

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

Dockets Nos. 22-93 and 23-93 are tentatively set for July 29, 1993 and August 12, 1993. Applications for hearing must be filed at least 23 days in advance of hearing date.

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

CASE 10750: (Readvertised)

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

CASE 10751: (Readvertised)

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

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

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

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

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

CASE 10747: (Readvertised)

Application of Nearburg Producing Company for salt water disposal, Eddy County, New Mexico. Applicant seeks authority to convert its M.H. Federal Well No. 1-1N located 660 feet from the South line and 1650 feet from the West line (Unit N) of Section 1, Township 22 South, Range 24 East, and utilize said well to dispose of produced salt water into the Cisco Canyon formation through the perforated interval from approximately 8219 feet to 8380 feet. Said well is located 1 mile east of Little Walt Spring.

CASE 10746: (Readvertised)

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

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

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

CASE 10765: Application of Blackwood & Nichols Co., a Limited Partnership, for directional drilling and an unorthodox bottomhole Fruitland-Coal Gas Well location, Rio Arriba County, New Mexico. Applicant seeks authority to directionally drill its proposed Northeast Blanco Unit Well No. 479-R from a surface location 1170 feet from the North line and 2280 feet from the West line (Unit C) of Section 20, Township 30 North, Range 7 West, in such a manner as to bottom the well in the Basin-Fruitland Coal Gas Pool, at an unorthodox subsurface Coal Gas Well location within 50 feet of a point 100 feet from the North line and 590 feet from the West line (Unit D) of said Section 20. The W/2 of said Section 20 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 45 miles east of Farmington, New Mexico.

CASE 10670: (Reopened)

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

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

CASE 10556: (Reopened)

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

CASE 10767: Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation underlying all of Section 5, Township 22 South, Range 24 East, forming a standard 640-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre spacing within said vertical extent. Said unit is to be dedicated to its reentry of the Discovery Operating Walt Canyon 5 Fed Well No. 1 at a standard location in said Section 5. Also to be considered will be the cost of reentering and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in reentering and completing said well. Said well is located approximately 2 miles south of the Tepee.

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

DOCKET: EXAMINER HEARING - THURSDAY - JULY 1, 1993
 8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING
 SANTA FE, NEW MEXICO

Dockets Nos. 20-93 and 21-93 are tentatively set for July 15, 1993 and July 29, 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 10750: Application of Yates Petroleum Corporation for a unit agreement, Eddy County, New Mexico. Applicant seeks approval of the Wagon Unit Agreement for an area comprising 4,844.60 acres of the State and Fee lands in portions of Townships 22 and 23 South, Ranges 22 and 23 East, which is centered approximately at the H-Bar-Y Ranch.

CASE 10751: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Beartooth State Unit Agreement for an area comprising 2,468.72 acres, more or less, of State and Fee lands in Sections 22, 23, 26, 27, 34, and 35 of Township 26 South, Range 36 East, which is centered approximately 4 miles southwest of Bennett, New Mexico.

CASE 10742: (Continued from June 17, 1993, Examiner Hearing.)

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

CASE 10707: (Readvertised)

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 Gas Pool consisting of the N/2 of Section 23, Township 30 North, Range 9 West. This project is located approximately 2 miles west of Navajo Dam.

CASE 10747: (Readvertised)

Application of Nearburg Producing Company for salt water disposal, Lea County, New Mexico. Applicant seeks authority to convert its M.H. Federal Well No. 1-1N located 660 feet from the South line and 1650 feet from the West line (Unit N) of Section 1, Township 22 South, Range 24 East, and utilize said well to dispose of produced salt water into the Cisco Canyon formation through the perforated interval from approximately 8219 feet to 8380 feet. Said well is located 1 mile east of Little Walt Spring.

CASE 10541: (Reopened - Continued from June 17, 1993, Examiner Hearing.)

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

CASE 10717: (Continued from June 17, 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 10749: (Continued from June 17, 1993, Examiner Hearing.)

Application of Devon Energy Corporation for pool creation and special pool rules, Eddy County, New Mexico. Applicant seeks the promulgation of special rules for the Ingle Wells-Delaware Pool located in portions of Sections 26 and 35 of Township 23 South, Range 31 East and in a portion of Section 2, Township 24 South, Range 31 East, including a provision for a gas-oil limitation of 5000 cubic feet of gas per barrel of oil. Said area is located approximately 2 miles west of mile marker 19 on highway 128.

CASE 10752: Application of Rand Oil and Gas, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Devonian formation, South Knowles-Devonian Field, underlying the E/2 SW/4 of Section 18, Township 17 South, Range 39 East, 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. Said unit is to be dedicated to a well to be drilled at a standard location 1980 feet from the North and West lines of said Section 18. 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 well is located approximately 2 miles east of Knowles, New Mexico.

