

CASE 10574: (Continued from January 21, 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: **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 10669: **Application of Columbia Gas Development Corporation for pool creation, special pool rules and a discovery allowable, Lea County, New Mexico.** Applicant seeks the creation of a new pool for the production of oil from the Wolfcamp formation comprising the NW/4 of Section 34, Township 14 South, Range 38 East, and the promulgation of special rules therefor including a provision for 160-acre spacing and proration units and designated well location requirements. Applicant further seeks the assignment of an oil discovery allowable, pursuant to Division General Rule 509, to the McMillan "34" Well No. 1 located 400 feet from the North line and 1980 feet from the West line (Unit C) of said Section 34. Said area is located approximately 2.5 miles southwest of Bronco, Texas.

CASE 10670: **Application of Maralo, Inc. for pool creation, special pool rules and a discovery allowable, Lea County, New Mexico.** Applicant seeks the creation of a new pool for the production of oil from the Devonian formation comprising the E/2 NW/4 of Section 20, Township 9 South, Range 35 East, and the promulgation of special rules therefor including a provision for 80-acre spacing and proration units and designated well location requirements. Applicant further seeks the assignment of an oil discovery allowable, pursuant to Division General Rule 509, to the Barnes "20" Well No. 1 located 766 feet from the North line and 2201 feet from the West line (Unit C) of said Section 20. Said area is located approximately 2.5 miles west by north of Crossroads, Texas.

CASE 10671: **Application of Chuza Operating for pool creation and special pool rules, Lea County, New Mexico.** Applicant seeks the creation of a new pool for the production of oil from the Blinberry formation comprising the SE/4 NE/4 and NE/4 SE/4 of Section 11, and the SW/4 NW/4 of Section 12, both in Township 23 South, Range 37 East, and the promulgation of special rules therefor including a provision for a gas-oil limitation of 6000 cubic feet of gas per barrel of oil. Applicant further requests that the proposed special pool rules be made effective retroactive to December 14, 1992. Said area is located approximately 8 miles south by east of Eunice, New Mexico.

CASE 10647: (Continued from February 4, 1993, 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 February 4, 1993, 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.

Docket No. 6-93

THIS COMMISSION HEARING WILL BE HELD AT MABRY HALL, EDUCATION BUILDING

DOCKET: COMMISSION HEARING - THURSDAY - FEBRUARY 25, 1993

9:00 A.M. - MABRY HALL, EDUCATION BUILDING

SANTA FE, NEW MEXICO

The Land Commissioner's designee for this hearing will be Gary Carlson and Jami Bailey

CASE 10672: The Oil Conservation Division is calling a hearing on its own motion to accept nominations and other evidence and information to assist in determining April 1993 through September 1993 gas allowables for the prorated gas pools in New Mexico. Thirteen of the prorated gas pools are in Lea, Eddy, and Chaves Counties in Southeast New Mexico and four pools are in San Juan, Rio Arriba, and Sandoval Counties in Northwest New Mexico. Amendments to the Gas Proration Rules approved by Commission Order No. R-8170-H in December 1990 provide for allowables to be established for 6-month allocation periods beginning in April and October of each year. Information concerning preliminary allowable estimates for the April-September period is being distributed with OCD Memorandum dated February 5, 1993.

CASE 10637: (De Novo)

Application of Mewbourne Oil Company for compulsory pooling, 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 E/2 of Section 35, Township 17 South, Range 27 East, forming a standard 320-acre, more or less, gas spacing and proration unit for said pool. Said unit is to be dedicated to the applicant's Chalk Bluff "35" Federal Well No. 1 to be drilled at an orthodox 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles southeast of Artesia, New Mexico. Upon application of Devon Energy Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10345: (DE NOVO - Continued from January 14, 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 R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

CASE 10346: (DE NOVO - Continued from January 14, 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 R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

CASE 10507: (DE NOVO - Continued from January 14, 1993, Commission Hearing.)

