

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.

Dockets Nos. 32-92 and 33-92 are tentatively set for October 1, 1992 and October 15, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 17, 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 10529: (Continued from September 3, 1992, Examiner Hearing.)

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 10544: (Readvertised)

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 line and 860 feet from the West line (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. Said well is to be either dedicated to the N/2 of said Section 23 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent spaced on 320-acre spacing or all of said Section 23 forming a standard 640-acre gas spacing and proration unit for the Undesignated Indian Basin-Upper Pennsylvanian Gas Pool. Said area is located approximately 6 miles south of the Marathon Oil Company's Indian Basin Gas Plant.

CASE 10528: (Continued from September 3, 1992, Examiner Hearing.)

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 10542: (Continued from September 3, 1992, Examiner Hearing.)

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 1980 feet from the North line and 1650 feet from the West line (Unit F) of Section 30, Township 18 South, Range 25 East, for any and all formations and/or pools from the surface to the base of the Morrow formation being developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated Penasco Draw San Andres-Yeso Associated Pool, Penasco Draw-Permo Pennsylvanian Gas Pool, Undesignated Penasco Draw-Atoka Gas Pool, and Penasco Draw-Morrow Gas Pool, Lots 1 and 2, the NE/4, and E/2 NW/4 (N/2 equivalent) of said Section 30 to be dedicated to said well forming a standard 322.36-acre gas spacing and proration unit. The proposed well site is located approximately 11 miles southwest of Artesia, New Mexico.

CASE 10543: (Continued from September 3, 1992, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 2, Township 19 South, Range 24 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, 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.

EXAMINER HEARING - THURSDAY - SEPTEMBER 17, 1992

CASE 10549: **Application of Greenhill Petroleum Corporation for waterflood expansion, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authority to expand its Lovington-Paddock Unit Waterflood Project, authorized by Division Order No. R-3124, by converting its Lovington Paddock Unit Well No. 9 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 30 and its Lovington Paddock Unit Well No. 10 located 660 feet from the North line and 2440 feet from the East line (Unit B) of Section 31, both in Township 16 South, Range 37 East, Lovington Paddock Unit, Lovington-Paddock Pool, from producing oil wells to water injection wells. Said wells are both located approximately 5.5 miles southeast of Lovington, New Mexico.

CASE 10550: **Application of R & G Drilling Company for an unorthodox coal gas well location, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval to recomplete its existing Schlosser Well No. 16 from the West Kutz-Pictured Cliffs Pool to the Basin-Fruitland Coal Gas Pool at an unorthodox coal gas well location 1180 feet from the South line and 800 feet from the East line (Unit P) of Section 10, Township 27 North, Range 11 West, the S/2 of said Section 10 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool. Said unit is located approximately 8 miles south of Bloomfield, New Mexico.

CASE 10537: **(Readvertised)**

Application of American Hunter Exploration, Ltd. for an unorthodox oil well location and a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 610 feet from the North line and 2110 feet from the East line (Unit B) of irregular Section 5, Township 27 North, Range 1 West, to test the West Puerto Chiquito-Mancos Oil Pool. All of said Section 5 is to be dedicated to said well forming a non-standard 655.48-acre oil spacing and proration unit. Said unit is located approximately 12.5 miles west of El Vado, New Mexico.

CASE 10538: **(Readvertised)**

Application of American Hunter Exploration, Ltd. for an unorthodox oil well location and a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to RULE 4 of the Special Rules and Regulations for the Gavilan-Mancos Oil Pool, as promulgated by Division Order No. R-7407, as amended, for a well to be drilled at an unorthodox oil well location no closer than 330 feet from the North line nor closer than 1400 feet from the East line (Unit B) of irregular Section 28, Township 27 North, Range 2 West, Undesignated Gavilan-Mancos Oil Pool, all of said Section 28 to be dedicated to said well forming a non-standard 430.56-acre oil spacing and proration unit for said pool. Said unit is located approximately 18 miles west by south of El Vado, New Mexico.

