

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 10, 1994
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 34-94 and 35-94 are tentatively set for December 1, 1994 and December 15, 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 11131: In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, Donald Sharratt, and all other interested parties to appear and show cause why the Baker "C" Well No. 1 (API No. 30-02510469) located 660 feet from the North and East lines (Unit A) of Section 26, Township 22 South, Range 37 East, Lea County, New Mexico (which is approximately 5 miles south southeast of Eunice, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Additionally, the Division seeks an order directing the operator to pay the costs of such plugging and if failing to do so, ordering a forfeiture of the plugging bond covering this well and authorizing the Director of the Division to make demand upon Norwest Bank New Mexico, formerly the United New Mexico Bank at Lea County, Hobbs, New Mexico to pay to the Division so much of the funds of the certificate of deposit given as collateral for said bond as is necessary to compensate the costs of plugging said well.

CASE 11080: (Continued from October 27, 1994, Examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described areas in Section 20, Township 23 South, Range 29 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, including the Laguna Salado-Atoka Gas Pool; 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 Harroun Trust 20 Fed. Com Well No. 1, to be drilled at an unorthodox gas well location 1980 feet from the South line and 660 feet from the East line of said Section 20. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5 miles east of Loving, New Mexico.

CASE 11132: Application of Meridian Oil Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle gas production from the Blanco-Mesaverde Pool (W/2 equivalent dedication), Chacra formation (SW/4 equivalent dedication) and South Blanco-Pictured Cliffs Pool (SW/4 equivalent dedication) within the wellbore of its Navajo Indian "B" Well No. 3 located 1180 feet from the South line and 1450 feet from the West line (Unit N) of Section 19, Township 27 North, Range 8 West. Said well is located approximately 12 miles northeast of the Huerfano Training Post, New Mexico. In the absence of objection, this application will be taken under advisement.

CASE 11107: (Continued from October 27, 1994, Examiner Hearing.)

Application of Maralo, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation, underlying the NE/4 NW/4 (Unit C) of Section 30, Township 23 South, Range 30 East, forming a standard 40-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil 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 10 miles east by south of Loving, New Mexico.

CASE 10280: (Reopened)

In the matter of Case No. 10280 being reopened pursuant to the provisions of Division Orders Nos. R-9594 and R-9594-A, which orders promulgated temporary special rules and regulations for the Milnesand-Abo Pool in Lea and Roosevelt Counties, New Mexico, including a provision for 80-acre spacing. Operators in the subject pool may appear and show cause why said special pool rules should not be rescinded and why the Milnesand-Abo Pool should not be developed on other than 40-acre spacing and proration units.

CASE 10804: (Reopened)

In the matter of Case No. 10804 being reopened pursuant to the provisions of Division Order No. R-10010, which order promulgated temporary special rules and regulations for the Happy Valley-Delaware Pool in Eddy County, New Mexico, including provisions for a limiting gas/oil ratio of 10,000 cubic feet of gas per barrel of oil and a special depth bracket allowable of 160 barrels of oil per day. Operators in said Happy Valley-Delaware Pool may appear and present evidence and show cause why said special rules and regulations should remain in effect.

CASE 10530: (Reopened - Continued from October 13, 1994, Examiner Hearing.)

In the matter of Case No. 15030 being reopened pursuant to the provisions of Order Nos. R-9722 and R-9722-A, which promulgated special rules and regulations for the West Lovington-Strawn Pool including a provision for 80-acre spacing. Operators in the subject pool should be prepared to appear and show cause why the temporary special rules and regulations for the West Lovington-Strawn Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

CASE 11124: (Continued from October 27, 1994, Examiner Hearing.)

Application of Conoco Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated North Dagger Draw-Upper Pennsylvanian Pool underlying the NW/4 of Section 32, Township 19 South, Range 25 East, forming a standard 160-acre oil spacing and proration unit for said pool, said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the costs 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 the risk involved in drilling and completing said well. Said unit is located approximately 10 1/2 miles west of Lakewood, New Mexico.

