

DOCKET: EXAMINER HEARING - THURSDAY - APRIL 22, 1993
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO

Dockets Nos. 13-93 and 14-93 are tentatively set for May 6, 1993 and May 20, 1993. Applications for hearing must be filed at least 23 days in advance of hearing date.

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

CASE 10713: 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 NE/4 SE/4 of Section 25, Township 7 South, Range 31 East, being a standard 40-acre oil spacing and proration unit in the Tomahawk-San Andres Pool. The applicant proposes to utilize its existing Strange Federal Well No. 4 located 1980 feet from the South line and 660 feet from the East line (Unit D) 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 40-acre unit. Said project area is located approximately 12 miles south by east of Kenna, New Mexico.

CASE 10714: Application of Gary-Williams Company for a unit agreement and for special operating rules for drilling and producing horizontal/high angle wellbores in the Rio Puerco-Mancos Oil Pool, within said unit area, Sandoval County, New Mexico. Applicant seeks approval of the Ceja Pelon Unit Agreement for an area comprising 25,445.43 acres, more or less, of State, Federal, and fee lands in portions of Townships 20 and 21 North, Ranges 2, 3, and 4 West. Further, the applicant seeks the promulgation of special operating rules and procedures for wells drilled in the Rio Puerco-Mancos Oil Pool within the proposed Unit boundary including provisions for administrative authorization for horizontal/high angle wellbores, the formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, and the assignment of a special oil allowable to units with horizontal wellbores. The center of said Unit area is located approximately nine miles west by north of Cuba, New Mexico.

CASE 10715: Application of Gary-Williams Company for two non-standard oil proration units, an unorthodox oil well location, a horizontal/high angle directional drilling pilot project, special operating rules therefor, and a special temporary oil allowable, Sandoval County, New Mexico. Applicant seeks the formation of a non-standard 320-acre oil spacing and proration unit in the Rio Puerco-Mancos Oil Pool comprising the SE/4 of Section 21, the W/2 SW/4 of Section 22, the NW/4 NW/4 of Section 27, and the NE/4 NE/4 of Section 28, all in Township 21 North, Range 3 West, for the purpose of initiating a horizontal/high angle directional drilling pilot project. The applicant proposes to commence drilling vertically at an unorthodox surface oil well location 460 feet from the North line and 125 feet from the West line (Unit D) of said Section 27, kick-off at a depth of approximately 4100 feet in a northwesterly direction, build angle to approximately 90 degrees, and continue to drill horizontally in the Mancos formation for approximately 2000 feet. Further, the applicant seeks the adoption of special operating provisions for said pilot project area including the designation of a prescribed area limiting the horizontal extent of said wellbore to a target window no closer than 600 feet to the outer boundary of said proration unit and the assignment of a special oil allowable of 19,200 barrels for the 60-day period commencing the day said well is "spudded". The applicant also requests the formation of a non-standard 280-acre oil spacing and proration unit in the Rio Puerco-Mancos Oil Pool comprising the W/2 NE/4, SE/4 NE/4, and NW/4 of said Section 28, to be dedicated to its existing Tayler "28" Well No. 4 located at a standard oil well location 660 feet from the North and West lines (Unit D) of said Section 28. This area is located approximately 11 miles west of Cuba, New Mexico.

CASE 10687: (Continued from April 8, 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 April 8, 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 10694: (Continued from April 8, 1993, Examiner Hearing.)

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 10706: (Continued from April 8, 1993, Examiner Hearing.)

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 10716: **Application of Marbob Energy Corporation for an unorthodox oil well location, Chaves County, New Mexico.** Applicant seeks approval to utilize the existing Mark D. Clark Morgan Elizabeth State Well No. 1 which was drilled at an unauthorized non-standard oil well location 920 feet from the South line and 1310 feet from the East line (Unit P) of Section 13, Township 11 South, Range 27 East, as a producing oil well in the Chisum-Devonian Pool, with the SE/4 SE/4 of said Section 13 dedicated to said well forming a standard 40-acre oil spacing and proration unit for said pool. This well is located approximately 4.25 miles south of U.S. Highway 380 at milemarker No. 175.

CASE 10648: (Readvertised)

Application of Seely Oil Company for waterflood project, four unorthodox injection well locations, and the Recovered Oil Tax credit pursuant to New Mexico Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks authority to institute a waterflood project on its proposed Central EK Queen Unit Area (Division Case No. 10647) located in portions of Sections 7, 8, 9, 17, and 18, all in Township 18 South, Range 34 East, by the injection of water into the Queen interval of the EK-Yates-Seven Rivers-Queen Pool through five existing wells and six new wells to be drilled, four of which are to be located at the following unorthodox (lease-line) injection well locations:

1370'FSL - 50'FWL (Unit L) of Section 7;
50'FS & WL (Unit M) of Section 7;
1270'FNL - 50'FEL (Unit A) of Section 18; and,
1270'FNL - 2590'FWL (Unit C) of Section 17.

