

**CASE 11195:** (Continued from February 2, 1995, Examiner Hearing.)

**Application of Charles B. Gillespie, Jr. for statutory unitization, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a pressure maintenance project, all mineral interests in the designated and Undesignated West Lovington-Strawn Pool underlying its proposed West Lovington Strawn Unit Area encompassing some 1457.05-acres, more or less, of Federal, State, and Fee lands comprising all of Section 33 and the W/2 of Section 34 of Township 15 South, Range 35 East, a portion of Section 1, Township 16 South, Range 35 East, and a portion of Section 6, Township 16 South, Range 36 East. Among the matters to be considered at the hearing, pursuant to the "New Mexico Statutory Unitization Act", Sections 70-7-1 et. seq., NMSA, 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 changes 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 centered approximately 4.5 miles West-Northwest of Lovington, New Mexico.

**CASE 10556:** (Reopened - Continued from February 16, 1995, Examiner Hearing.)

In the matter of Case No. 10556 being reopened pursuant to the provisions of Division Order No. R-5353-M, which order reclassified the Old Millman Ranch-Bone Spring Pool in Townships 19 and 20 South, Range 28 East, Eddy County, New Mexico, as an "associated pool" to be governed by the General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico, as contained within Division Order No. R-5353, as amended, with temporary special pool rules and regulations therefor. All interested parties and operators in the subject pool may appear and show cause why the Old Millman Ranch-Bone Spring Associated Pool should not be reclassified as an oil pool to be governed by "statewide" rules.

**CASE 11214:** **Application of PermOK Oil, Inc. for a non-standard gas proration unit, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval to establish a non-standard gas spacing and proration unit in the Undesignated Rhodes Yates-Seven Rivers Gas Pool comprising the SW/4 NE/4, N/2 NW/4, and SE/4 NW/4 of Section 23, Township 26 South, Range 37 East, being approximately 6.5 miles southeast by south of Jal, New Mexico. Said unit is to be dedicated to its proposed Leonard Brothers "A" Federal Well No. 2 to be drilled at a standard gas well location 660 feet from the North and West lines (Unit D) of said Section 23.

**CASE 11176:** (Continued from February 16, 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 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 11172:** (Continued from February 16, 1995, Examiner Hearing.)

Application of Purvis Operating Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to dispose of produced salt water into the Gladiola-Wolfcamp Pool through the perforated interval from approximately 9103 feet to 9674 feet in its Lea "AV" State Well No. 4 located 1980 feet from the North and West lines (Unit F) of Section 19, Township 12 South, Range 38 East, which is located approximately 2.5 miles east-northeast of Gladiola, New Mexico.

**CASE 10804:** (Reopened - Continued from February 2, 1995, Examiner Hearing.)

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.

**CASE 11183:** (Continued from February 2, 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 11099:** (Continued from February 2, 1995, Examiner Hearing.)

**Application of TARA-JON 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 Drinkard formation underlying the NE/4 NW/4 (Unit C) of Section 27, Township 16 South, Range 38 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Garrett-San Andres Pool, Undesignated Garrett-Drinkard Pool, and Undesignated East Garrett-Drinkard Pool. Said pooled unit is to be dedicated to either the plugged and abandoned The Texas Company Gotlieb Ertal Well No. 1 (T.D. - 13,310 feet), located at a standard oil well location 660 feet from the North line and 1982 feet from the West line, more or less, of said Section 27 or, if said Gotlieb Ertal Well No. 1 is found not to be mechanically sound, to a new well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of re-entering and recompleting the old plugged and abandoned well and/or the costs of drilling and completing a new 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 unit and a charge for risk involved in re-entering the old plugged and abandoned well and/or the drilling of a new well. Said unit is located approximately 12 miles north of Hobbs, New Mexico.