CASE 11133: Application of Meridian Oil Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Pool gas production (158.47-acre dedication comprising Lots 11, 12, and 13 and the NW/4 SW/4, being the SW/4 equivalent) with gas from the Basin-Fruitland Coal (Gas) Pool (314.89-acre dedication comprising Lots 3, 4, 5, 6, 11, 12, and 13 and the NW/4 SW/4, being the W/2 equivalent) within the wellbore of its existing Murphy "B" Well No. 1 located at a standard gas well location for both intervals 1050 feet from the South line and 1600 feet from the West line (Lot 13/Unit N) of Section 25, Township 30 North, Range 11 West. Said well is located approximately 3 miles southeast of Aztec, New Mexico. In the absence of objection, this application will be taken under advisement.

CASE 11134: Application of Meridian Oil Inc. for downhole commingling and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Pool gas production (157.77-acre dedication comprising Lots 6, 11, and 12 and the NE/4 SE/4, being the SE/4 equivalent) with gas from the Basin-Fruitland Coal (Gas) Pool within the wellbore of its existing Payne Well No. 2 located 1180 feet from the South line and 1750 feet from the East line (Lot 11/Unit O) of Section 35, Township 30 North, Range 11 West. Said well location is considered to be an "off-pattern" unorthodox coal gas well location and is to be dedicated to a standard 316.83-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool comprising Lots 9 through 13, the SE/4 SW/4, and the W/2 SE/4 (S/2 equivalent) of said Section 35. Said well is located approximately 4 miles southeast of Aztec, New Mexico.

CASE 11135: Application of Meridian Oil Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Pool gas production (159.75-acre dedication comprising Lot 5, the N/2 NE/4, and the SE/4 NE/4, being the NE/4 equivalent) with gas from the Basin-Fruitland Coal (Gas) Pool (319.43-acre dedication comprising Lots 1 through 5, the N/2 NE/4, and the SE/4 NE/4, being the N/2 equivalent) within the wellbore of its existing Wood Well No. 2 located at a standard gas well location for both intervals 1650 feet from the North line and 1800 feet from the East line (Lot 5/Unit G) of Section 35, Township 30 North, Range 11 West. Said well is located approximately 4 miles southeast of Aztec, New Mexico. In the absence of objection, this application will be taken under advisement.

CASE 11136: Application of Meridian Oil Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Pool gas production (156.28-acre dedication comprising Lots 1, 2, 7, and 8, being the NE/4 equivalent) with gas from the Basin-Fruitland Coal (Gas) Pool (313.36-acre dedication comprising Lots 1, 2, 7, 8, 9, 10, 14, and 15, being the E/2 equivalent) within the wellbore of its existing Albright "A" Well No. 1 located at a standard gas well location for both intervals 990 feet from the North and East lines (Lot 1/Unit A) of Section 25, Township 30 North, Range 11 West. Said well is located approximately 3 miles southeast of Aztec, New Mexico. In the absence of objection, this application will be taken under advisement.

CASE 11137: Application of Meridian Oil Inc. for downhole commingling and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle conventional Aztec-Pictured Cliffs Pool gas production (160-acre, SE/4 dedication) with coal gas from the Basin-Fruitland Coal (Gas) Pool within the wellbore of its existing Garrett Com Well No. 1 located 1650 feet from the South and East lines (Unit J) of Section 12, Township 29 North, Range 11 West. Said well location is considered to be an "off-pattern" unorthodox coal gas well location and is to be dedicated to a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal (Gas) Pool comprising the E/2 of said Section 12. Said well is located approximately 2 miles northeast of Bloomfield, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 5, 1995**8:15 A.M. - 2040 SOUTH PACHECO****SANTA FE, NEW MEXICO**

Dockets Nos. 3-95 and 4-95 are tentatively set for January 19, 1995 and February 2, 1995. 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 10804: (Continued from November 10, 1994, Examiner Hearing.)

Application of Collins & Ware, Inc. for special pool rules, Eddy County, New Mexico. Applicant seeks the promulgation of special pool rules for the Happy Valley-Delaware Pool, located in the NE/4 NW/4 of Section 33, Township 22 South, Range 26 East, including a provision for a gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil and a special oil allowable of 160 barrels per day. Said area is located approximately 5 miles southwest of Carlsbad, New Mexico.