CASE 10753: Application of Capataz Operating, Inc. and Leonard Resource Investment Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Seven Rivers formation underlying the SW/4 of Section 11, Township 20 South, Range 38 East. Said unit is to be dedicated to a well to be drilled at a standard location in the SW/4 of said Section 11. 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 area is located approximately 2 miles south of Nadine, New Mexico.

CASE 10754: Application of Meridian Oil Inc. for an unorthodox gas well location, non-standard gas proration units, and downhole commingling, Rio Arriba County, New Mexico. Applicant seeks approval to downhole commingle Pictured Cliffs formation and Basin-Fruitland Coal Gas Pool production within the wellbore of its proposed San Juan 28-4 Unit Well No. 225 to be drilled at an unorthodox gas well location for both the Pictured Cliffs formation and the Basin-Fruitland Coal Gas Pool, being 695 feet from the South line and 1375 feet from the West line (Unit N) of Section 7, Township 28 North, Range 4 West. Said well is to be dedicated to a non-standard 229.88-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool being all of irregular Section 7, and to a non-standard 114.60-acre gas spacing unit for the Pictured Cliffs formation being Lots 3, 4 and 5 and the SE/4 (SW/4 equivalent) of Section 7. The well is located approximately 4.25 miles southeast of Gobernador, New Mexico.

CASE 10745: (Continued from June 17, 1993, Examiner Hearing.)

Application of Meridian Oil Inc. for an unorthodox gas well location and downhole commingling, Rio Arriba County, New Mexico. Applicant seeks approval to downhole commingle Choza Mesa-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool production within the wellbore of its proposed Valdez Well No. 5 to be drilled at an unorthodox gas well "off pattern" location for the Basin-Fruitland Coal Gas Pool, being 1820 feet from the West line and 1850 feet from the North line (Unit F) of Section 16, Township 28 North, Range 4 West. Said well is to be dedicated to a standard 320-acre gas spacing unit for the Basin-Fruitland Coal Gas Pool being the N/2 of Section 16 and to a standard 160-acre gas spacing unit for the Choza Mesa-Pictured Cliffs Gas Pool being the NW/4 of Section 16. The well is located approximately 3 miles east of Laguna Seca Mesa.

CASE 10755: Application of Hal J. Rasmussen Operating, Inc. for unorthodox locations and simultaneous dedication, Lea County, New Mexico. Applicant seeks authorization to drill its Eaves A Well No. 18 - 160 feet from the North line and 2173 feet from the East line of Section 30; Eaves A Well No. 19 - 1414 feet from the South line and 3190 feet from the East line of Section 19; Eaves A Well No. 20 - 2570 feet from the South line and 3538 feet from the East line of Section 19; and, Eaves B Well No. 20 - 1414 feet from the South line and 429 feet from the East line of Section 30, all in Township 26 South, Range 37 East, Scarborough Yates-Seven Rivers Pool. Applicant further proposes to simultaneously dedicate the production from said wells with the production from wells on existing proration units. Said wells are located approximately 3 miles south of Bennett, New Mexico.

CASE 10756: Application of Hal J. Rasmussen Operating, Inc. for unorthodox locations and simultaneous dedication, Lea County, New Mexico. Applicant seeks authorization to drill its Sholes A Well No. 9 at an unorthodox location 1300 feet from the South line and 660 feet from the East line and its Sholes A Well No. 10 at an unorthodox location 1300 feet from the North line and 660 feet from the East line of Section 24, Township 25 South, Range 36 East, Jalmat Gas Pool. Applicant further proposes to simultaneously dedicate the production from said wells with the production from wells on existing proration units. Said wells are located approximately 1 mile west of Jal, New Mexico.

CASE 10739: Application of Marbob Energy Corporation for an unorthodox oil well location, Eddy County, New Mexico. Applicant seeks approval to drill its Burch C Federal Well No. 49 at an unorthodox location 2510 feet from the North line and 330 feet from the East line (Unit E) of Section 23, Township 17 South, Range 29 East. The SW/4 NW/4 of said Section 23 is to be dedicated to said well. Applicant further requests approval of the unorthodox location as to all prospective pools of formations including but not limited to the Grayburg Jackson Seven Rivers, Queen, Grayburg, San Andres Pool spaced on 40-acres. Said well is located approximately 2 miles west of Loco Hills, New Mexico.

CASE 10740: Application of Earon Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Delaware formation underlying the SW/4 SW/4 of Section 31, Township 22 South, Range 32 East. Said unit is to be dedicated to its Silverton 31 Federal Well No. 1 to be drilled at a standard location in the SW/4 SW/4 of said Section 31. 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 area is located approximately 7 miles north of mile marker 19 on state highway 128.