**CASE 11194:** (Continued from February 2, 1995, Examiner Hearing.)

**Application of Charles B. Gillespie, Jr. for a pressure maintenance project and qualification 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 pressure maintenance project in the designated and Undesignated West Lovington-Strawn Pool within its proposed West Lovington Strawn Unit Area (being the subject of Case No. 11195) located in portions of Townships 15 and 16 South, Ranges 35 and 36 East, by the injection of natural gas through the perforated interval from approximately 11,424 feet to 11,434 feet into its existing Speight Fee Well No. 1 located 660 feet from the North line and 2310 feet from the West line (Lot 3/Unit C) of Section 1, Township 16 South, Range 35 East. 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 4.5 miles west-northwest of Lovington, New Mexico.

**CASE 10744:** Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, Rio Arriba County, New Mexico. Applicant seeks to initiate a high angle/horizontal directional drilling pilot project in the Gavilan-Mancos Oil Pool underlying all of Section 17, Township 26 North, Range 2 West, being a standard 640-acre spacing and proration unit for said pool. The applicant proposes to drill its Cheney Federal Well No. 4 located at a standard surface location in said Section 17, kick off from the vertical in an estimated northwesterly directional commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the pilot project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 790 feet from the outer boundary of the spacing unit. Said project is approximately 13 miles north of Lindrith, New Mexico.

**CASE 10745:** Application of Meridian Oil Inc. for an unorthodox gas well location and downhole commingling, Rio Arriba County, New Mexico. Applicant seeks approval to downhole commingle Choza Mesa-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool production within the wellbore of its proposed Valdez Well No. 5 to be drilled at an unorthodox gas well "off pattern" location for the Basin-Fruitland Coal Gas Pool, being 1820 feet from the West line and 1850 feet from the North line (Unit F) of Section 16, Township 28 North, Range 4 West. Said well is to be dedicated to a standard 320-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool being the N/2 of Section 16 and to a standard 160-acre gas spacing unit for the Choza Mesa-Pictured Cliffs Gas Pool being the NW/4 of Section 16. The well is located approximately 3 miles east of Laguna Seca Mesa.

**CASE 10719:** (Continued from April 22, 1993, Examiner Hearing.)

Application of Anadarko Petroleum Corporation for directional drilling and an unorthodox bottomhole gas well location, Eddy County, New Mexico. Applicant seeks authority to directionally drill its proposed Power Federal Com Well No. 2 from a surface location 1400 feet from the South line and 660 feet from the East line (Unit I) of Section 26, Township 17 South, Range 30 East, in such a manner as to bottom the well in the Cedar Lake-Morrow Gas Pool at an unorthodox subsurface gas well location within 75 feet of a point 660 feet from the South and East lines (Unit P) of said Section 26. The E/2 of said Section 26 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 3 miles east-southeast of Loco Hills, New Mexico.

**CASE 10556:** (Continued from June 3, 1993, Examiner Hearing.)

In the matter of Case 10556 being reopened pursuant to the provisions of Division Order No. R-9759, which order promulgated special pool rules and regulations for the Old Millman Ranch-Bone Spring Pool in Eddy County. Operators in said pool may appear and present evidence about the nature of the reservoir with regards to the proper classification of the pool as either oil or gas.

**CASE 10746:** Application of Devon Energy Corporation for special pool rules, Eddy County, New Mexico. Applicant seeks the promulgation of special rules for the Soapberry Draw-Delaware Pool located in the SE/4 of Section 8, Township 21 South, Range 26 East, including a provisions for a gas-oil limitation of 6000 cubic feet of gas per barrel of oil. Said area is located approximately 3 miles east of Avalon Reservoir.

**CASE 10747:** Application of Nearburg Producing Company for salt water disposal, Lea County, New Mexico. Applicant seeks authority to convert its M.H. Federal Well No. 1-1N located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 1, Township 22 South, Range 24 East, and utilize said well to dispose of produced salt water into the Cisco Canyon formation through the perforated interval from approximately 8219 feet to 8380 feet. Said well is located 1 mile east of Little Walt Spring.