CASE 10530: (Continued from December 1, 1994, Examiner Hearing.)

In the matter of Case No. 15030 being reopened pursuant to the provisions of Order Nos. R-9722 and R-9722-A, which promulgated special rules and regulations for the West Lovington-Strawn Pool including a provision for 80-acre spacing. Operators in the subject pool should be prepared to appear and show cause why the temporary special rules and regulations for the West Lovington-Strawn Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

CASE 11172: **Application of Purvis Operating Company for salt water disposal, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval to dispose of produced salt water into the Gladiola-Wolfcamp Pool through the perforated interval from approximately 9103 feet to 9674 feet in its Lea "AV" State Well No. 4 located 1980 feet from the North and West lines (Unit F) of Section 19, Township 12 South, Range 38 East, which is located approximately 2.5 miles east-northeast of Gladiola, New Mexico.

CASE 11173: **Application of W. M. Gallaway for downhole commingling, Rio Arriba County, New Mexico.** Applicant, in the above-styled cause, seeks approval to downhole commingle Blanco-Mesaverde Pool gas production with Gavilan-Mancos Oil Pool production within the wellbore of its Trix Well No. 2 located 790 feet from the South line and 990 feet from the West line (Unit M) of Section 5, Township 26 North, Range 2 West. Said well is located 15 miles north of Lindrieth, New Mexico.

CASE 11174: **Application of Primero Operating, Inc. for an unorthodox oil well location, Chaves County, New Mexico.** Applicant, in the above-styled cause, seeks approval to drill its Moriah Well No. 1 in order to test the Devonian formation at an unorthodox oil well location 228 feet from the North line and 349 feet from the East line (Unit A) of Section 18, Township 10 South, Range 29 East. The NE/4 NE/4 of said Section 18 is to be dedicated to said well forming a standard 40-acre oil spacing unit. Said unit is located approximately 28 1/2 miles east of Roswell, New Mexico.

CASE 11175: **Application of Matador Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval to drill its K. C. Singer Well No. 1 at an unorthodox gas well location 990 feet from the North line and 660 feet from the West line (Lot 1/Unit D) of Section 19, Township 20 South, Range 27 East. The subject well is capable of production from any formation from the top of the Wolfcamp to the top of the Morrow formation, including the Undesignated Avalon-Strawn Gas Pool, then Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of said Section 19 is to be dedicated to the well forming a standard 319.80-acre gas spacing and proration unit. If the subject well is capable of production from the Morrow formation then it is to be a replacement well for the Hunt Oil Company State "1-19" Com Well No. 1, located in Unit "F", and all of said Section 19 is to be dedicated to said well forming a standard 639.80-acre gas spacing and proration unit for production from the McMillan-Morrow Gas Pool. Said well is located approximately 3 miles southeast from the spillway at Lake McMillan Reservoir, New Mexico.

CASE 11176: **Application of Amoco Production Company to amend Division Order No. R-10174 to include provisions for an unorthodox surface gas well location, simultaneous dedication, and an exception to Rule 2(b) of the Special Rules governing the Blanco-Mesaverde Pool, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks to amend Division Order No. R-10174, issued in Case 11054 and dated August 25, 1994, which order authorized Amoco Production Company to initiate a high angle/horizontal directional drilling pilot project within an existing non-standard 327.11-acre gas spacing and proration unit in the Blanco-Mesaverde Pool comprising Lots 8, 9, 10, and 11 and the SE/4 (E/2 equivalent) of Section 6, Township 30 North, Range 8 West, by changing the surface location of its proposed Florance "H" Well No. 37-R to an unorthodox surface gas well location 1350 feet from the North line and 1850 feet from the East line (Lot 10/Unit G) of said Section 6. Applicant further seeks an exception to Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Pool, as promulgated by Division Order No. R-8170, as amended, allowing for a third well to be drilled on a spacing unit and for production from all three wells to be simultaneously dedicated to said 327.11-acre proration unit. Said project area is located approximately 5 miles northwest of the Navajo Reservoir Dam. In the absence of objection, this application will be taken under advisement.