Application of C & C Landfarm Inc. for a commercial surface waste disposal facility, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authorization to construct and operate a commercial landfarm facility for remediation of non-hazardous hydrocarbon-contaminated soils using an enhanced biodegradation process. Said area is to be located in the SW/4 NE/4 (Unit G) of Section 3, Township 20 South, Range 37 East, which is approximately 2 miles southeast of Monument, New Mexico. Upon application of intervenors Elsie Reeves, S-W Cattle Co. and W. T. (Trent) Stradley, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10765: Application of Blackwood & Nichols Co., a Limited Partnership, for directional drilling and an unorthodox bottomhole Fruitland-Coal Gas Well location, Rio Arriba County, New Mexico. Applicant seeks authority to directionally drill its proposed Northeast Blanco Unit Well No. 479-R from a surface location 1170 feet from the North line and 2280 feet from the West line (Unit C) of Section 20, Township 30 North, Range 7 West, in such a manner as to bottom the well in the Basin-Fruitland Coal Gas Pool, at an unorthodox subsurface Coal Gas Well location within 50 feet of a point 100 feet from the North line and 590 feet from the West line (Unit D) of said Section 20. The W/2 of said Section 20 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 45 miles east of Farmington, New Mexico.

CASE 10670: (Reopened)

In the matter of Case 10670 being reopened upon the application of Maralo, Inc. to set an effective date for the temporary special rules and regulations for the Northeast Jenkins-Devonian Pool promulgated by Division Order No. R-9912. Division Order No. R-9912, issued in Case 10670 and dated June 15, 1993, granted the application of Maralo, Inc. for the creation of a new Devonian Pool and the promulgation of temporary special rules and regulations therefor including provisions for 80-acre spacing and special well location requirements. At this time, Maralo, Inc. requests the Division enter an order reopening Case 10670 and establishing an effective date of March 1, 1993 for the temporary special rules and regulations for this pool. IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.

CASE 10766: Application of David H. Arrington Oil & Gas Inc. for an unorthodox gas well location and non-standard gas spacing unit, Lea County, New Mexico. Applicant seeks authorization to drill a well at an unorthodox location 1980 feet from the North line and 1650 feet from the West line (Unit F) of Section 11, Township 21 South, Range 36 East, Eumont Gas Pool. Applicant also seeks authority to dedicate a non-standard spacing unit comprised of the SE/4 NW/4, S/2 NE/4 and the NW/4 SE/4 of said Section 11 to said well. Said unit is located approximately 1 mile east of Oil Center, New Mexico.

CASE 10556: (Reopened)

In the matter of Case 10556 being reopened pursuant to the provisions of Division Order R-9759, which order promulgated special pool rules and regulations for the Old Millman Ranch-Bone Spring Pool in Eddy County, New Mexico. In addition, Chi Energy Inc. seeks the designation of the subject pool as an "associated" oil and gas pool with Order No. R-9759 to be superseded by Order No. R-5353 (the Associated Oil and Gas Pool Rules) and amended to provide for 160-acre gas well spacing and 80-acre oil well spacing.

CASE 10767: 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 Cisco/Canyon formation underlying all of Section 5, Township 22 South, Range 24 East, 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. Said unit is to be dedicated to its reentry of the Discovery Operating Walt Canyon 5 Fed Well No. 1 at a standard location in said Section 5. Also to be considered will be the cost of reentering 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 reentering and completing said well. Said well is located approximately 2 miles south of the Tepee.

CASE 10768: Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling and an unorthodox well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation underlying all of Section 8, Township 22 South, Range 24 East, forming a standard 640-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre spacing unit within said vertical extent. Said unit is to be dedicated to its reentry of the Amoco Fed. Azotea Mesa Well No. 1-8 located 743 feet from the North line and 1055 feet from the West line of said Section 8. Also to be considered will be the cost of reentering 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 reentering and completing said well. Said well is located approximately 3 miles south of the Tepee.

**DOCKET: EXAMINER HEARING - THURSDAY - JULY 15, 1993
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO**

Dockets Nos. 22-93 and 23-93 are tentatively set for July 29, 1993 and August 12, 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 10750: (Readvertised)

Application of Yates Petroleum Corporation for a unit agreement, Eddy County, New Mexico. Applicant seeks approval of the Wagon Unit Agreement for an area comprising 4,844.60 acres of the State and Fee lands in portions of Townships 22 and 23 South, Ranges 22 and 23 East, which is centered approximately at the H-Bar-Y Ranch.