**CASE 10717:** (Continued from May 20, 1993, Examiner Hearing.)

Application of Davcro Inc. for salt water disposal, Lea County, New Mexico. Applicant seeks authority to re-enter the previously plugged and abandoned Cactus Drilling Corporation Sawyer Deep Well No. 1 located 330 feet from the South line and 2310 feet from the West line (Unit N) of Section 19, Township 9 South, Range 38 East, and utilize said well to dispose of produced salt water into the Sawyer-San Andres Associated Pool through the open-hole interval from approximately 5120 feet to 5600 feet. Said well is located approximately 4.5 miles east of Crossroads, New Mexico.

**CASE 10748:** Application of Yates Energy Corporation for pool creation, classification of the new pool as an associated pool and for special pool rules, Eddy County, New Mexico. Applicant seeks creation of a new pool for the production of oil and gas from the Pennsylvanian formation underlying the W/2 of Section 17, Township 22 South, Range 24 East, NMPM. Applicant also seeks classification of this new pool as an associated oil and gas pool and the promulgation of special rules and regulations for the pool including: 320-acre spacing and proration units; designated well location requirements; a limit of no more than one well per quarter section; a special depth bracket allowable for each well on a 320-acre spacing or proration unit of 1400 barrels of oil per day and; administrative procedures for approval of unorthodox well locations and non-standard spacing or proration units. Said area is located approximately 2 miles east of Lone Butte.

**CASE 10749:** Application of Devon Energy Corporation for pool creation and special pool rules, Eddy County, New Mexico. Applicant seeks the promulgation of special rules for the Ingle Wells-Delaware Pool located in portions of Sections 26 and 35 of Township 23 South, Range 31 East and in a portion of Section 2, Township 24 South, Range 31 East, including a provision for a gas-oil limitation of 5000 cubic feet of gas per barrel of oil. Said area is located approximately 2 miles west of mile marker 19 on highway 128.

**CASE 10513:** (Continued from May 20, 1993, Examiner Hearing.)

Application of Hanley Petroleum Inc. for determination of reasonable well costs, Lea County, New Mexico. Applicant, in the above-styled cause, as a working interest owner in the Santa Fe Energy Operating Partners, L.P. Kachina "8" Federal Well No. 2 located 1830 feet from the North line and 660 feet from the West line (Unit E) of Section 8, Township 18 South, Range 33 East, South Corbin-Wolfcamp Pool, which was drilled pursuant to the compulsory pooling provisions of Division Order Nos. R-9480, R-9480-A, and R-9480-B, all entered in Case Nos. 10211 and 10219, and to which is dedicated the W/2 NW/4 (Units D and E) of said Section 8, seeks an order ascertaining the reasonableness of actual well costs for the subject well. Said unit is located approximately 7.5 miles southeast by south of Maljamar, New Mexico.

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Docket No. 18-93

DOCKET: COMMISSION HEARING - THURSDAY - JUNE 24, 1993  
9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
The Land Commissioner's designee for this hearing will be Gary Carlson

**CASE 10345:** De Novo - Continued from April 29, 1993, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #390 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

**CASE 10346:** De Novo - Continued from April 29, 1993, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #391 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

**DOCKET: EXAMINER HEARING - THURSDAY - MARCH 18, 1993**

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

Dockets Nos. 10-93 and 11-93 are tentatively set for April 8, 1993 and April 22, 1993. Applications for hearing must be filed at least 23 days in advance of hearing date.

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

**CASE 10681:** Application of MW Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Button Up Unit Agreement for an area comprising 960 acres, more or less, of State land in Sections 3 and 10, Township 9 South, Range 32 East, which is centered approximately 4 1/2 miles southeast of Button Mesa.

