

DOCKET: EXAMINER HEARING - THURSDAY - APRIL 8, 1993

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

Dockets Nos. 11-93 and 12-93 are tentatively set for April 22, 1993 and May 6, 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 10693: Application of Pronghorn SWD System for salt water disposal, Lea County, New Mexico. Applicant seeks authority to dispose of produced salt water into the Capitan Reef formation through the perforated interval from approximately 3220 feet to 5050 feet in its Brooks Federal "7" Well No. 6 located in Unit N, Section 7, Township 20 South, Range 33 East, which is approximately 1 mile northwest of Laguna Gatuna.

CASE 10687: (Continued from March 18, 1993, Examiner Hearing.)

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 10688: (Continued from March 18, 1993, Examiner Hearing.)

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 following described areas in Section 31, Township 17 South, Range 28 East, and in the following manner: the S/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; and the SW/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 unit is to be dedicated to its Chalk Bluff "31" State Well No. 1, to be drilled at a standard location within said S/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 1 mile southwest of the Baylor Triangulation Station.

CASE 10666: (Readvertised)

Application of Santa Fe Energy Operating Partners, L. P. for compulsory pooling, an unorthodox gas well location and a non-standard gas spacing and proration unit, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 8, Township 20 South, Range 27 East, and in the following manner: the E/2 forming a non-standard 320-acre gas spacing and proration unit for the McMillan-Morrow Gas Pool; 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 McMillan-Wolfcamp 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; and 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, which presently includes but is not necessarily limited to the Undesignated McMillan Seven Rivers-Queen Pool and Undesignated North Avalon-Bone Spring Pool. Said units are to be dedicated to a single well to be drilled 1980 feet from the South line and 660 feet from the East line (Unit D) of said Section 18, which is considered to be an unorthodox gas well location in the Morrow interval only but standard for all other horizons. 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. The area is located approximately 3 miles west by southwest of Burton Flat, New Mexico.

CASE 10691: (Readvertised)

Application of Santa Fe Energy Operating Partners, L.P. for vertical contraction and redesignation of an existing Delaware Oil Pool and new pool creation, or in the alternative for a special pool-wide depth bracket allowable, Eddy County, New Mexico. Applicant requests that the vertical limits of the Los Medanos-Delaware Pool be contracted to exclude all depths below 7,680 feet as found in the Santa Fe Energy Operating Partners, L.P. Pure Gold "C-17" Federal Well No. 4, located in Unit H of Section 17, Township 23 South, Range 31 East, and that said pool be redesignated as the Los Medanos-Upper Delaware Pool. Applicant further requests the creation of a new pool for lower Delaware production for all depths below 7,680 feet as found in said Pure Gold "C-17" Federal Well No. 4, to be designated as the Los Medanos-Lower Delaware Pool, with its horizontal limits comprising the SW/4 of Section 9, the W/2 of Section 16, and the NE/4 of Section 17, Township 23 South, Range 31 East. In the alternative, pursuant to Rule 505(D), applicant requests a special pool-wide depth bracket allowable of 187 barrels of oil per day for the Los Medanos-Delaware Pool, based upon the deepest perforations in said Pure Gold "C-17" Federal Well No. 4. Said pool is located approximately at milepost 13 on State Highway 128.

CASE 10694: Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described areas in Section 18, Township 20 South, Range 34 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 NE/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; 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 spacing within said vertical extent. Said unit is to be dedicated to the applicant's Sinagua 18 Federal Well No. 1, to be drilled at an orthodox location within said N/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 3 1/2 miles southwest of Warren Gas Co. Compressor Station.

CASE 10692: (Continued from March 18, 1993, Examiner Hearing.)

Application of Pogo Producing Company for special pool rules for the East Loving-Delaware Pool, Eddy County, New Mexico. Applicant seeks an order providing for a gas/oil ratio of 8,000 cubic feet of gas per barrel of oil produced for the East Loving-Delaware Pool, which covers all or parts of Sections 2, 3, 9, 10, 11, 13, 14, 15, 21, 22, 23, 24, 26, 27, 28, and 34 in Township 23 South, Range 28 East. Said pool is centered at Loving, New Mexico.