CASE 10751: (Readvertised)

Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Beartooth State Unit Agreement for an area comprising 2,468.72 acres, more or less, of State and Fee lands in Sections 22, 23, 26, 27, 34, and 35 of Township 26 South, Range 36 East, which is centered approximately 4 miles southwest of Bennett, New Mexico.

CASE 10763: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Sanmal Queen Unit Agreement for an area comprising 440 acres, more or less, of State land in Sections 1 and 12, Township 17 South, Range 33 East, which is centered approximately 3 miles north of Buckeye, New Mexico.

CASE 10764: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Saffron Unit Agreement for an area comprising 1,396.01 acres, more or less, of Federal and State lands in Sections 1, 2 and 3 of Township 23 South, Range 32 East, which is located approximately 24 miles west of Eunice, New Mexico.

CASE 10742: (Continued from July 1, 1993, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill to Sunflower "AHW" Federal Well No. 2 at a unorthodox location 660 feet from the North and East lines (Unit A) of Section 31, Township 19 South, Range 24 East. The N/2 of said Section 31 is to be dedicated to the well. Applicant further requests approval of the unorthodox location as to all prospective pools of formations including but not limited to the Abo, Wolfcamp, Cisco, Canyon, Strawn, Atoka and Morrow spaced on 320-acres. Said well is located approximately 8 miles south by southeast of Antelope Sink.

CASE 10747: (Readvertised)

Application of Nearburg Producing Company for salt water disposal, Eddy County, New Mexico. Applicant seeks authority to convert its M.H. Federal Well No. 1-1N located 660 feet from the South line and 1650 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 10746: (Readvertised)

Application of Devon Energy Corporation for special pool rules, Eddy County, New Mexico. Applicant seeks the promulgation of special rules for the East Catclaw Draw-Delaware Pool located in Section 9, Township 21 South, Range 26 East, including a provision for a gas-oil ratio limitation of 6000 cubic feet of gas per barrel of oil. Said area is located approximately 3 miles east of Avalon Reservoir.

CASE 10541: (Reopened - Continued from July 1, 1993, Examiner Hearing.)

In the matter of Case 10541 being reopened pursuant to the provisions of Division Order No. R-9773, which order promulgated special pool rules and regulations for the East Herradura Bend-Delaware Pool in Eddy County. Operators in said pool may appear and present evidence and show cause why the foregoing Special Rules and Regulations should remain in effect.

CASE 10993: **Application of ARCO Permian 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 Morrow formation underlying the W/2 of Section 36, Township 17 South, Range 30 East, 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 Loco Hills-Atoka Gas Pool and the Cedar Lake-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled and completed at a standard gas well location within said 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 3.5 miles south-southeast of Loco Hills, New Mexico.

CASE 10994: **Application of Enserch Exploration, Inc. for the assignment at a special depth bracket oil allowable, Roosevelt County, New Mexico.** Applicant, in the above-styled cause, seeks a special depth bracket oil allowable, pursuant to General Rule 505(d), of 500 barrels of oil per day for the South Peterson-Fusselman Pool, which is located in portions of Townships 5 and 6 South, Ranges 32 and 33 East, being approximately 14 miles east of Kenna, New Mexico.

CASE 10995: **Application of Mewbourne Oil Company for an unorthodox gas well location, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks authorization to drill its Babbling Springs "26" Federal Well No. 1 at an unorthodox gas well location 1650 feet from the North and West lines (Unit F) of section 26, Township 20 South, Range 25 East, to test the Undesignated West Bubbling Springs-Morrow Gas Pool. The N/2 of said Section 26 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 4 miles southwest by south of Seven Rivers, New Mexico.

CASE 10974: (Continued from May 26, 1994, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the top of the Wolfcamp formation underlying the W/2 SE/4 of Section 32, Township 18 South, Range 34 East, forming an 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre oil spacing within said vertical extent, which presently includes only the Undesignated EK-Bone Spring Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location in the NW/4 SE/4 (Unit J) of said Section 32. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 8.5 miles southwest by south of Buckeye, New Mexico.