**CASE 10574:** (Continued from March 4, 1993, 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, at approximately 8,200 feet, underlying the following described acreage in Section 14, Township 20 South, Range 24 East, and in the following described manner: the N/2 to form a single standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent (which presently includes but is not necessarily limited to the South Dagger Draw-Upper Pennsylvanian Associated Pool); the NE/4 and NW/4 to form two standard 160-acre gas spacing and proration units for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and the NW/4 NE/4 and SW/4 NW/4 to form two standard 40-acre oil spacing and proration units for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. The proposed 320-acre unit is to be dedicated to either a single well to be drilled at a standard location in Unit B or Unit E or to both wells to be simultaneously dedicated to the 320-acre unit. Further the 160-acre gas unit comprising the NE/4 and the 40-acre oil unit comprising the NW/4 NE/4 are to be dedicated to the proposed well to be drilled in Unit B. The 160-acre gas unit comprising the NW/4 and the 40-acre oil unit comprising the SW/4 NW/4 are to be dedicated to the proposed well to be drilled in Unit E. Also to be considered will be the cost of drilling and completing said well or wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of each well and a charge for risk involved in drilling said well or wells. The subject area in this matter is located approximately 7.5 miles west by south of Seven Rivers, New Mexico.

**CASE 10668:** (Continued from February 18, 1993, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the NE/4 of Section 29, 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 but is not necessarily limited to 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 area is located approximately 8 miles west of Lakewood, New Mexico.

**CASE 10682:** Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks authorization to recomplete in the undesignated Delaware formation its Sueno 15 Well No. 1 which was drilled to the Strawn formation pursuant to Division Order No. R-9543 at an unorthodox location 2500 feet from the North line and 660 feet from the West line (Unit E) of Section 15, Township 22 South, Range 27 East. The NW/4 of said Section 15 is to be dedicated to said well forming a standard 160-acre gas spacing and proration unit. Said unit is located 1 mile east of Carlsbad, New Mexico.

**CASE 10556:** (Continued from February 18, 1993, Examiner Hearing.)

In the matter of Case 10556 being reopened pursuant to the provisions of Division Order No. R-9759, which order promulgated special pool rules and regulations for the Old Millman Ranch-Bone Spring Pool in Eddy County. Operators in said pool may appear and present evidence about the nature of the reservoir with regards to the proper classification of the pool as either oil or gas.

**CASE 10683:** Application of Meridian Oil Inc. for a non-standard proration and spacing unit, Lea County, New Mexico. Applicant seeks approval to establish a non-standard 160-acre proration and spacing unit in the Undesignated Rhodes Yates-Seven Rivers Gas Pool comprising the SE/4 SE/4 of Section 10 and the NE/4 NE/4 and S/2 NE/4 of Section 15, Township 26 South, Range 37 East, to be dedicated to its Gregory "B" Well No. 2 to be drilled at a standard location in Unit A of said Section 15. Said unit is located approximately 5 miles southeast of Jal, New Mexico.

**CASE 10659:** (Continued from March 4, 1993, Examiner Hearing.)

**Application of Meridian Oil Inc. for a non-standard gas proration unit, Lea County, New Mexico.** Applicant seeks approval to establish a non-standard 160-acre gas spacing and proration unit in the Undesignated Rhodes Yates-Seven Rivers Gas Pool comprising the E/2 E/2 of Section 7, Township 26 South, Range 37 East, being approximately 4 miles south of Jal, New Mexico. Said unit is to be dedicated to a well to be drilled at a standard gas well location in the NE/4 NE/4 (Unit A) of said Section 7.

**CASE 10676:** (Continued from March 4, 1993, Examiner Hearing.)

**Application of Mitchell Energy Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Pennsylvanian formation underlying the following described areas in Section 35, Township 24 South, Range 29 East, and in the following manner: the N/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent; the NW/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; the E/2 NW/4 forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent; and the SE/4 NW/4 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said units are to be dedicated to a single 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 costs 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 16 miles southeast of Carlsbad, New Mexico.

**CASE 10684:** **Application of SDX Resources, Inc. for approval of a waterflood project, Eddy County, New Mexico.** Applicant seeks authority to institute a waterflood project on its proposed Leonard Federal and Leonard B Federal Lease area located in portions of Section 33, Township 17 South, Range 29 East, by the injection of produced water into the Grayburg and San Andres formations through the Leonard B Federal Well No. 1 and the Leonard Federal Well No. 3, which are to be converted from producing oil wells. Said project area is located approximately 1/2 mile southeast of Bishop, New Mexico.