CASE 10695: Application of Bridge Oil (U.S.A.) Inc. for directional drilling and an unorthodox bottomhole oil well location, Chaves County, New Mexico. Applicant seeks authority to deviate a distance of approximately 500 feet east from its existing Yates Federal Well No. 1, surface location 660 feet from the North line and 990 feet from the West line (Unit D) of Section 27, Township 14 South, Range 29 East, and recomplete said well in the Undesignated King Camp-Devonian Pool at a new unorthodox bottomhole oil well location within 50 feet of a point 660 feet from the North line and 1490 feet from the West line (Unit C) of said Section 27. The acreage dedication for said well will be changed to the NE/4 NW/4 of said Section 27 forming a standard 40-acre oil spacing and proration unit for said pool. The subject wellsite is located approximately 18 miles east by south of Hagerman, New Mexico.

CASE 10696: Application of Petroleum Development Corporation for a horizontal/high angle directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit and a special project oil allowable, Chaves County, New Mexico. Applicant seeks authority to initiate a short-radius high angle/horizontal directional drilling pilot project in the Tomahawk-San Andres Pool underlying the S/2 SW/4 of Section 25, Township 7 South, Range 31 East, thereby creating a non-standard 80-acre oil spacing and proration unit for said pool. The applicant proposes to utilize its existing Strange Federal Well No. 5 located 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 25 by kick-off from vertical, build angle to approximately 90 degrees with a short radius curve and continue with a horizontal drainhole in said pool. Applicant further seeks special rules and provisions within the project area including the designation of a prescribed area limiting the horizontal displacement of the well's producing interval within 100 feet to the outer boundary of said 80-acre unit and special allowable provisions for a double-sized oil proration unit. Said project area is located approximately 12 miles south by east of Kenna, New Mexico.

CASE 10697: Application of Petroleum Development Corporation for a high angle/horizontal directional drilling pilot project and for special operating rules therefor, Chaves County, New Mexico. Applicant seeks authority to initiate a short-radius high angle/horizontal directional drilling pilot project in the SE/4 NE/4 of Section 6, Township 8 South, Range 31 East, being a standard 40-acre oil spacing and proration unit in the Cato-San Andres Pool. The applicant proposes to utilize the previously plugged and abandoned Exxon Corporation Wattam Federal Well No. 4 located 2060 feet from the North line and 598 feet from the East line (Unit H) of said Section 6 by kick-off from vertical, build angle to approximately 90 degrees with a short radius curve and continue with a horizontal drainhole in said pool. Applicant further seeks special rules and provisions within the project area including the designation of a prescribed area limiting the horizontal displacement of the well's producing interval within 100 feet to the outer boundary of said 40-acre unit. Said project area is located approximately 13.5 miles south by west of Kenna, New Mexico.

CASE 10698: Application of Petroleum Development Corporation for a high angle/horizontal directional drilling pilot project, special operating rules therefor, and a non-standard oil proration unit, Chaves County, New Mexico. Applicant seeks authority to initiate a short-radius high angle/horizontal directional drilling pilot project in Lot 4 (NW/4 NW/4 equivalent) of irregular Section 6, Township 8 South, Range 31 East, being a non-standard 44.30-acre oil spacing and proration unit in the Cato-San Andres Pool. The applicant proposes to utilize its existing Wattam Federal Well No. 7 located 660 feet from the North and West lines (Unit D) of said Section 6 by kick-off from vertical, build angle to approximately 90 degrees with a short radius curve and continue with a horizontal drainhole in said pool. Applicant further seeks special rules and provisions within the project area including the designation of a prescribed area limiting the horizontal displacement of the well's producing interval within 100 feet to the outer boundary of said spacing unit. Said project area is located approximately 13.5 miles south by west of Kenna, New Mexico.