- CASE 11177:** Application of Enron Oil & Gas Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location in the Undesignated Red Hills-Bone Spring Pool for its Hallwood "1" Federal Well No. 3 to be drilled 1430 feet from the South line and 1830 feet from the East line (Unit J) of Section 1, Township 25 South, Range 33 East. The W/2 SE/4 of said Section 1 is to be dedicated to said well forming a standard 80-acre oil spacing and proration unit for said pool. Said unit is located approximately 19 miles west by north of Jal, New Mexico.
- CASE 11178:** Application of David Petroleum Corporation for an Unorthodox Gas Well Location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authorization to re-enter and deepen the plugged and abandoned Barbara Fasken Maxwell Trust "26" Well No. 1, located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 26, Township 15 South, Range 34 East, in order to test the Morrow formation at an unorthodox gas well location. The N/2 of said Section 26 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 5 miles northwest by west of the Lovington-Lea County Airport.
- CASE 11179:** Application of Meridian Oil Inc. for Designation of a portion of the Entrada Formation as an "Exempted Aquifer", and to Amend Division Order No. R-10168, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to designate the Entrada formation underlying the SW/4 SW/4 of Section 4, S/2 of Section 5, SE/4 SE/4 of Section 6, all of Sections 7 and 8, W/2 W/2 of Section 9, N/2 N/2 of Section 17, and the NE/4 NE/4 of Section 18, all in Township 24 North, Range 3 West, as an "Exempted Aquifer" pursuant to Division Rule No. 701(E) and applicable Federal Underground Injection Control Program Rules and Regulations. Contingent upon this request, the applicant further seeks verification that it is able to utilize its Jillson Federal SWD Well No. 1, located in Unit F of said Section 8, as an Entrada disposal well as previously authorized by Division Order No. R-10168 feet. Applicant further seeks to amend the injection interval approved by Division Order No. R-10168 to allow injection into the perforated interval from approximately 8,404 feet to 8,659. Said area is located approximately 6 miles west-northwest of Lindrith, New Mexico.
- CASE 11180:** Application of Harvard Petroleum Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill its Angell Well No. 1 at an unorthodox oil well location 550 feet from the North line and 2600 feet from the East line (Unit B) of Section 4, Township 15 South, Range 38 East, to test the Wolfcamp formation, Undesignated East Denton-Wolfcamp Pool. The NW/4 NE/4 of Section 4 is to be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit for said pool. Said unit is located approximately 14 miles southeast of McDonald, New Mexico.
- CASE 11181:** Application of Enron Oil & Gas Company for Pool Creation and Downhole Commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Wolfcamp formation comprising the NE/4 NE/4 of Section 36, Township 22 South, Range 30 East. Applicant further seeks authority to downhole commingle Wolfcamp and Bone Spring production within its existing James Ranch Unit Well No. 71 located 330 feet from the North line and 660 feet from the East line (Unit A) of said Section 36. Said well is located approximately 7 miles southeast of Lindsey Lake.
- CASE 11182:** Application of Enron Oil & Gas Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authorization to drill its Hallwood "1" Federal Well No. 4 at an unorthodox oil well location 1060 feet from the South line and 1650 feet from the West line (Unit N) of Section 1, Township 25 South, Range 33 East, to test the Bone Spring formation, Undesignated Red Hills-Bone Spring Pool. The E/2 SW/4 of said Section 1 is to be dedicated to said well forming a standard 80-acre oil spacing and proration unit for said pool. Said unit is located approximately 3 miles Southeast of the Double X Ranch.
- CASE 11183:** Application of David Petroleum Corporation for Compulsory Pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the N/2 NE/4 of Section 33, Township 15 South, Range 35 East, in the following described manner: the N/2 NE/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 which presently includes but is not necessarily limited to the Undesignated West Lovington-Strawn Pool; 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 oil spacing within said vertical extent. Said unit(s) are to be dedicated to the Barton Fee Well No. 1 to be drilled at a standard location 760 feet from the North line and 2090 feet from the East line (Unit B) of 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 4 miles Northwest of Lovington, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 2, 1995**8:15 A.M. - 2040 SOUTH PACHECO****SANTA FE, NEW MEXICO**

Dockets Nos. 5-95 and 6-95 are tentatively set for February 16, 1995 and March 2, 1995. 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 10804: (Reopened - Continued from January 5, 1995, Examiner Hearing.)