**CASE 10685:** **Application of Hanson Operating Company for statutory unitization, Eddy County, New Mexico.** Applicant seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the Shugart Yates-Seven Rivers-Queen-Grayburg Pool underlying 1111.00 acres, more or less, of Federal and fee lands comprising portions of Township 18 South, Ranges 30 and 31 East, to be designated the Shugart Waterflood Unit Area. To be considered will be those matters required by the New Mexico Statutory Unitization Act, Subsection 70-7-1, et seq., N.M.S.A., 1978, and other provisions of the unit agreement and unit operating agreement. Said unit area is located approximately 8 miles south-southeast of Loco Hills, New Mexico.

**CASE 10686:** **Application of Hanson Operating Company, Inc. for approval of a waterflood project, Eddy County, New Mexico.** Applicant seeks authority to institute a waterflood project by injection of water into the Seven Rivers, Penrose and Middle Grayburg formations in its proposed Shugart Waterflood Unit Area (Division Case No. 10685) underlying portions of Sections 25 and 26, Township 18 South, Range 30 East, and Section 30, Township 18 South, Range 31 East. Said project is located approximately 8 miles south-southeast of Loco Hills, New Mexico.

**CASE 10687:** **Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from 500 feet below the top of the San Andres formation to the base of the Morrow formation underlying the following described areas in Section 17, Township 18 South, Range 28 East, and in the following manner: the E/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; 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 Illinois Camp "17" State Well No. 2, to be drilled at a standard location within said E/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2 miles north of Illinois Camp.

**CASE 10666:** Application of Santa Fe Energy Operating Partners, L. P. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, at approximately 8,200 feet, underlying the following described acreage in Section 18, Township 20 South, Range 27 East, and in the following described manner: the E/2 to form a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent; the SE/4 to form 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; the N/2 SE/4 to form 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; and the NE/4 SE/4 to form 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 units are to be dedicated to a well to be drilled at an orthodox location 1980 feet from the South line and 660 feet from the East line of Section 18. Also to be considered will be the cost of drilling and completing said well or wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of each well and a charge for risk involved in drilling said well or wells. The subject area in this matter is located approximately 4 miles north of Avalon Reservoir.

**CASE 10667:** Application of Marathon Oil Company for establishment of a temporary testing allowable, Vacuum-Drinkard Pool, Lea County, New Mexico. Applicant seeks an order establishing a special testing allowable for its Warn State a/c 2 Lease Project, comprising the W/2 of Section 6, Township 18 South, Range 35 East, NMPM, Vacuum-Drinkard Pool, for a maximum period of six months at a maximum rate equal to the capacity of each well within the project to produce oil from said pool. This project is located approximately 11 miles east of Buckeye, New Mexico.

**CASE 10659:** (Continued from January 21, 1993, Examiner Hearing.)

Application of Meridian Oil Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant seeks approval to establish a non-standard 160-acre gas spacing and proration unit in the Undesignated Rhodes Yates-Seven Rivers Gas Pool comprising the E/2 E/2 of Section 7, Township 26 South, Range 37 East, being approximately 4 miles south of Jal, New Mexico. Said unit is to be dedicated to a well to be drilled at a standard gas well location in the NE/4 NE/4 (Unit A) of said Section 7.

**CASE 10556:** (Reopened)

In the matter of Case 10556 being reopened pursuant to the provisions of Division Order No. R-9759, which order promulgated special pool rules and regulations for the Old Millman Ranch-Bone Spring Pool in Eddy County. Operators in said pool may appear and present evidence about the nature of the reservoir with regards to the proper classification of the pool as either oil or gas.