The applicant further seeks to qualify said project for the recovered oil tax rate under the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said project area is centered approximately 22 miles west of Hobbs, New Mexico.

CASE 10717: **Application of Davcro Inc. for salt water disposal, Lea County, New Mexico.** Applicant seeks authority to re-enter the previously plugged and abandoned Cactus Drilling Corporation Sawyer Deep Well No. 1 located 330 feet from the South line and 2310 feet from the West line (Unit N) of Section 19, Township 9 South, Range 38 East, and utilize said well to dispose of produced salt water into the Sawyer-San Andres Associated Pool through the open-hole interval from approximately 5120 feet to 5600 feet. Said well is located approximately 4.5 miles east of Crossroads, New Mexico.

CASE 10676: (Continued from April 8, 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 10718: **Application of S & J Operating Company for an unorthodox oil well location, Chaves County, New Mexico.** Applicant seeks approval for an unorthodox oil well location 566 feet from the South line and 15 feet from the West line (Unit M) of Section 29, Township 11 South, Range 28 East, to test the Fusselman formation, the SW/4 SW/4 of said Section 29 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said unit is located approximately 10 miles east of Bottomless Lake State Park.

CASE 10719: **Application of Anadarko Petroleum Corporation for directional drilling and an unorthodox bottomhole gas well location, Eddy County, New Mexico.** Applicant seeks authority to directionally drill its proposed Power Federal Com Well No. 2 from a surface location 1400 feet from the South line and 660 feet from the East line (Unit I) of Section 26, Township 17 South, Range 30 East, in such a manner as to bottom the well in the Cedar Lake-Morrow Gas Pool at an unorthodox subsurface gas well location within 75 feet of a point 660 feet from the South and East lines (Unit P) of said Section 26. The E/2 of said Section 26 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 3 miles east-southeast of Loco Hills, New Mexico.

CASE 10720: **Application of Meridian Oil Inc. for amendment of Division Order No. R-9702, San Juan County, New Mexico.** Applicant seeks to amend Division Order No. R-9702 in order to change the commencement point of its previously approved Black Diamond Com "20" Well No. 1 to an unorthodox surface location 120 feet from the North and West lines (Unit D) of Section 20, Township 30 North, Range 15 West, being a previously approved high angle/horizontal directional drilling pilot project located in the W/2 of said Section 20, Undesignated Horseshoe-Gallup Oil Pool. Said pilot project area is located approximately 4.75 miles northwest by north of Fruitland, New Mexico.

CASE 10721: **Application of Meridian Oil Inc. for an unorthodox gas well location and downhole commingling, San Juan County, New Mexico.** Applicant seeks approval to downhole commingle Fulcher Kutz-Pictured Cliffs Gas Pool and Basin-Fruitland Coal Gas Pool production within the wellbore of its proposed Rowley Com Well No. 500 to be drilled at an unorthodox gas well location for the Fulcher Kutz-Pictured Cliffs Gas Pool 2335 feet from the South line and 1850 feet from the West line (Unit K) of Section 7, Township 27 North, Range 10 West. Said well is to be dedicated to a standard 332.92-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool being the W/2 of Section 7 and to a standard 166.61-acre gas spacing unit for the Fulcher Kutz-Pictured Cliffs Gas Pool being the SW/4 of Section 7. The well is located approximately 10 miles south of Bloomfield, New Mexico.

CASE 10722: Application of Meridian Oil Inc. for downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle Fulcher-Kutz Pictured Cliffs Gas Pool and Basin-Fruitland Coal Gas Pool production within the wellbore of its proposed McAdams Well No. 500 to be drilled at a standard gas well location 790 feet from the North line and 1010 feet from the East line (Unit A) of Section 28, Township 27 North, Range 10 West. Said well is to be dedicated to a standard 320-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool being the E/2 of Section 28 and to a standard 160-acre gas spacing unit for the Fulcher Kutz- Pictured Cliffs Gas Pool being the NE/4 of Section 28. The well is located approximately 13 miles south of Bloomfield, New Mexico.

