

CASE 10652: 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 an unorthodox location in the Bell Canyon formation of the Delaware Mountain Group, with the directional wellbore entering the Bell Canyon formation at an unorthodox location 330 feet from the South line and 1381 feet from the East line, and exiting the Bell Canyon formation at an unorthodox location 353 feet from the South line and 1526 feet from the East line of said Section 29. Further, applicant seeks approval for an unorthodox location in the Cherry Canyon formation of the Delaware Mountain Group at an unorthodox location 353 feet from the South line and 1526 feet from the East line, and exiting the Cherry Canyon formation at an orthodox location 402 feet from the South line and 1829 feet from the East line of said Section 29. The SW/4 SW/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 10653: Application of Armstrong Energy Corporation for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special rules and regulations for the Northeast Lea-Delaware Pool including a provision for a special oil allowable of 300 barrels of oil per day. Said pool is located in portions of Townships 19 and 20 South, Range 34 East, located near the Warren Gas Company Compressor Station.

CASE 10646: (Continued from December 17, 1992, Examiner Hearing.)

Application of Enron Oil & Gas Company for directional drilling, or in the alternative, for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks authority to directionally drill its proposed Pure Gold "B" Federal Well No. 2 from a surface location in Unit O of Section 17, Township 23 South, Range 31 East to a bottomhole location in the Atoka formation, Undesignated West Sand Dunes-Atoka Gas Pool and in the Morrow formation, Undesignated West Sand Dunes-Morrow Gas Pool at a standard location within 50 feet of a point 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 20, Township 23 South, Range 31 East. IN THE ALTERNATIVE, applicant seeks approval for an unorthodox gas well location 660 feet from the North line and 1700 feet from the East line (Unit B) of Section 20, Township 23 South, Range 31 East, in said Atoka and Morrow pools. The N/2 of said Section 20 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 7 miles east of Loving, New Mexico.

CASE 10647: (Continued from December 17, 1992, Examiner Hearing.)

Application of Seely Oil Company for statutory unitization, Lea County, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the EK-Yates-Seven Rivers-Queen Pool, underlying 1148.40 acres, more or less, of State land comprising portions of Township 18 South, Ranges 33 and 34 East, to be designated the Central EK Queen 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 22 miles west of Hobbs, New Mexico.

CASE 10648: (Continued from December 17, 1992, Examiner Hearing.)

Application of Seely Oil Company for approval of a waterflood project and qualification for the recovered oil tax rate, Lea County, New Mexico. Applicant seeks authority to institute a waterflood project by injection of water into the Yates, Seven Rivers and Queen formations in its proposed EK Queen Unit Area (Division Case No. 10647) underlying portions of Township 18 South, Ranges 33 and 34 East. The applicant further seeks 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 centered approximately 22 miles west of Hobbs, New Mexico.

CASE 10643: (Readvertised)

Application of Yates Petroleum Corporation for directional drilling and an unorthodox bottomhole gas well location, Eddy County, New Mexico. Applicant seeks authority to directionally drill its proposed Amaranth "AMG" Federal Com. Well No. 1 from a surface location 1310 feet from the North line and 2630 feet from the East line (Unit B) of Section 12, Township 20 South, Range 30 East, in such a manner as to bottom the well in the Pennsylvanian formation at an unorthodox subsurface gas well location within 50 feet of a point 2449 feet from the North line and 1512 feet from the West line (Unit F) of said Section 12, the W/2 of said Section 12 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said formation. This well is located approximately 21 miles northeast of Carlsbad, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 7, 1993

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

Dockets Nos. 3-93 and 4-93 are tentatively set for January 21, 1993 and February 4, 1993. Applications for hearing must be filed at least 23 days in advance of hearing date.

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

CASE 10649: Application of H. L. Brown, Jr., for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the North Feather State Unit Agreement for an area comprising 640 acres, more or less, of state lands in all or portions of Sections 9 and 16 of Township 15 South, Range 32 East. Said unit is located 4 miles west of the intersection of Highways 31 and 172.

CASE 10650: Application of Mewbourne Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval for an unorthodox gas well location, in the Cedar Lake-Morrow Gas Pool, 990 feet from the North and East lines (Unit A) of Section 2, Township 18 South, Range 30 East. The E/2 of said Section 2 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 3 miles southeast of Loco Hills, New Mexico.

CASE 10635: (Continued from December 17, 1992, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base 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, 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, 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 10636: (Continued from December 17, 1992, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Abo formation to the base of the Morrow formation underlying the following described areas in Section 27, Township 17 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, 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 E/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, the NE/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 1756 feet from the South line and 660 feet from the East line (Unit I) of said Section 27. 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 7 miles east-southeast of Riverside, New Mexico.

CASE 10651: 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 10645: Application of Enron Oil & Gas Company for unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval of an unorthodox gas well location 990 feet from the South line and 1980 feet from the West line (Unit O) of Section 36, Township 24 South, Range 33 East, to test the Wolfcamp formation, the Atoka formation, and the Morrow formation. The W/2 of said Section 36 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. The proposed well site is located approximately 14.5 miles west of Jal, New Mexico.

CASE 10646: Application of Enron Oil & Gas Company for directional drilling, or in the alternative, for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks authority to directionally drill its proposed Pure Gold "B" Federal Well No. 2 from a surface location in Unit O of Section 17, Township 23 South, Range 31 East to a bottomhole location in the Atoka formation, Undesignated West Sand Dunes-Atoka Gas Pool and in the Morrow formation, Undesignated West Sand Dunes-Morrow Gas Pool at a standard location within 50 feet of a point 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 20, Township 23 South, Range 31 East. IN THE ALTERNATIVE, applicant seeks approval for an unorthodox gas well location 660 feet from the North line and 1700 feet from the East line (Unit B) of Section 20, Township 23 South, Range 31 East, in said Atoka and Morrow pools. The N/2 of said Section 20 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 7 miles east of Loving, New Mexico.