**CASE 10560:** (Continued from January 21, 1993, 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 from the surface to the base of the Canyon formation underlying the NE/4 of Section 17, Township 19 South, Range 25 East, forming a standard 160-acre spacing and proration unit for any and all formations spaced on 160-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the North Dagger Draw-Pennsylvanian Pool. Said unit is to be dedicated to the existing Southwest Royalties, Inc. Dagger Draw Well No. 1 located at a standard location 660 feet from the North line and 1980 feet from the East line (Unit B) of said Section 17, said unit and well were the subject of Division Case No. 10471. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6.5 miles northwest of Seven Rivers, New Mexico.

**DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 18, 1993**

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

Dockets Nos. 7-93 and 8-93 are tentatively set for March 4, 1993 and March 18, 1993. Applications for hearing must be filed at least 23 days in advance of hearing date.

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

**CASE 10635: (Readvertised)**

**Application of Mewbourne Oil Company for compulsory pooling and an unorthodox location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from a depth 500 feet below the top of the San Andres formation to the base of the Morrow formation underlying the following described areas in Section 15, Township 18 South, Range 28 East, and in the following manner: the E/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 (which presently includes but is not necessarily limited to the Undesignated Palmillo Draw-Atoka Gas Pool, Undesignated South Empire-Morrow Gas Pool, Undesignated North Illinois Camp-Morrow Gas Pool, and Undesignated North Turkey Track-Morrow Gas Pool); 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; the W/2 SE/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 only the Undesignated Travis-Upper Pennsylvanian Pool); and the NW/4 SE/4 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said units are to be dedicated to a single well to be drilled at an unorthodox location 1500 feet from the South line and 1980 feet from the East line (Unit J) 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 operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 9 miles east-southeast of Artesia, New Mexico.

**CASE 10651: (Continued from February 4, 1993, Examiner Hearing.)**

**Application of Pogo Producing Company for directional drilling and an unorthodox oil well location, Eddy County, New Mexico.** Applicant seeks authority to directionally drill its proposed Mobil Federal Well No. 3 from a surface location 480 feet from the North line and 660 feet from the East line (Unit A) of Section 29, Township 23 South, Range 31 East, in such a manner as to bottom the well in the Brushy Canyon formation of the Delaware Mountain Group, at a standard location approximately 578 feet from the North line and 1870 feet from the East line (Unit B) of said Section 29. Further, applicant seeks approval for an unorthodox location in the Cherry Canyon formation of the Delaware Mountain Group, with the directional wellbore entering the Cherry Canyon formation at an unorthodox location 540 feet from the North line and 1405 feet from the East line, and exiting the Cherry Canyon formation at an orthodox location 571 feet from the North line and 1789 feet from the East line of said Section 29. The NW/4 NE/4 of said Section 29 will be dedicated to the well to form a standard 40-acre spacing and proration unit for said formations. This well is located approximately 9 miles east-southeast of the intersection of Highways 31 and 128.

**CASE 10652: (Continued from February 4, 1993, Examiner Hearing.)**

**Application of Pogo Producing Company for directional drilling and an unorthodox oil well location, Eddy County, New Mexico.** Applicant seeks authority to directionally drill its proposed Mobil Federal Well No. 8 from a surface location 330 feet from the South line and 1380 feet from the East line (Unit O) of Section 29, Township 23 South, Range 31 East, in such a manner as to bottom the well in the Brushy Canyon formation of the Delaware Mountain Group, at a standard location approximately 413 feet from the South line and 1897 feet from the East line (Unit O) of said Section 29. Applicant also seeks approval for unorthodox locations in the Bell Canyon and Cherry Canyon formations of the Delaware Mountain Group pursuant to the following proposed drilling programs: the directional wellbore will enter the Bell Canyon formation at an unorthodox location approximately 330 feet from the South line and 1381 feet from the East line, and exit the Bell Canyon formation at an unorthodox location approximately 353 feet from the South line and 1526 feet from the East line of said Section 29. The directional wellbore will enter the Cherry Canyon formation at an unorthodox location approximately 353 feet from the South line and 1526 feet from the East line, and exit the Cherry Canyon formation at an orthodox location approximately 402 feet from the South line and 1829 feet from the East line of said Section 29. The SW/4 SE/4 of said Section 29 will be dedicated to the well to form a standard 40-acre spacing and proration unit for said formations. This well is located approximately 9 miles east-southeast of the intersection of Highways 31 and 128.