CASE 10676: (Continued from March 18, 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: (Continued from March 18, 1993, Examiner Hearing.)

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 10699: Application of Meridian Oil Inc. for downhole commingling and a non-standard spacing unit, San Juan County, New Mexico. Applicant seeks approval to downhole commingle Blanco-Pictured Cliffs Pool and Basin-Fruitland Coal Gas Pool production within the wellbore of its proposed San Juan 29-7 Unit Well No. 583 to be drilled at a standard gas well location 1850 feet from the South line and 790 feet from the West line (Unit L) of Section 6, Township 29 North, Range 7 West. Said well is to be dedicated to a previously approved non-standard 215.22-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool being the W/2 equivalent of Section 6 and to a non-standard 110.66-acre gas spacing unit for the Blanco-Pictured Cliffs Pool being the SW/4 equivalent of said Section 6. The well is located approximately 1 mile west of Navajo City, New Mexico.

CASE 10700: Application of Meridian Oil Inc. for downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle Fulcher-Kutz Pictured Cliffs Pool and the Basin-Fruitland Coal Gas Pool production within the wellbore of its Shiotani Federal Com Well No. 400 which was drilled at a standard gas well location 1630 feet from the South line and 870 feet from the West line (Unit L) Section 8, Township 29 North, Range 12 West. Said well is to be dedicated to a standard 325.77-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool being the W/2 of Section 8 and is to be dedicated to a standard 164.44-acre gas spacing unit for the Fulcher-Kutz Pictured Cliffs Gas Pool being the SW/4 of Section 8. The well is located approximately 3 miles east of Farmington, New Mexico.

CASE 10701: Application of Meridian Oil Inc. for downhole commingling and for an administrative downhole commingling procedure within the Huerfano Unit Area, San Juan County, New Mexico. Applicant seeks approval to commingle gas production from the Blanco-Mesaverde Gas Pool and the Basin-Dakota Coal Gas Pool within the wellbore of its existing Huerfano Unit Well No. 71 located in Unit A in the E/2 of Section 3, Township 26 North, Range 9 West and Well No. 104 located in Unit M in the W/2 of Section 27, Township 27 North, Range 9 West, and within the wellbore to be drilled for Unit Well 78M, located in Unit I in the E/2 of Section 36, Unit Well 79M, located in Unit J in the E/2 of Section 26, Unit Well 82M located in Unit D in the W/2 of Section 25, and Unit Well 98M located in Unit O in the E/2 of Section 35, all in Township 27 North, Range 9 West, with the identified 320-acre spacing and proration unit for both zones to be dedicated to each said well as indicated above. In addition, the applicant seeks the adoption of an administrative procedure for authorizing the downhole commingling of Mesaverde and Dakota production in the wellbores of existing and subsequently drilled wells within the Huerfano Unit area without hearing and without the requirement of notice to any offsetting operator and without the requirement that each interest owner in the Mesaverde and Dakota Participating Area be notified of such commingling. The Huerfano Unit is located in portions of Sections 1-4, 10-12, Township 26 North, Range 9 West and portions of Sections 22-28 and 33-36, Township 27 North, Range 9 West. Said unit is located approximately 18 miles northwest by north of Nageezi, New Mexico or 12 miles northeast by north of Huerfano Trading Post.

CASE 10702: Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, an unorthodox gas well location, and a non-standard oil proration unit, San Juan County, New Mexico. Applicant seeks authority to initiate a high angle/horizontal directional drilling pilot project in the Barker Creek Paradox (Pennsylvanian) Pool for all of Sections 15 and 16, Township 32 North, Range 14 West, including a non-standard 1280-acre spacing unit for said pool. The applicant proposes to re-enter its Ute Well No. 8 at its existing unorthodox surface location 1750 feet from the South line and 950 feet from the West line (Unit L) of said Section 15 and drill a high angle-horizontal well such that the bottom hole terminus of the well shall be at an unorthodox bottomhole location not closer than 990 feet from the North line and not closer than 550 feet from the East line of Section 16. Applicant further seeks special rules and provisions within the pilot project area limiting the horizontal displacement of the wellbore such that its producing interval be no closer than 1650 feet to the south, west and east outer boundaries of the spacing unit and no closer than 990 feet to the north outer boundary of the spacing unit. Said project area is located approximately 8 miles Northwest of La Plata, New Mexico.