CASE 10540: **(Continued from September 3, 1992, Examiner Hearing.)**

Application of American Hunter Exploration, Ltd. for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 2480 feet from the South line and 915 feet from the West line (Unit J) of irregular Section 6, Township 27 North, Range 2 West, to test the Mancos formation. The NW/4 SE/4 of said Section 6 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said unit is located approximately 19 miles west of El Vado, New Mexico.

CASE 10483: **(Continued from August 20, 1992, Examiner Hearing.)**

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the SE/4 NW/4 (Unit F) in all formations developed on 40-acre spacing from the surface to the base of the Strawn formation in Section 33, Township 15 South, Range 36 East, said unit to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately one-half mile southeast of the junction of U.S. Highway 82 and New Mexico No. 18.

CASE 10541: **(Continued from September 3, 1992, Examiner Hearing.)**

The consolidated application of Bird Creek Resources, Fortson Oil Company and Ray Westall Operating, Inc. for special pool rules, Eddy County, New Mexico. The applicants, in the above-styled cause, seek an order promulgating special rules for the East Herradura Bend-Delaware Pool including a provision for a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil. Said pool is located in the southeastern portion of Township 22 South, Range 28 East and the northeastern portion of Township 23 South, Range 28 East, being approximately 5 miles northeast by north of Loving, New Mexico.

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

IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION FOR
AN UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

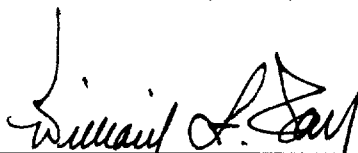
CASE NO. 10544

ENTRY OF APPEARANCE

COMES NOW CAMPBELL, CARR, BERGE & SHERIDAN, P.A., and hereby
enters its appearance in the above referenced case on behalf of Chevron, U.S.A. Inc.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.,

By: 

WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR CHEVRON
U.S.A. INC.

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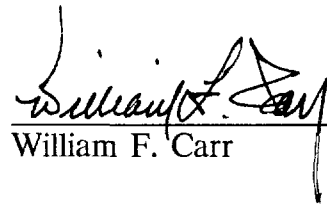
SEP 16 1992

OIL CONSERVATION DIVISION

CERTIFICATE OF MAILING

I hereby certify that I have caused to be mailed a copy of our Entry of Appearance in the above-captioned case to:

David R. Vandiver, Esq.
Fisk and Vandiver
7th and Mahone, #E
Artesia, New Mexico 88210



William F. Carr

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

IN THE MATTER OF THE APPLICATION
OF YATES PETROLEUM CORPORATION FOR
AN UNORTHODOX GAS WELL LOCATION,
EDDY COUNTY, NEW MEXICO.

CASE NO. 10544

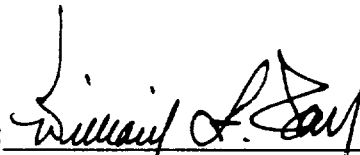
ENTRY OF APPEARANCE

COMES NOW CAMPBELL, CARR, BERGE & SHERIDAN, P.A., and hereby
enters its appearance in the above referenced case on behalf of Chevron, U.S.A. Inc.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.,

By:



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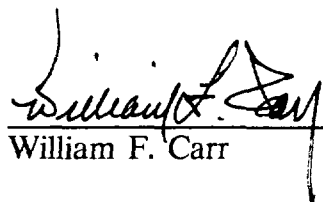
OIL CONSERVATION DIVISION

ATTORNEYS FOR CHEVRON
U.S.A. INC.

CERTIFICATE OF MAILING

I hereby certify that I have caused to be mailed a copy of our Entry of Appearance in the above-captioned case to:

David R. Vandiver, Esq.
Fisk and Vandiver
7th and Mahone, #E
Artesia, New Mexico 88210



William F. Carr