**CASE 10731: (Readvertised)**

Application of Nearburg Producing Company for an unorthodox oil well location, Eddy County, New Mexico. Applicant seeks approval to drill its Dagger Draw "31" Federal Well No. 5 to the North Dagger Draw-Upper Pennsylvanian Pool at an unorthodox oil well location 330 feet from the North line and 2460 feet from the West line (Unit C) of Section 31, Township 19 South, Range 25 East. Said well is to be simultaneously dedicated to an existing 162.60-acre oil spacing and proration unit comprising Lots 1 and 2 and the E/2 NW/4 (NW/4 equivalent) of said Section 31, which is currently dedicated to the Dagger Draw "31" Federal Well Nos. 1 and 4 located in Units "D" and "E", respectively. Said unit is located approximately 9 miles west by south of Lakewood, New Mexico.

**CASE 10556: (Continued from March 18, 1993, Examiner Hearing.)**

Application of Chi Energy, Inc. for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special rules for the Old Millman Ranch-Bone Spring Pool including a provision for a limiting gas-oil ratio of 20,000 cubic feet of gas per barrel of oil. Said pool currently comprises portions of Sections 4, 5, and 8, Township 20 South, Range 28 East, being approximately 13.5 miles east of Seven Rivers, New Mexico.

**CASE 10737:** Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the NW/4 of Section 21, Township 19 South, Range 25 East. Said unit is to be dedicated to its Hooper "AMP" Well No. 2 to be drilled at a standard location in the NW/4 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 operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 4 miles southwest of Seven Rivers, New Mexico.

**CASE 10543: (Reopened)**

Application of Yates Petroleum Corporation for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Subsequent to Division Order No. R-9740, dated October 13, 1992, the applicant, Yates Petroleum Corporation, seeks to reopen this matter to present new evidence to support its original application for an unorthodox gas well location for its Irish Hills "KW" State Well No. 3, located 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 of Seven Rivers, New Mexico.

**CASE 10555:** **Application of Meridian Oil Inc. for termination of gas prorationing in the Justis (Glorieta) Gas Pool, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order terminating gas prorationing in the Justis (Glorieta) Gas 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 24 and 25 South, Range 37 East, which is located approximately 4 miles east of Jal, New Mexico.

**CASE 10502:** (Continued from September 3, 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 September 3, 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 September 3, 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 10556:** **Application of Chi Energy, Inc. for special pool rules, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order promulgating special rules for the Old Millman Ranch-Bone Spring Pool including a provision for a limiting gas-oil ratio of 20,000 cubic feet of gas per barrel of oil. Said pool currently comprises portions of Sections 4, 5, and 8, Township 20 South, Range 28 East, being approximately 13.5 miles east of Seven Rivers, New Mexico.

**CASE 10557:** **Application of Hallwood Petroleum Inc. for an unorthodox coal gas well location, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location 818 feet from the South line and 1099 feet from the East line (Unit P) of Section 24, Township 32 North, Range 13 West, the E/2 of said Section 24 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 3.5 miles northeast of La Plata, New Mexico.

**CASE 10558:** **Application of Meridian Oil Inc. for an unorthodox coal gas well location, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location 1175 feet from the North line and 1115 feet from the West line (Unit D) of Section 36, Township 30 North, Range 8 West. Said well is to be completed in the Basin-Fruitland Coal Gas Pool as a replacement well to the EPNG Com "D" Well No. 300 currently located in the NE/4 of said Section 36. The existing 320-acre gas spacing and proration unit comprising the N/2 of said Section 36 shall be dedicated to said well. Said unit is located approximately 1-1/2 miles northwest by north of Navajo City, New Mexico.