CASE 10723: Application of Meridian Oil Inc. for an unorthodox gas well location and downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle West Kutz-Pictured Cliffs Gas Pool and Basin-Fruitland Coal Gas Pool production within the wellbore of its proposed Whitley "A" Well No. 100 to be drilled at an unorthodox gas well location for the West Kutz-Pictured Cliffs Gas Pool 2010 feet from the South line and 1090 feet from the West line (Unit L) of Section 17, Township 27 North, Range 11 West. Said well is to be dedicated to a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool being the W/2 of Section 17 and to a standard 160-acre gas spacing unit for the West Kutz-Pictured Cliffs Gas Pool being the SW/4 of Section 17. The well is located approximately 10 miles south of Bloomfield, New Mexico.

CASE 10724: Application of Meridian Oil Inc. for an unorthodox gas well location and downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle West Kutz-Pictured Cliffs Gas Pool and Basin-Fruitland Coal Gas Pool production within the wellbore of its proposed Rhodes C Well No. 101 to be drilled at an unorthodox gas well location for both the West Kutz-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool, being 100 feet from the South line and 2270 feet from the West line (Unit N) of Section 30, Township 28 North, Range 11 West. Said well is to be dedicated to a standard 316.02-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool being the W/2 of Section 30 and to a standard 158.06-acre gas spacing unit for the West Kutz-Pictured Cliffs Gas Pool being the SW/4 of Section 30. The well is located approximately 7 miles south of Bloomfield, New Mexico.

CASE 10725: Application of Meridian Oil Inc. for an unorthodox gas well location and downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle West Kutz-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool production within the wellbore of its proposed Rhodes C Well No. 102 to be drilled at an unorthodox gas well location for the West Kutz-Pictured Cliffs Gas Pool being 790 feet from the North line and 1950 feet from the East line (Unit B) of Section 31, Township 28 North, Range 11 West. Said well is to be dedicated to a standard 317.85-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool being the N/2 equivalent of Section 31 and to a standard 160-acre gas spacing unit for the West Kutz-Pictured Cliffs Gas Pool being the NE/4 of Section 31. The well is located approximately 7 miles south of Bloomfield, New Mexico.

CASE 10726: 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 Chaves and Eddy Counties, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Bunting Ranch-Atoka Gas Pool. The discovery well is the Mitchell Energy Corporation State "36" Well No. 1 located in Unit B of Section 36, Township 19 South, Range 21 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 21 EAST, NMPM
Section 36: N/2

- (b) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Diablo-Wolfcamp Gas Pool. The discovery well is the Yates Petroleum Corporation Pathfinder AFT State Well No. 6 located in Unit F of Section 21, Township 10 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM
Section 21: N/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Laguna Salado-Morrow Gas Pool. The discovery well is the Amoco Production Company Teledyne Well No. 18 located in Unit J of Section 18, Township 23 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM
Section 18: S/2

- (d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Cisco production and designated as the Penasco-Cisco Gas Pool. The discovery well is the Yates Petroleum Corporation Federal AB Com Well No. 11 located in Unit F of Section 30, Township 18 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM

Section 30: N/2

- (e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Strawn production and designated as the Red Lake-Strawn Pool. The discovery well is the Marbob Energy Corporation Scoggins Draw Federal Com Well No. 1 located in Unit F of Section 22, Township 18 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 22: W/2

- (f) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Mississippian production and designated as the West White Ranch-Mississippian Gas Pool. The discovery well is the C. W. Trainer West White Ranch Well No. 1 located in Unit A of Section 1, Township 12 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 12 SOUTH, RANGE 28 EAST, NMPM

Section 1: E/2

- (g) EXTEND the West Atoka-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM

Section 11: N/2

Section 12: N/2

- (h) EXTEND the Brushy Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM

Section 9: SE/4

Section 16: NE/4

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

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 19: NE/4

Section 20: N/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 20: SE/4

- (k) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 16: S/2

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

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 2: NE/4

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

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 27: SE/4

Section 34: NE/4

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

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 9: SW/4

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

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 33: SE/4

Section 34: S/2

- (p) EXTEND the Old Millman Ranch-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM

Section 3: W/2

Section 4: SE/4

- (q) EXTEND the Pecos Slope-Abo Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 27 EAST, NMPM

Section 26: E/2 and SW/4

Section 27: SE/4

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

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 6: NE/4

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

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 29: NE/4 and SW/4

Section 32: NW/4

- (t) EXTEND the North Shugart-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 8: SW/4

- (u) EXTEND the Turkey Track-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 23: S/2

- (v) EXTEND the Willow Lake-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 29: SW/4

DOCKET: COMMISSION HEARING - THURSDAY - APRIL 29, 1993
9:00 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
The Land Commissioner's designee for this hearing will be Jami Bailey

CASE 10656: (De Novo)

Application of Mitchell Energy Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Pennsylvanian formation underlying the W/2 of Section 28, Township 20 South, Range 33 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 South Salt Lake-Morrow Gas Pool. Said unit is to be dedicated to its Tomahawk "28" Federal Com Well No. 1 to be drilled and completed at an unorthodox gas well location 1650 feet from the North line and 1980 feet from the West line (Unit F) of said Section 28. 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 22 miles southeast of Maljamar, New Mexico. Upon application of Strata Production Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10345: (De Novo - Continued from February 25, 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 February 25, 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 10653: (De Novo - Continued from March 11, 1993, Commission Hearing.)

