

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 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 Blinbry 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