CASE 10741: Application of Marathon Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks approval of an unorthodox oil well location 1600 feet from the West line and 1650 feet from the North line (Unit F) of Section 32, Township 23 South, Range 38 East, Stateline-Ellenburger Pool. The S/2 NW/4 of said Section 32 is to be dedicated to said well forming a standard 80-acre oil spacing and proration unit. Said unit is located approximately 13 miles south-southeast of Eunice, New Mexico.

CASE 10742: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill to Sunflower "AHW" Federal Well No. 2 at a unorthodox location 660 feet from the North and East lines (Unit A) of Section 31, Township 19 South, Range 24 East. The N/2 of said Section 31 is to be dedicated to the well. Applicant further requests approval of the unorthodox location as to all prospective pools of formations including but not limited to the Abo, Wolfcamp, Cisco, Canyon, Strawn, Atoka and Morrow spaced on 320-acres. Said well is located approximately 8 miles south by southeast of Antelope Sink.

CASE 10543: (Continued from June 3, 1993, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Subsequent to Division Order No. R-9740, dated October 13, 1992, the applicant, Yates Petroleum Corporation, seeks to reopen this matter to present new evidence to support its original application for an unorthodox gas well location for its Irish Hills "KW" State Well No. 3, located 660 feet from the North and East lines (Unit A) of Section 2, Township 19 South, Range 24 East, to test all formations and/or pools from the top of the Wolfcamp formation to the base of the Morrow formation which are spaced on 320-acre spacing. Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of said Section 2 are to be dedicated to said well forming a standard 321.08-acre gas spacing and proration unit. Further, the applicant seeks an exception to Division General Rule 104.C(2) to allow the N/2 equivalent of said Section 2 to be simultaneously dedicated in the Penasco Draw-Permo Pennsylvanian Gas Pool to the proposed well and to the existing Irish Hills "KW" State Well No. 2 located at a standard gas well location 1980 feet from the North and East lines (Unit G) of said Section 2. Said unit is located approximately 11.5 miles west by south of Seven Rivers, New Mexico.

CASE 10743: Application of Meridian Oil Inc. for downhole commingling and for an administrative downhole commingling procedure within the Allison Unit Area, San Juan County, New Mexico. Applicant seeks approval to commingle gas production from the Blanco-Mesaverde Gas Pool and the Basin-Dakota Gas Pool within the wellbore to be drilled for Unit Well No. 9R, to be located in Unit (G) E/2 equivalent of Section 13, Township 32 North, Range 7 West, NMPM with the 320-acre spacing and proration unit for both pools to be dedicated the E/2 equivalent of said Section 13. 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 Allison Unit Area without hearing and without the requirement of notice of any offsetting operator and without the requirement that each interest owner in the Mesaverde and Dakota Participating Area be notified of such commingling. The Allison Unit is located in portions of Sections 7, 8, 9, 16-22, 28-31, Township 32 North, Range 6 West, and in portions of Sections 9-16, 23-26, Township 32 North, Range 7 West, NMPM. Said unit is located approximately 4.2 miles south of Allison, Colorado.

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 17, 1993
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 19-93 and 20-93 are tentatively set for July 1, 1993 and July 15, 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 10731: (Continued from June 3, 1993, Examiner Hearing.)

Application of Nearburg Producing Company for an unorthodox oil well location, Eddy County, New Mexico. Applicant seeks approval to drill its Dagger Draw "31" Federal Well No. 5 to the North Dagger Draw-Upper Pennsylvanian Pool at an unorthodox oil well location 330 feet from the North line and 2460 feet from the West line (Unit C) of Section 31, Township 19 South, Range 25 East. Said well is to be simultaneously dedicated to an existing 162.60-acre oil spacing and proration unit comprising Lots 1 and 2 and the E/2 NW/4 (NW/4 equivalent) of said Section 31, which is currently dedicated to the Dagger Draw "31" Federal Well Nos. 1 and 4 located in Units "D" and "E", respectively. Said unit is located approximately 9 miles west by south of Lakewood, New Mexico.

CASE 10687: (Continued from June 3, 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 June 3, 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 10541: (Reopened)

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

CASE 10738: Application of Marbob Energy Corporation for an unorthodox oil well location, Eddy County, New Mexico. Applicant seeks approval to drill its Keely A Federal Well No. 30 at an unorthodox location 25 feet from the South line and 2615 feet from the West line (Unit N) of Section 13, Township 17 South, Range 29 East. The SE/4 SW/4 of said Section 17 is to be dedicated to said well. Applicant further requests approval of the unorthodox location as to all prospective pools of formations including but not limited to the Grayburg Jackson Seven Rivers, Queen, Grayburg, San Andres Pool spaced on 40-acres. Said well is located approximately 2 miles northwest of Loco Hills, New Mexico.