surface commingle Blanco-Mesaverde Pool gas production with Basin-Dakota Pool gas production within the wellbore from its Martinez Gas Com Well No. 1G located 1198 feet from the North line and 790 feet from the East line (Unit A) of Section 24, Township 29 North, Range 10 West. Said well is located inside the town in Blanco, New Mexico.

CASE 11155: (Continued from December 15, 1994, Examiner Hearing.)

Application of Amoco Production Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Blanco-Pictured Cliffs Pool gas production (160-acre standard dedication comprising the NE/4) with gas production from the Basin-Fruitland Coal (Gas) Pool (320-acre standard dedication comprising the N/2) within the wellbore of its proposed Ruth Well No. 1 located at a standard gas well location for both intervals 940 feet from the North line and 790 feet from the East line (Unit A) of Section 8, Township 31 North, Range 10 West. Said well is located approximately 1.5 miles south southwest of Blanco, New Mexico.

CASE 11176: (Continued from January 5, 1995, Examiner Hearing.)

Application of Amoco Production Company to amend Division Order No. R-10174 to include provisions for an ~~unorthodox~~ surface gas well location, simultaneous dedication, and an exception to Rule 2(b) of the Special Rules governing the Blanco-Mesaverde Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-10174, issued in Case 11054 and dated August 25, 1994, which order authorized Amoco Production Company to initiate a high angle/horizontal directional drilling pilot project within an existing non-standard 327.11-acre gas spacing and proration unit in the Blanco-Mesaverde Pool comprising Lots 8, 9, 10, and 11 and the SE/4 (E/2 equivalent) of Section 6, Township 30 North, Range 8 West, by changing the surface location of its proposed Florance "H" Well No. 37-R to an unorthodox surface gas well location 1350 feet from the North line and 1850 feet from the East line (Lot 10/Unit G) of said Section 6. Applicant further seeks an exception to Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Pool, as promulgated by Division Order No. R-8170, as amended, allowing for a third well to be drilled on a spacing unit and for production from all three wells to be simultaneously dedicated to said 327.11-acre proration unit. Said project area is located approximately 5 miles northwest of the Navajo Reservoir Dam. In the absence of objection, this application will be taken under advisement.

CASE 11183: (Continued from January 5, 1995, Examiner Hearing.)

Application of David Petroleum Corporation 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 Strawn formation underlying the N/2 NE/4 of Section 33, Township 15 South, Range 35 East, in the following described manner: the N/2 NE/4 forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated West Lovington-Strawn Pool; and, the NW/4 NE/4 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent. Said unit(s) are to be dedicated to the Barton Fee Well No. 1 to be drilled at a standard location 760 feet from the North line and 2090 feet from the East line (Unit B) of Section 33. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 4 miles Northwest of Lovington, New Mexico.

CASE 11187: Application of Maralo, 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 Bone Spring formation, underlying the SW/4 SE/4 (Unit O) of Section 30, Township 23 South, Range 30 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. 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 10 miles east by south of Loving, New Mexico.

CASE 11188: Application of Texaco Exploration and Production Inc., for certification of a positive production response pursuant to the "New Mexico Enhanced Oil Recovery Act", Lea County, New Mexico. Applicant, in the above-styled cause, seeks certification, pursuant to the Rules and Procedures for Qualification of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate, as promulgated by Division Order No. R-9708, for a positive production response on its Vacuum Glorieta West Unit Waterflood Project, which qualified for the recovered oil tax rate under the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5) by Division Order No. R-9714. Said project is located in portions of Townships 17 and 18 South, Ranges 34 and 35 East and encompasses the immediate area in and around Buckeye, New Mexico.

CASE 11189: Application of ORYX Energy Company for an unorthodox infill gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill its Conoco State Gas Com Well No. 2 at an unorthodox infill gas well location 800 feet from the South and West lines (Unit M) of Section 2, Township 22 South, Range 23 East, in the Indian Basin-Upper Pennsylvanian Gas Pool. Said well is to be dedicated to an existing 654.28-acre gas spacing and proration unit comprising all of said irregular Section 2, which is presently dedicated to its Conoco State Gas Com Well No. 1 located at a standard gas well location 1775 feet from the North line and 1980 feet from the West line (Unit F) of said Section 2. Said unit is located approximately 3 miles south of the Marathon Oil Company Indian Basin Gas Plant.