CASE 10670: (Reopened)

In the matter of Case No. 10670 being reopened pursuant to the provisions of Order No. R-9912 which order promulgated special rules and regulations for the Northeast Jenkins-Devonian Pool including a provision for 80-acre spacing. Operators in the subject pool should be prepared to appear and show cause why the temporary special rules and regulations for the Northeast-Jenkins Devonian Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

CASE 10444: (Reopened)

In the matter of Case No. 10444 being reopened pursuant to the provisions of Order No. R-9696 which order promulgated special rules and regulations for the Hobbs-Lower Blinebry Pool including a provision for 80-acre spacing units. Operators in the subject pool should be prepared to appear and show cause why the temporary special pool rules for the Hobbs-Lower Blinebry Pool should not be rescinded and said pool not be developed on 40-acre spacing units and why both the upper and lower Blinebry pools formed by this order should not be rejoined and redesignated the Hobbs-Blinebry Pool.

CASE 10978: (Continued from May 26, 1994, Examiner Hearing.)

Application of Marathon Oil Company to amend Division Order No. R-10082, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-10082 to authorize the applicant at its discretion to utilize either the J. M. Denton Well No. 4 located in the NE/4 SW/4 (Unit K) of Section 11, Township 15 South, Range 37 East or, in the alternative, its previously approved J. M. Denton Well No. 5 located in the SE/4 SW/4 (Unit N) of said Section 11, as the initial well for its high angle/horizontal/directional drilling project approved by said Order No. R-10082 in the Denton-Devonian Pool, underlying a Project Area being the SW/4, N/2 SE/4 and SE/4 SE/4 of said Section 11. Applicant further seeks the designation of a target window for said well such that the horizontal or producing portion of said wellbore shall be no closer than 330 feet to any outer boundary of the project area. Said project is located approximately 4.5 miles south-southeast of Prairieview, New Mexico.

CASE 10996: **Application of Anadarko Petroleum Corporation for compulsory pooling, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the W/2 of Section 22, Township 18 South, Range 32 East, forming a standard 320-acre gas spacing and proration unit. Said unit is to be dedicated to its existing Querecho Plains Unit Well No. 1 which was drilled at a standard gas well location 1980 feet from the South and West lines (Unit K) of said Section 22. Also to be considered will be the valuation of the existing wellbore and the cost of recompleting 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 recompleting said well. Said unit is located approximately 8 miles south-southwest from Maljamar, New Mexico.

CASE 10997: **Application of Nearburg Exploration Company 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 N/2 of Section 26, Township 19 South, Range 25 East, 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 North Cemetery-Atoka Gas Pool and Undesignated Cemetery-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 1450 feet from the North and East lines (Unit G) of said Section 26. 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 west of Lakewood, New Mexico.

CASE 10998: **Application of Hallwood Petroleum, Inc. for an unorthodox oil well location and non-standard oil proration unit, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks to establish a non-standard 80-acre oil proration and spacing unit in the Undesignated Hat Mesa-Delaware Pool comprising the SW/4 SE/4 and the SE/4 SE/4 of Section 30, Township 20 South, Range 33 East, to be dedicated to its Bass Federal Well No. 2 which was originally drilled as a Morrow gas well at an unorthodox location 660 feet from the South line and 1300 feet from the East line (Unit P) of Section 30 and which has been recompleted into and which applicant proposes to dedicate to the Hat Mesa-Delaware Pool. Said unit is located approximately two-thirds of a mile south of a point on State Highway 176 approximately 1.7 miles from the intersection of U.S. Highways 62/180 and State Highway 176.

CASE 10999: **Application of Kaiser-Francis Oil Company to Amend Division Order No. R-10048, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks to change the surface location for its Pure Gold "B" Well No. 10 from a proposed location 10 feet from the South line and 145 feet from the West line (Unit M) of Section 16, Township 23 South, Range 31 East, to a new location being 10 feet from the South line and 480 feet from the East line (Unit P) of Section 17, Township 23 South, Range 31 East. Such change will necessitate an amendment to Division Order No. R-10048, dated December 16, 1993. IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.

CASE 10962: (Continued from May 12, 1994, Examiner Hearing.)