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. Upon application of Armstrong Energy Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

NOTICE: **The Commission will Review the Following Orders:**

CASE 10507: (De Novo)

Application of C & C Landfarm Inc. for a commercial surface waste disposal facility, Lea County, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - MAY 6, 1993

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

Dockets Nos. 14-93 and 15-93 are tentatively set for May 20, 1993 and June 3, 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 10727: Application of Mobil Exploration & Producing U.S. Inc. for downhole commingling, Lea County, New Mexico. Applicant seeks approval to downhole commingle oil production from the South Shoe Bar-Upper Pennsylvanian Pool and South Shoe Bar-Wolfcamp Pool within the wellbores of five certain wells in the NE/4 and S/2 SE/4 of Section 1, Township 17 South, Range 35 East and in the S/2 NW/4 and N/2 SW/4 of Section 6, Township 17 South, Range 36 East. Said area is located approximately 6 miles southwest of Lovington, New Mexico.

CASE 10728: Application of Hallwood Petroleum Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant seeks approval to recomplete its F Montoya "27" Well No. 1 for production from the Basin Fruitland Coal Gas Pool at an unorthodox coal gas well location 790 feet from the South and East lines (Unit P) of Section 27, Township 32 North, Range 13 West. The S/2 of said Section 27 is to be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit for said pool. Said well is located approximately 2 miles north of La Plata, New Mexico.

CASE 10676: (Continued from April 22, 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 10706: (Continued from April 22, 1993, Examiner Hearing.)

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 10687: (Continued from April 22, 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 April 22, 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 10714: (Continued from April 22, 1993, Examiner Hearing.)

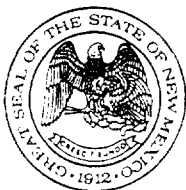
Application of Gary-Williams Company for a unit agreement and for special operating rules for drilling and producing horizontal/high angle wellbores in the Rio Puerco-Mancos Oil Pool, within said unit area, Sandoval County, New Mexico. Applicant seeks approval of the Ceja Pelon Unit Agreement for an area comprising 25,445.43 acres, more or less, of State, Federal, and fee lands in portions of Townships 20 and 21 North, Ranges 2, 3, and 4 West. Further, the applicant seeks the promulgation of special operating rules and procedures for wells drilled in the Rio Puerco-Mancos Oil Pool within the proposed Unit boundary including provisions for administrative authorization for horizontal/high angle wellbores, the formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, and the assignment of a special oil allowable to units with horizontal wellbores. The center of said Unit area is located approximately nine miles west by north of Cuba, New Mexico.

CASE 10715: (Continued from April 22, 1993, Examiner Hearing.)

Application of Gary-Williams Company for two non-standard oil proration units, an unorthodox oil well location, a horizontal/high angle directional drilling pilot project, special operating rules therefor, and a special temporary oil allowable, Sandoval County, New Mexico. Applicant seeks the formation of a non-standard 320-acre oil spacing and proration unit in the Rio Puerco-Mancos Oil Pool comprising the SE/4 of Section 21, the W/2 SW/4 of Section 22, the NW/4 NW/4 of Section 27, and the NE/4 NE/4 of Section 28, all in Township 21 North, Range 3 West, for the purpose of initiating a horizontal/high angle directional drilling pilot project. The applicant proposes to commence drilling vertically at an unorthodox surface oil well location 460 feet from the North line and 125 feet from the West line (Unit D) of said Section 27, kick-off at a depth of approximately 4100 feet in a northwesterly direction, build angle to approximately 90 degrees, and continue to drill horizontally in the Mancos formation for approximately 2000 feet. Further, the applicant seeks the adoption of special operating provisions for said pilot project area including the designation of a prescribed area limiting the horizontal extent of said wellbore to a target window no closer than 600 feet to the outer boundary of said proration unit and the assignment of a special oil allowable of 19,200 barrels for the 60-day period commencing the day said well is "spudded". The applicant also requests the formation of a non-standard 280-acre oil spacing and proration unit in the Rio Puerco-Mancos Oil Pool comprising the W/2 NE/4, SE/4 NE/4, and NW/4 of said Section 28, to be dedicated to its existing Tayler "28" Well No. 4 located at a standard oil well location 660 feet from the North and West lines (Unit D) of said Section 28. This area is located approximately 11 miles west of Cuba, New Mexico.