CASE 10647: Application of Seely Oil Company for statutory unitization, Lea County, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the EK-Yates-Seven Rivers-Queen Pool, underlying 1148.40 acres, more or less, of State land comprising portions of Township 18 South, Ranges 33 and 34 East, to be designated the Central EK Queen 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 22 miles west of Hobbs, New Mexico.

CASE 10648: Application of Seely Oil Company for approval of a waterflood project and qualification for the recovered oil tax rate, Lea County, New Mexico. Applicant seeks authority to institute a waterflood project by injection of water into the Yates, Seven Rivers and Queen formations in its proposed EK Queen Unit Area (Division Case No. 10647) underlying portions of Township 18 South, Ranges 33 and 34 East. The applicant further seeks 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 centered approximately 22 miles west of Hobbs, New Mexico.

CASE 10572: (Continued from December 3, 1992, Examiner Hearing.)

Application of Texaco Exploration & Production Inc. for waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its W. H. Rhodes "B" Federal Waterflood Project, authorized by Division Order No. R-2748, by converting its W. H. Rhodes "B" Federal (NCT-1) Well No. 6 located 1980 feet from the South line and 660 feet from the East line (Unit I) and its W. H. Rhodes "B" Federal (NCT-1) Well No. 13 located 990 feet from the South line and 1650 feet from the East line (Unit O), both in Section 27, Township 26 South, Range 37 East, from producing oil wells to water injection wells. Said project area is located approximately 7.5 miles south-southeast of Jal, New Mexico.

CASE 10573: (Continued from December 3, 1992, Examiner Hearing.)

Application of Texaco Exploration & Production Inc. for waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Rhodes Yates Unit Waterflood Project, authorized by Division Order No. R-3889, by converting its Rhodes Yates Unit Well No. 8 located 1875 feet from the North line and 765 feet from the West line (Unit E) and its Rhodes Yates Unit Well No. 13 located 660 feet from the South and West lines (Unit M), both in Section 27, Township 26 South, Range 37 East, Rhodes Yates Unit, Rhodes Yates-Seven Rivers Pool, from producing oil wells to water injection wells. Said project area is located approximately 7.5 miles south-southeast of Jal, New Mexico.

CASE 10626: (Continued from December 3, 1992, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, 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 NW/4 of Section 32, 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 Undesignated 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 operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 16 miles west by north of Elkins, New Mexico.

CASE 10628: (Continued from December 3, 1992, Examiner Hearing.)

Application of Yates Petroleum Corporation 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 27, Township 21 South, Range 24 East, and in the following manner: the entire section forming a standard 640-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre spacing within said vertical extent, which presently includes only the Undesignated Indian Basin-Upper Pennsylvanian Gas Pool and the Undesignated Indian Basin-Morrow Gas Pool, and the W/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent. Said units are to be dedicated to the plugged and abandoned Pan American Petroleum Corp. Pardue Federal Gas Com Well No. 1 located at an unorthodox gas well location 1140 feet from the South line and 1350 feet from the West line (Unit N) of said Section 27. Also to be considered will be the cost of re-entering and recompleting said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in re-entering and recompleting said well. Said area is located approximately 15 miles west by north of Carlsbad, New Mexico.

CASE 10642: **Application of Yates Drilling Company for the expansion of the Cactus Queen (Voluntary) Unit Waterflood Project Area, to amend Division Order No. R-9075-B, and to qualify said expansion area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act", Chaves County, New Mexico.** Applicant seeks to expand its Cactus Queen (Voluntary) Unit Waterflood Project Area, as promulgated by Division Order No. R-9075-B, to include the SW/4 NE/4, S/2 NW/4, SW/4 and NW/4 SE/4 of Section 34, Township 12 South, Range 31 East, Southeast Chaves Queen Gas Area Associated Pool, which would make the project area conterminous with its proposed expanded Cactus Queen (Voluntary) Unit Area, being the subject of Division Case No. 10641. The applicant proposes to inject water into the Queen interval within said expanded area through 5 certain wells to be converted from producing wells to injectors. The applicant also requests that said Order No. R-9075-B be amended to include any provisions necessary for such other matters as may be appropriate for said expansion and continued waterflood operations. **FURTHER,** the applicant seeks an order pursuant to the Rules and Procedures for Qualifications of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate, as promulgated by Division Order No. R-9708, qualifying said expanded area for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said area of interest is located approximately 12 miles southwest by south of Caprock, New Mexico.

CASE 10643: **Application of Yates Petroleum Corporation for directional drilling, Eddy County, New Mexico.** Applicant seeks authority to directionally drill its proposed Amaranth "AMG" Federal Com. Well No. 1 from a surface location 1310 feet from the North line and 2630 feet from the East line (Unit B) of Section 12, Township 20 South, Range 30 East, in such a manner as to bottom the well in the Undesignated Strawn and Morrow formations, at a standard location within 50 feet of a point 2449 feet from the North line and 1512 feet from the West line (Unit F) of said Section 12, with the W/2 of said Section 12 dedicated to the well forming a standard 320-acre gas spacing and proration unit for said formations. This well is located approximately 21 miles northeast of Carlsbad, New Mexico.

CASE 10644: **Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NW/4 of Section 10, Township 5 South, Range 24 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 limited to the Undesignated Pecos Slope-Abo Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard location in Unit C of Section 10. 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 34 miles north of Roswell, New Mexico.