Application of Maralo, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the NE/4 SE/4 of Section 30, Township 23 South, Range 30 East, NMPM, Eddy County, New Mexico, 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 is to be dedicated to a well to be drilled and completed at a standard oil well location in the NE/4 SE/4 of said Section 30. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 10 miles east of Loving, New Mexico.

CASE 11000: **Application of Matador Petroleum Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Cisco formation underlying Lots 1 and 2, the NE/4 and E/2 NW/4 (N/2 equivalent) of Section 19, Township 20 South, Range 27 East, forming a standard 319.65-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 McMillan-Wolfcamp Gas Pool. Said unit is to be dedicated to a well to be drilled and completed at a standard gas well location within said 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 5.5 miles southeast by south of Seven Rivers, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 4, 1993
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO

Dockets Nos. 5-93 and 6-93 are tentatively set for February 18, 1993 and March 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 10662: Application of Merit Energy Company for two unorthodox gas well locations, Chaves County, New Mexico. Applicant seeks approval for two unorthodox gas well locations in the South Pecos Slope-Abo Gas Pool. The NE/4 of Section 9, Township 9 South, Range 25 East, being a standard 160-acre gas spacing and proration unit, is to be dedicated to the Dana Federal Well No. 7 located 660 feet from the North line and 2310 feet from the East line (Unit B) of said Section 9 and Lots 1 and 2 and the S/2 NE/4 (NE/4 equivalent) of Section 6, Township 10 South, Range 26 East, being a 159.66-acre gas spacing and proration unit, are to be dedicated to the Penjack Federal Well No. 9 located 2310 feet from the North and East lines (Unit G) of said Section 6. Said pool is in an area located anywhere from 3 miles to 18 miles northeast of Roswell, New Mexico.
IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.

CASE 10651: (Continued from January 7, 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: (Readvertised)

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 10663: Application of Union Oil Company of California d/b/a Unocal for an administrative downhole commingling procedure within the Rincon Unit Area, Rio Arriba County, New Mexico. Applicant seeks approval to commingle gas production from the Blanco-Mesaverde Pool or the Largo-Gallup Pool or Undesignated Gallup production with production from the Basin-Dakota Pool in the wellbores of existing and subsequently drilled wells within the Rincon Unit Area located in portions of Township 26 and 27 North, Ranges 6 and 7 West. Said Unit is located approximately 24 miles southeast by east of Blanco, New Mexico.

CASE 10647: (Continued from January 7, 1993, 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 January 7, 1993, 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 10572: (Continued from January 21, 1993, 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 D) 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 January 21, 1993, 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 10664: In the matter of the hearing called by the Oil Conservation Division upon its own motion for an order creating, assigning a discovery allowable, and extending certain pools in Lea and Roosevelt Counties, New Mexico:

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Cruz-Bone Spring Pool. The discovery well is the C. W. Trainer RL Well No. 1 located in Unit L of Section 16, Township 23 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM
Section 16: SW/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Northeast Grama Ridge-Bone Spring Pool. The discovery well is the BTA Oil Producers N. M. BZ State 8817 JV-P Well No. 1 located in Unit N of Section 26, Township 21 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 26: SW/4

- (c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the East Sand Dunes-Delaware Pool. The discovery well is the Texaco Exploration & Production Inc. SDE 18 Federal Well No. 1 located in Unit C of Section 18, Township 23 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 18: NW/4

- (d) ASSIGN a bonus discovery allowable of 24,680 barrels of oil to the Meridian Oil Inc. Dagger Lake 5 State Well No. 1 located in Unit O of Section 5, Township 22 South, Range 33 East. This well produces from the Dagger Lake-Delaware Pool which was created by Division Order R-9792, effective December 1, 1992. Discovery allowable is to be retroactive to December 1, 1992.