CASE 10693: (Continued from April 8, 1993, Examiner Hearing.)

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.



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



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE NEW MEXICO 87504
(505) 827-5800

MEMORANDUM

TO: INDUSTRY OPERATORS, PURCHASERS, AND ALL INTERESTED
PARTIES

FROM: WILLIAM J. LEMAY, Director *WJL*
Oil Conservation Division

SUBJECT: ANNUAL STATE OF THE INDUSTRY MEETING - JUNE 11, 1993

DATE: MAY 5, 1993

This year's oil and gas State of the Industry meeting will be held in Morgan Hall, State Land Office Building, Santa Fe, New Mexico, on June 11, 1993 beginning at 9:00 AM. Navajo Refining Company will be hosting a welcoming reception for everyone attending the State of the Industry meeting. It will be held on Thursday night, June 10, 1993, from 6:30 to 8:00 PM in the New Mexico Room of the La Fonda Hotel. Cocktails and hor'doeuvres will be served. We have a varied and interesting program this year which will include presentations on crude oil and natural gas production and markets, technology transfer initiatives, and information on New Mexico's new tri-agency oil and gas data base system. The agenda will be finalized and distributed prior to June 11th. The meeting is open to everyone and we hope that you will be able to attend.

DOCKET: EXAMINER HEARING - THURSDAY - MAY 20, 1993

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

Dockets Nos. 16-93 and 17-93 are tentatively set for June 3, 1993 and June 17, 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 10699: (Reopened)

Application of Meridian Oil Inc. to amend Order No. R-9980, Rio Arriba County, New Mexico. Applicant seeks approval to reopen Division Order No. R-9980 so that all references therein to San Juan County are replaced with Rio Arriba County and the unit letter designation of L is replaced with the unit letter K. This case and its order approved the downhole commingling of Blanco-Pictured Cliffs and Basin-Fruitland Coal Gas Pool production and a non-standard spacing unit for 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 of Section 6, Township 29 North, Range 7 West. The well is located approximately 1 mile west of Navajo City, New Mexico. IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT AND THE REQUESTED CORRECTION GRANTED.

CASE 10729: **Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a special project gas allowable and a non-standard spacing and proration unit, Rio Arriba County, New Mexico.** Applicant seeks authority to initiate a high angle/horizontal directional drilling pilot project in the Blanco-Mesaverde Pool, including special operating rules, a well location and producing window, a special project gas allowable and a non-standard 642.52-acre spacing and proration unit consisting of all of Section 3, Township 25 North, Range 6 West, for its Canyon Largo Unit Well No. 388 to be drilled at a standard surface location 2040 feet from the South line and 1625 feet from the West line (Unit K) of said Section 3. Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the surface location and the horizontal displacement of the wellbore such that its surface location and producing interval be no closer than 790 feet to the outer boundaries of the non-standard spacing unit. Said project area is located approximately 18 miles south of Counselors, New Mexico.

CASE 10728: (Continued from May 6, 1993, Examiner Hearing.)

Application of Hallwood Petroleum Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant seeks approval to recomplete its F Montoya "27" Well No. 1 for production from the Basin Fruitland Coal Gas Pool at an unorthodox coal gas well location 790 feet from the South and East lines (Unit P) of Section 27, Township 32 North, Range 13 West. The S/2 of said Section 27 is to be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit for said pool. Said well is located approximately 2 miles north of La Plata, New Mexico.

CASE 10676: (Continued from May 6, 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 10706: (Continued from May 6, 1993, Examiner Hearing.)

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 10730: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks authorization to drill to the Morrow formation, Cemetery-Morrow Gas Pool, its Conoco AGK Federal Well No. 15 at an unorthodox location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 26, Township 20 South, Range 24 East. The E/2 of said Section 26 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said well is located approximately 7 miles southwest of Seven Rivers, New Mexico.

CASE 10731: Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks authorization to drill to the Upper Pennsylvanian formation, North Dagger Draw-Upper Pennsylvanian Pool, its Dagger Draw 31 Federal Well No. 5 at an unorthodox gas well location 660 feet from the North line and 2310 feet from the West line (Unit C) of Section 31, Township 19 South, Range 25 East. The NW/4 of said Section 31 is to be dedicated to said well forming a standard 160-acre gas spacing and proration unit. Said well is located approximately 2 miles southwest of Lakewood, New Mexico.

CASE 10717: (Continued from April 22, 1993, Examiner Hearing.)