**CASE 10551:** **Application of Basin Minerals, Ltd. for surface commingling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks an exception to Division General Rule 303A for the surface commingling of production from three certain gas wells completed in the Blanco-Pictured Cliffs Pool and/or Blanco-Mesaverde Pool in the Atlantic "A" LS Lease located in the N/2 of Section 26, Township 31 North, Range 10 West, which is located approximately 5 miles south-southeast of Cedar Hill, New Mexico.

**CASE 10552:** **Application of ARCO Oil and Gas Company for pool creation and contraction and, if applicable, pool extensions and/or redesignations, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Blinebry, Tubb and Drinkard formations underlying all or portions of Sections 11 through 14, 23 through 26, 35 and 36, Township 25 South, Range 37 East, portions of Sections 19, 30, and 31, Township 25 South, Range 38 East, and a portion of Section 1, Township 26 South, Range 37 East. Further, the applicant seeks the concomitant contraction of the Justis-Blinebry Pool and the Justis Tubb-Drinkard Pool in the above-described area and, if applicable, the extension and/or redesignation of portions of the Justis-Blinebry and Justis Tubb-Drinkard Pools that may become severed due to the proposed Blinebry-Tubb-Drinkard pool creation. Said area is located approximately 4 miles east of Jal, New Mexico.

**CASE 10553:** **Application of ARCO Oil and Gas 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 proposed Justis-Blinebry-Tubb-Drinkard Pool, underlying 5360 acres, more or less, of State, Federal and Fee lands comprising portions of Townships 25 and 26 South, Ranges 37 and 38 East. Said unit is to be designated the South Justis Unit Area. 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 investment, 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 unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said unit area is located approximately 4 miles east of Jal, New Mexico.

**CASE 10554:** **Application of ARCO Oil and Gas Company for approval of a waterflood project, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authority to institute a waterflood project by injection of water into the Blinebry, Tubb and Drinkard formations in its proposed South Justis Unit Area (Division Case No. 10553) underlying portions of Townships 25 and 26 South, Ranges 37 and 38 East. The applicant further seeks approval that said project qualify as an "Enhanced Oil Recovery Project" pursuant to the provisions of Division Order No. R-9708. Said project is located approximately 4 miles east of Jal, New Mexico.

**CASE 8350:** **(Reopened)**

In the matter of Case 8350 being reopened pursuant to the provisions of Division Order Nos. R-7745 and R-7745-A, which orders promulgated temporary special rules and regulations for the Gavilan Greenhorn-Graneros-Dakota Oil Pool in Rio Arriba County, New Mexico, including a provision for 320-acre spacing and proration units and designated well locations. Operators in said pool may appear and show cause why the temporary special rules for said Gavilan Greenhorn-Graneros-Dakota Oil Pool should not be rescinded.

**CASE 10458:** **(Continued from July 9, 1992, Examiner Hearing and this case will be dismissed.)**

**Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard gas-oil proration unit, an unorthodox well location and a special project allowable, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Angel Peak-Gallup Associated Pool underlying all of Section 35, Township 27 North, Range 10 West, thereby creating a non-standard 640-acre gas or oil spacing and proration unit for said pool. The applicant proposes to drill its Huerfano Unit Well No. 306 from a tentative unorthodox surface location 1455 feet from the South line and 1550 feet from the West line (Unit K) of Section 35, Township 27 North, Range 10 West, kick-off from vertical in a southeasterly direction until an angle of approximately 90 degrees is achieved and continue drilling horizontally for approximately 3015 feet. Applicant, further seeks the adoption of special operating provisions and rules within the pilot project area including the designation of a target window for said horizontal wellbore described as a rectangle 790 feet from the South, East, and West lines and 3430 feet from the North line of said Section 35 and for a special project allowable. Said unit is centered a mile south of the U.S. Bureau of Land Management's Angel Peak Recreational Area Campground.