- (e) EXTEND the East Allison-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 37 EAST, NMPM

Section 28: N/2

- (f) EXTEND the South Baum-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM

Section 3: All

Section 4: N/2

Section 5: N/2

- (g) EXTEND the North Bell Lake-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM

Section 19: E/2

- (h) EXTEND the Blinebry Oil & Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM

Section 17: NE/4

- (i) EXTEND the Buffalo-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 31: NE/4

- (j) EXTEND the Buffalo-Yates Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 2: NW/4

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM

Section 5: NW/4

- (k) EXTEND the Cass-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 9: S/2

Section 16: NE/4

- (l) EXTEND the South Corbin-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 28: W/2

- (m) EXTEND the South Corbin-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 5: NE/4

Section 15: SW/4

- (n) EXTEND the Cuerno Largo-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM

Section 25: SE/4

- (o) EXTEND the Hat Mesa-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 33 EAST, NMPM

Section 7: SE/4

Section 8: S/2

Section 9: W/2

- (p) EXTEND the House-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM

Section 35: SE/4

Section 36: S/2



- (q) EXTEND the Jenkins-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM

Section 19: SE/4

Section 20: W/2

- (r) EXTEND the Northeast Lea-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM

Section 2: SW/4

- (s) EXTEND the Lost Tank-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM

Section 18: S/2

Section 19: NW/4

- (t) EXTEND the Northeast Lovington-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM

Section 7: NW/4

- (u) EXTEND the Pitchfork Ranch-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 34 EAST, NMPM

Section 7: N/2

- (v) EXTEND the Quail Ridge-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM

Section 9: NE/4

Section 10: NE/4

- (w) EXTEND the Querecho Plains-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 34: S/2 and NE/4

Section 35: NW/4

- (x) EXTEND the Red Tank-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 23: SE/4

Section 26: NE/4

- (y) EXTEND the Tubb Oil & Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 38 EAST, NMPM

Section 5: S/2 NW/4

- (z) EXTEND the North Vacuum Atoka-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM

Section 36: SE/4

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM

Section 31: W/2

- (aa) EXTEND the Vacuum-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM

Section 1: SE/4

Section 12: NE/4

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM

Section 6: SW/4

- (bb) EXTEND the Vacuum Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM

Section 31: SE/4

CASE 10665: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Eddy County, New Mexico:

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Cemetery-Strawn Gas Pool. The discovery well is the Graham Royalty Ltd. Mayer Well No. 1 located in Unit C of Section 24, Township 20 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 24: N/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the Dark Canyon-Upper Pennsylvanian Gas Pool. The discovery well is the Collins and Ware Inc. Muley Federal Well No. 1 located in Unit J of Section 26, Township 23 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM

Section 26: S/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Dog Town Draw-Delaware Pool. The discovery well is the Bass Enterprises Production Co. Poker Lake Unit Well No. 41 located in Unit G of Section 21, Township 24 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMPM

Section 21: NE/4

- (d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Northeast Dos Hermanos-Morrow Gas Pool. The discovery well is the Yates Petroleum Corporation Foundation "ALD" Federal Com Well No. 1 located in Unit J of Section 11, Township 20 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM

Section 11: S/2

- (e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Indian Basin-Strawn Gas Pool. The discovery well is the Barbara Fasken Skelly Federal Well No. 1 located in Unit M of Section 9, Township 21 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 9: S/2

- (f) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the South Sand Dunes-Delaware Pool. The discovery well is the Yates Petroleum Corporation Adeline ALN Federal Well No. 1 located in Unit F of Section 6, Township 24 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 6: NW/4

- (g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the East Turkey Track-Atoka Gas Pool. The discovery well is the Marbob Energy Corporation New Mexico DC State Well No. 1 located in Unit H of Section 18, Township 19 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 18: E/2

- (h) EXTEND the Angel Ranch Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM

Section 26: N/2

- (i) EXTEND the Burton Flat-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM

Section 16: S/2

Section 17: S/2

- (j) EXTEND the North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM

Section 22: NE/4

Section 29: SW/4

- (k) EXTEND the South Dagger Draw-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 36: SW/4

- (l) EXTEND the Northeast Fenton-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM

Section 2: SW/4

Section 10: N/2

Section 11: NW/4

- (m) EXTEND the East Herradura Bend-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM

Section 35: SE/4

Section 36: NE/4

- (n) EXTEND the Ingle Wells-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 32: E/2

Section 33: NW/4

- (o) EXTEND the Ingle Wells-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 26: SW/4

- (p) EXTEND the Los Medanos-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 17: NE/4

- (q) EXTEND the Russell-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

Section 24: N/2

- (r) EXTEND the West Sand Dunes-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 32: S/2