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

CASE 10732: Application of Condor Oil Corporation for eighteen unorthodox oil well locations, San Juan County, New Mexico. Applicant seeks approval for eighteen unorthodox oil well locations in the Northeast Hogback Unit, as follows:

SE/4 NE/4 of Section 10 - 2630 feet from the North line and 1310 feet from the East line;
NW/4 SW/4 of Section 11 - 1340 feet from the South line and 10 feet from the West line;
NW/4 SE/4 of Section 10 - 1340 feet from the South line and 1350 feet from the East line;
NE/4 NE/4 of Section 10 - 1310 feet from the North line and 1310 feet from the East line;
SW/4 NW/4 of Section 11 - 2630 feet from the North line and 50 feet from the West line;
NE/4 NE/4 of Section 10 - 1310 feet from the North line and 10 feet from the East line;
NW/4 NE/4 of Section 10 - 1310 feet from the North line and 2310 feet from the East line;
NW/4 NE/4 of Section 10 - 330 feet from the North line and 2310 feet from the East line;
NE/4 NE/4 of Section 10 - 330 feet from the North line and 1310 feet from the East line;
NW/4 NW/4 of Section 14 - 10 feet from the North line and 1310 feet from the West line;
NW/4 SW/4 of Section 11 - 1330 feet from the South line and 1310 feet from the West line;
NE/4 NE/4 of Section 15 - 10 feet from the North line and 10 feet from the East line;
SW/4 NE/4 of Section 10 - 2630 feet from the North line and 2310 feet from the East line;
NW/4 SW/4 of Section 11 - 2630 feet from the South line and 1310 feet from the West line;
SW/4 SE/4 of Section 10 - 1310 feet from the South line and 2010 feet from the East line;
SW/4 NE/4 of Section 14 - 1500 feet from the North line and 2300 feet from the East line;
SE/4 SW/4 of Section 11 - 1310 feet from the South line and 2310 feet from the West line;
NE/4 NW/4 of Section 14 - 1310 feet from the North line and 1330 feet from the West line, all in Township 30 North, Range 16 West.

The above wells are infill wells within a secondary recovery unit which is centered approximately 3 miles northwest of Waterflow, New Mexico.

CASE 10714: (Continued from May 6, 1993, Examiner Hearing.)

Application of Gary-Williams Company for a unit agreement and for special operating rules for drilling and producing horizontal/high angle wellbores in the Rio Puerco-Mancos Oil Pool, within said unit area, Sandoval County, New Mexico. Applicant seeks approval of the Ceja Pelon Unit Agreement for an area comprising 25,445.43 acres, more or less, of State, Federal, and fee lands in portions of Townships 20 and 21 North, Ranges 2, 3, and 4 West. Further, the applicant seeks the promulgation of special operating rules and procedures for wells drilled in the Rio Puerco-Mancos Oil Pool within the proposed Unit boundary including provisions for administrative authorization for horizontal/high angle wellbores, the formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, and the assignment of a special oil allowable to units with horizontal wellbores. The center of said Unit area is located approximately nine miles west by north of Cuba, New Mexico.

CASE 10733: Application of Santa Fe Energy Operating Partners, L.P. 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 Atoka formation underlying the N/2 of Section 33, Township 24 South, Range 28 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. Said unit is to be dedicated to a well to be drilled and completed at an unorthodox gas well location 1980 feet from the North line and 1730 feet from the East line (Unit G) of said Section 33. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 3 miles southwest of Malaga, New Mexico.

CASE 10694: (Continued from April 22, 1993, Examiner Hearing.)

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 10734: Application of Pogo Producing Company for an unorthodox well location, Eddy County, New Mexico. Applicant seeks approval to drill its State V-492 Well No. 2 at one of two proposed locations: (a) 1,980 feet from the South line and 1,830 feet from the West line (Unit K) of Section 27; or (b) 1980 feet from the South line and 1360 feet from the West line (Unit L) of Section 27, in Township 24 South, Range 28 East. The S/2 of said Section 27 is to be dedicated to the well. Applicant further requests approval of the unorthodox location as to all prospective pools or formations including but not limited to the Wolfcamp, Strawn, Atoka and Morrow (Salt Draw-Atoka Gas Pool) spaced on 40, 160, or 320 acres. Said well is located approximately 2 miles south of Malaga, New Mexico.

CASE 10687: (Continued from May 6, 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 May 6, 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 10513: (Continued and Readvertised)

Application of Hanley Petroleum Inc. for determination of reasonable well costs, Lea County, New Mexico. Applicant, in the above-styled cause, as a working interest owner in the Santa Fe Energy Operating Partners, L.P. Kachina "8" Federal Well No. 2 located 1830 feet from the North line and 660 feet from the West line (Unit E) of Section 3, Township 18 South, Range 33 East, South Corbin-Wolfcamp Pool, which was drilled pursuant to the compulsory pooling provisions of Division Order Nos. R-9480, R-9480-A, and R-9480-B, all entered in Case Nos. 10211 and 10219, and to which is dedicated the W/2 NW/4 (Units D and E) of said Section 8, seeks an order ascertaining the reasonableness of actual well costs for the subject well. Said unit is located approximately 7.5 miles southeast by south of Maljamar, New Mexico.