In the matter of Case No. 10804 being reopened pursuant to the provisions of Division Order No. R-10010, which order promulgated temporary special rules and regulations for the Happy Valley-Delaware Pool in Eddy County, New Mexico, including provisions for a limiting gas/oil ratio of 10,000 cubic feet of gas per barrel of oil and a special depth bracket allowable of 160 barrels of oil per day. Operators in said Happy Valley-Delaware Pool may appear and present evidence and show cause why said special rules and regulations should remain in effect.

CASE 11198: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Canyon formation, underlying the NW/4 of Section 21, Township 19 South, Range 25 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which presently includes only the North Dagger Draw-Upper Pennsylvanian Pool. Said unit is to be dedicated to its Hooper "AMP" Well No. 2, which has been drilled at a standard location 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 21. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 6.5 miles west by north of Lakewood, New Mexico.

CASE 11199: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Canyon formation, underlying the SW/4 of Section 21, Township 19 South, Range 25 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which presently includes only the North Dagger Draw-Upper Pennsylvanian Pool. Said unit is to be dedicated to its Hooper "AMP" Well No. 1, which has been drilled at a standard location 820 feet from the South line and 660 feet from the West line (Unit M) of said Section 21. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 6.5 miles west by north of Lakewood, New Mexico.

CASE 11200: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Canyon formation, underlying the SE/4 of Section 21, Township 19 South, Range 25 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which presently includes only the Undesignated North Dagger Draw-Upper Pennsylvanian Pool. Said unit is to be dedicated to its Patriot "AIZ" Well No. 5, which has been drilled at a standard location 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 21. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 6.25 miles west by north of Lakewood, New Mexico.

CASE 11176: (Continued from January 19, 1995, Examiner Hearing.)

Application of Amoco Production Company to amend Division Order No. R-10174 to include provisions for an unorthodox surface gas well location, simultaneous dedication, and an exception to Rule 2(b) of the Special Rules governing the Blanco-Mesaverde Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-10174, issued in Case 11054 and dated August 25, 1994, which order authorized Amoco Production Company to initiate a high angle/horizontal directional drilling pilot project within an existing non-standard 327.11-acre gas spacing and proration unit in the Blanco-Mesaverde Pool comprising Lots 8, 9, 10, and 11 and the SE/4 (E/2 equivalent) of Section 6, Township 30 North, Range 8 West, by changing the surface location of its proposed Florance "H" Well No. 37-R to an unorthodox surface gas well location 465 feet from the South line and 1660 feet from the East line (Unit O) of said Section 6. Applicant further seeks an exception to Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Pool, as promulgated by Division Order No. R-8170, as amended, allowing for a third well to be drilled on a spacing unit and for production from all three wells to be simultaneously dedicated to said 327.11-acre proration unit. Said project area is located approximately 5 miles northwest of the Navajo Reservoir Dam. In the absence of objection, this application will be taken under advisement.

CASE 11183: (Continued from January 19, 1995, Examiner Hearing.)

Application of David Petroleum Corporation for Compulsory Pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the N/2 NE/4 of Section 33, Township 15 South, Range 35 East, in the following described manner: the N/2 NE/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 which presently includes but is not necessarily limited to the Undesignated West Lovington-Strawn Pool; 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 oil spacing within said vertical extent. Said unit(s) are to be dedicated to the Barton Fee Well No. 1 to be drilled at a standard location 760 feet from the North line and 2090 feet from the East line (Unit B) of 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 4 miles Northwest of Lovington, New Mexico.

CASE 11172: (Continued from January 5, 1995, Examiner Hearing.)

Application of Purvis Operating Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to dispose of produced salt water into the Gladiola-Wolfcamp Pool through the perforated interval from approximately 9103 feet to 9674 feet in its Lea "AV" State Well No. 4 located 1980 feet from the North and West lines (Unit F) of Section 19, Township 12 South, Range 38 East, which is located approximately 2.5 miles east-northeast of Gladiola, New Mexico.