CASE 10703: Application of Marathon Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its proposed Indian Hills Well No. 5 at an unorthodox gas well location, in the Undesignated Cemetery-Morrow Gas Pool, 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 36, Township 20 South, Range 24 East. Said well is to be dedicated to a 320-acre spacing unit consisting of the S/2 of said Section 36. Said well is located approximately 9 miles west-southwest of Seven Rivers, New Mexico.

CASE 10704: Application of Marathon Oil Company to amend Division Order No. R-9503 to increase the vertical limits authorized for injection in certain injection wells in a waterflood project, Lea County, New Mexico. Applicant seeks an amendment to Division Order No. R-9503 to authorize an increase in the upper limits of the waterflood injection interval to correspond to the entire vertical limits of the South Eunice Seven Rivers-Queen Pool in the McDonald State A/C-1 Lease Waterflood Project for its injection wells Nos. 33, 34 and 40 located in Units H, H and I, respectively, Section 16, Township 22 South, Range 36 East. Said project area is located approximately 7 miles south of Oil Center, New Mexico.

CASE 10705: Application of Union Oil Company of California d/b/a Unocal for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks authorization to recomplete in the Devonian formation, Red Hills-Devonian Gas Pool, its Red Hills Unit Well No. 1 which was drilled to the Wolfcamp formation at an unorthodox location 330 feet from the South line and 2310 feet from the East line (Unit O) of Section 32, Township 25 South, Range 33 East. Said Section 32 is to be dedicated to said well forming a standard 640-acre gas spacing and proration unit. Said unit is located approximately 4 miles northeast of the Paduca Breaks.

N. Digger Draw Upper Devonian
CASE 10706: Application of Richardson Operating Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying the N/2 of Section 15, Township 29 North, Range 12 West. Said unit is to be dedicated to its Ropco Fee 15-2 FC Well located at a standard location 1845 feet from the North line and 1405 feet from the East line 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 4 miles west of Farmington, New Mexico.

CASE 10707: Application of Amoco Production Company for a CO₂ injection pilot project and an exception to Rule 4, Order No. R-8768-A, San Juan County, New Mexico. Applicant seeks approval of a CO₂ injection pilot project and authority for a second producing well on a 320-acre spacing unit in the Basin-Fruitland Coal Pool consisting of the W/2 of Section 23, Township 30 North, Range 9 West. This project is located approximately 2 miles west of Navajo Dam.

CASE 10628: (Reopened)

Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described area in Section 27, Township 21 South, Range 24 East, and in the following manner: the S/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 unit is 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. The Division has previously entered Order No. R-9838 pooling all of said Section 27 in pools placed on 640 acres, and erroneously pooled the W/2 of said section for wells spaced on 320 acres. Well costs, operating costs, overhead and designation of operator will not be considered. Said area is located approximately 15 miles west by north of Carlsbad, New Mexico.

Indes
CASE 10708: 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 SW/4 of Section 21, Township 19 South, Range 25 East. Said unit is to be dedicated to its Hooper "AMP" Well No. 1 to be drilled at a standard location 670 feet from the South line and 660 feet from the West line 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 1 mile northwest of Lakewood, New Mexico.

CASE 10709: 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 SW/4 of Section 16, Township 19 South, Range 25 East. Said unit is to be dedicated to the Amole "AMM" State Com. Well No. 1 to be drilled at a standard location 760 feet from the South line and 660 feet from the West line (Unit M) of said Section 16. 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 1 and 1/2 miles northwest of Lakewood, New Mexico.