**DOCKET: COMMISSION HEARING - THURSDAY - MAY 27, 1993
9:00 A.M. - STATE LAND OFFICE BUILDING, MORGAN HALL
SANTA FE, NEW MEXICO**

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

CASE 10653: (De Novo - Continued from April 29, 1993, Commission Hearing.)

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. Upon application of Armstrong Energy Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

DOCKET: EXAMINER HEARING - THURSDAY - JULY 7, 1994
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 21-94 and 22-94 are tentatively set for July 21, 1994 and August 4, 1994. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 10976: (Continued from June 23, 1994, Examiner Hearing.)

Application of Harvey E. Yates Company 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 E/2 of Section 32, Township 17 South, Range 31 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. 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 1.5 miles southwest of the junction of U.S. Highway 82 and State Road 529.

CASE 10985: (Continued from June 9, 1994, Examiner Hearing.)

Application of Burk Royalty Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Hanson "C" (Federal) Lease comprising the SW/4 of Section 23, Township 20 South, Range 34 East, by the injection of water into the Yates interval of the Undesignated Lynch Yates-Seven Rivers Pool through perforations from approximately 3564 feet to 3585 feet in its existing Hanson "C" Well No. 4 located 1650 feet from the South and West lines (Unit K) of said Section 23. Said well is located approximately 11 miles east of the junction of U.S. Highway 62/180 and New Mexico State Highway No. 176.

CASE 11013: Application of Baber Well Servicing Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its NM "BZ" State NCT-5 Well No. 5 drilled at an unorthodox oil well location 40 feet from the North line and 750 feet from the West line (Unit D) of Section 29, Township 21 South, Range 35 East, as an infill well on an existing 40-acre standard oil proration unit in the North San Simon-Yates Associated Pool, which is currently dedicated to the Pronghorn Management Corporation NM "BZ" State NCT-5 Well No. 1 located at a standard oil well location 660 feet from the North and West lines of said Section 29. Said unit is located approximately 8.5 miles west-southwest of Oil Center, New Mexico. FURTHER, a single operator for the subject 40-acre unit shall be designated by the applicant at the time of the hearing.

CASE 11014: Application of Phillips Petroleum Company for a non-standard oil proration unit, an unorthodox oil well location, a high angle/horizontal directional drilling pilot project, special operating rules therefor, a special project oil allowable and production testing period, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the formation of a non-standard 120-acre oil spacing and proration unit in the Cherry Canyon member of the Cabin Lake-Delaware Pool comprising the SE/4 SW/4 and the S/2 SE/4 of Section 11, Township 22 South, Range 30 East, for the purpose of initiating a high angle/horizontal directional drilling pilot project. The applicant proposes to commence drilling vertically at an unorthodox surface oil well location 1060 feet from the South line and 10 feet from the East line (Unit P) of said Section 11, kick-off at a depth of approximately 5100 feet in west-southwesterly direction, build angle to approximately 90 degrees, and continue to drill horizontally in the Cherry Canyon formation for approximately 2200 feet. Further, the applicant seeks the adoption of special operating provisions for said pilot project including the designation of a prescribed area limiting the horizontal extent of said wellbore to a target window no closer than 330 feet to the outer boundary of said proration unit, the assignment of an acreage factor of 3.0 to the proposed 120-acre unit, or three times the number of 40-acre tracts connected to form the project area, and an exception to Division General Rule 502 to establish a 12-month test period and an extended time to make up any accrued over production from said test period. Said project area is located approximately 4 miles east of International Minerals & Chemical Inc.'s potash mine and mill.

CASE 10996: (Continued from June 23, 1994, Examiner Hearing.)

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 11002: (Readvertised)

Application of West Largo Corporation for compulsory pooling, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Rusty-Chacra Pool underlying the SW/4 of Section 4 and the NW/4 and SW/4 of Section 9, all in Township 21 North, Range 6 West, forming three standard 160-acre gas spacing and proration units for said pool. Each 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 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 the wells and a charge for risk involved in drilling and completing said wells. Said units are located approximately 9 miles south of Counselor, New Mexico.

CASE 10989: (Readvertised)

Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox gas well location and non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location to be drilled 1600 feet from the North line and 1400 feet from the West line (Unit F) of irregular Section 7, Township 22 South, Range 24 East, Indian Basin-Upper Pennsylvanian Gas Pool. Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of said Section 7 are to be dedicated to said well forming a non-standard 297.68-acre gas spacing and proration unit for said pool. Said unit is located approximately 4.5 miles south-southeast of the Marathon Oil Company Indian Basin Gas Plant.

10714
CASE 10174: (Reopened)

In the matter of Case No. 10714 being reopened pursuant to the provisions of Division Order No. R-9902, which order approved the Ceja Pelon Unit in the Rio Puerco-Mancos Oil Pool, Sandoval County, and promulgated temporary special operating rules and regulations for said Ceja Pelon unit. The operator and all interest owners in said Unit may appear and show cause why the Special Operating Rules and Regulations should remain in effect.

CASE 11015: **Application of Armstrong Energy Corporation for an unorthodox oil well location, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authorization to drill its Mobil Lea State Well No. 6 at an unorthodox oil well location 2590 feet from the North line and 1980 feet from the West line (Unit F) of Section 2, Township 20 South, Range 34 East, as an infill well on an existing 40-acre oil spacing and proration unit in the Undesignated Northeast Lea-Delaware Pool, which is currently dedicated to its Mobil Lea State Well No. 5 located at a previously approved unorthodox oil well location (Division Order No. R-10077) 2440 feet from the North line and 870 feet from the West line of said Section 2. Said unit is located approximately 8 miles south of the old Hobbs Army Air Force Auxiliary Airfield No. 4.

CASE 11016: **Application of Texaco Exploration and Production Inc. for creation of a new pool in the Tubb formation, classification of this pool as an associated oil and gas pool and for the promulgation of special pool rules, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks the creation of a new pool in the NW/4 of Section 9, Township 23 South, Range 37 East, to be classified as an "associated pool" and to adopt the "General Rules and Regulations for the Associated Oil and Gas Pools in Northwest and Southeast New Mexico", as promulgated by Division Order No. R-5353, as amended, as the governing procedures for said pool and to include provisions for 40-acre oil and 160-acre gas spacing and proration units. Further, the applicant requests an increased gas-oil ratio limitation of 6,000 cubic feet of gas per barrel of oil for said pool. Said area is located approximately 8 miles south of Eunice, New Mexico.

CASE 10991: (Continued from June 9, 1994, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, 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 SE/4 of Section 20, 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 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 15 miles west-northwest of Elkins, New Mexico.

CASE 10992: (Continued from June 9, 1994, Examiner Hearing.)

Application of Forcenergy Gas Exploration, Inc. for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, underlying the E/2 of Section 14, Township 17 South, Range 35 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 South Shoe Bar-Atoka Gas Pool and Undesignated South Shoe Bar-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 1600 feet from the South line and 1800 feet from the East line (Unit J) of said Section 14. 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 miles east-northeast of Buckeye, New Mexico.

CASE 10444: (Reopened - Continued from June 9, 1994, Examiner Hearing.)

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 11017: **Application of Texaco Exploration and Production Inc. for pool reclassification, pool expansion, the promulgation of special pool rules, and the further amendment of Division Order No. R-5353, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks the reclassification of the North Teague-Lower Paddock-Blinebry Gas Pool as an "associated oil and gas pool" and to adopt the "General Rules and Regulations for the Associated Oil and Gas Pools in Northwest and Southeast New Mexico", as promulgated by Division Order No. R-5353, as amended, as the governing procedures for said pool and to include provisions for 40-acre oil and 160-acre gas spacing and proration units. Applicant also requests to expand the horizontal limits of said pool to include the NE/4 of Section 8 and the SW/4 of Section 9, all in Township 23 South, Range 37 East. Further, the applicant requests an increased gas-oil ratio limitation of 6,000 cubic feet of gas per barrel of oil for said pool. Said area is located approximately 8 miles south of Eunice, New Mexico.

CASE 11018: **Application of Texaco Exploration and Production Inc. for pool creation and the promulgation of special pool rules, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Drinkard and Abo formations, underlying the NE/4 NE/4 of Section 8 and the NW/4 NE/4 and N/2 NW/4 of Section 9, both in Township 23 South, Range 37 East, and the promulgation of special rules and regulations including a special gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil produced. Said area is located approximately 8 miles south of Eunice, New Mexico.

CASE 10478: (Reopened)

In the matter of Case No. 10478 being reopened pursuant to the provisions of Division Order No. R-9701, which order created the Rock Mesa-Mancos Oil Pool in Sandoval County and promulgated Temporary Special Rules and Regulations for said pool, including a provisions for 640-acre spacing and proration units. All operators in said Rock Mesa-Mancos Oil Pool may appear and show cause why the Temporary Special Pool Rules for said pool should not be rescinded.