CASE 10710: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks authorization to recomplete in the Morrow formation, Cemetery-Morrow Gas Pool, its Conoco AGK Federal Well No. 9 which was originally drilled to the Canyon formation at a location 660 feet from the South line and 860 feet from the East line (Unit P) of Section 26, Township 20 South, Range 24 East. The E/2 of section 26 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 7 miles southwest of Seven Rivers, New Mexico.

CASE 10711: Application of Yates Petroleum Corporation for approval of a waterflood project and qualification for the recovered oil tax rate, Eddy County, New Mexico. Applicant seeks approval of its Creek AL Lease Waterflood Project by injection of water into the Shugart, Penrose and Middle Grayburg formations through 108 injection wells located in Township 18 South, Range 30 East as follows: Section 23: E/2 SE/4; Section 24: S/2, S/2 and NW/4 SW/4; Section 25: NW/4 and E/2 NE/4. The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said waterflood operations. Applicant further seeks to qualify this project for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Said area of interest is located approximately 1 mile east of Walters Lake, New Mexico.

CASE 10712: Application of Yates Petroleum Corporation for amendment of Division Order No. R-2178, as amended, which approved a carbon dioxide/water injection project known as the Yates Petroleum Corporation Loco Hills CO₂/Water Injection Pilot Project in the Fourth Sand Member of the Grayburg Formation, Eddy County, New Mexico. Applicant seeks authority to drill a new injection well (West Loco Hills G4S Unit, Tract 13 Well No. 12) and convert the West Loco Hills G4S Unit Tract 1 Well No. 10 from injection to production. The project area includes the following described area: Township 18 South, Range 29 East - Section 12: E/2; Township 18 South, Range 30 East - Section 7: W/2. The applicant also requests that the Division establish procedures for the administrative approval of additional injection wells within the pilot project area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said pilot project operations. Said area of interest is located 5 miles south of Maljamar Plant.



LTR



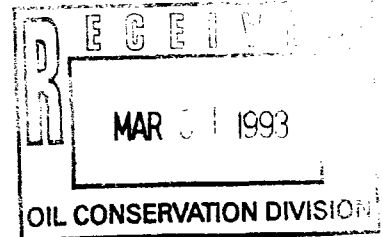
Job separation sheet

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 10708

APPLICATION OF YATES PETROLEUM
CORPORATION FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.



PRE-HEARING STATEMENT

This Prehearing Statement is submitted by Campbell, Carr, Berge & Sheridan, P.A., as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Yates Petroleum Corporation _____
c/o Janet Richardson _____
105 South Fourth Street _____
Artesia, New Mexico 88210 _____
(505) 748-1471 _____
name, address, phone and
contact person

ATTORNEY

William F. Carr, Esq. _____
Campbell, Carr, Berge & Sheridan, P.A.
Post Office Box 2208 _____
Santa Fe, New Mexico 87504 _____
(505) 988-4421 _____

OPPOSITION OR OTHER PARTY

name, address, phone and
contact person

ATTORNEY

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with this application and the reasons therefore.)

Yates Petroleum Corporation, applicant in the above-captioned cause, seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the SW/4 of Section 21, Township 19 South, Range 25 East. Said unit is to be dedicated to its Hooper "AMP" Well No. 1 to be drilled at a standard location 670 feet from the South line and 660 feet from the West line of said Section 16. 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.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

PROPOSED EVIDENCE

APPLICANT

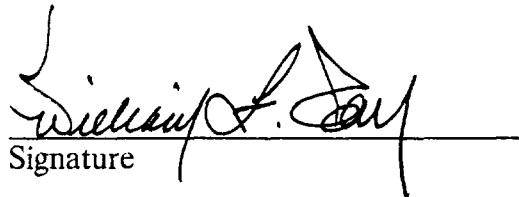
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
Janet Richardson, Land	10 Min.	Approximately 5
D'Nese Fly, Geology	10 Min.	Approximately 4
David Boneau, Engineer	10 Min.	Approximately 3

OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
-----------------------------------	-----------	----------

PROCEDURAL MATTERS

(Please identify any procedural matters which need to be resolved prior to hearing)


Signature