CASE 11173: (Continued from January 5, 1995, Examiner Hearing.)

Application of W. M. Gallaway for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle Blanco-Mesaverde Pool gas production with Gavilan-Mancos Oil Pool production within the wellbore of its Trix Well No. 2 located 790 feet from the South line and 990 feet from the West line (Unit M) of Section 5, Township 26 North, Range 2 West. Said well is located 15 miles north of Lindrieth, New Mexico.

CASE 11201: **Application of DALEN Resources Oil & Gas Co. for pool creation, the promulgation of special pool rules, and for the assignment of a special depth bracket oil allowable, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Strawn formation underlying the S/2 NE/4 of Section 20, Township 17 South, Range 37 East (being approximately 3.5 miles west-northwest of Humble City, New Mexico) and for the promulgation of Special Rules and Regulations therefor including provisions for 80-acre oil spacing and proration units and designated well location requirements. Applicant further seeks the assignment of a special depth bracket oil allowable for the proposed pool, pursuant to the Division General Rule 505.D and 505.E, of 320 barrels of oil per day per 80-acre unit.

CASE 10748: (Continued from January 5, 1995, Examiner Hearing.)

Application of Yates Energy Corporation for pool creation, classification of the new pool as an associated pool and for special pool rules, Eddy County, New Mexico. Applicant seeks creation of a new pool for the production of oil and gas from the Pennsylvanian formation underlying the W/2 of Section 17, Township 22 South, Range 24 East, NMPM. Applicant also seeks classification of this new pool as an associated oil and gas pool and the promulgation of special rules and regulations for the pool including: 320-acre spacing and proration units; designated well location requirements; a limit of no more than one well per quarter section; a special depth bracket allowable for each well on a 320-acre spacing or proration unit of 1400 barrels of oil per day and; administrative procedures for approval of unorthodox well locations and non-standard spacing or proration units. Said area is located approximately 2 miles east of Lone Butte.

CASE 11188: (Continued from January 19, 1995, Examiner Hearing.)

Application of Texaco Exploration and Production Inc., for certification of a positive production response pursuant to the "New Mexico Enhanced Oil Recovery Act", Lea County, New Mexico. Applicant, in the above-styled cause, seeks certification, pursuant to the Rules and Procedures for Qualification of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate, as promulgated by Division Order No. R-9708, for a positive production response on its Vacuum Glorieta West Unit Waterflood Project, which qualified for the recovered oil tax rate under the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5) by Division Order No. R-9714. Said project is located in portions of Townships 17 and 18 South, Ranges 34 and 35 East and encompasses the immediate area in and around Buckeye, New Mexico.

CASE 10804: (Reopened - Continued from February 2, 1995, Examiner Hearing.)

In the matter of Case No. 10804 being reopened pursuant to the provisions of Division Order No. R-10010, which order promulgated temporary special rules and regulations for the Happy Valley-Delaware Pool in Eddy County, New Mexico, including provisions for a limiting gas/oil ratio of 10,000 cubic feet of gas per barrel of oil and a special depth bracket allowable of 160 barrels of oil per day. Operators in said Happy Valley-Delaware Pool may appear and present evidence and show cause why said special rules and regulations should remain in effect.

CASE 11183: (Continued from February 2, 1995, Examiner Hearing.)

Application of David Petroleum Corporation for Compulsory Pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the N/2 NE/4 of Section 33, Township 15 South, Range 35 East, in the following described manner: the N/2 NE/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 which presently includes but is not necessarily limited to the Undesignated West Lovington-Strawn Pool; 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 oil spacing within said vertical extent. Said unit(s) are to be dedicated to the Barton Fee Well No. 1 to be drilled at a standard location 760 feet from the North line and 2090 feet from the East line (Unit B) of 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 4 miles Northwest of Lovington, New Mexico.

CASE 11099: (Continued from February 2, 1995, Examiner Hearing.)

Application of TARA-JON Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Drinkard formation underlying the NE/4 NW/4 (Unit C) of Section 27, Township 16 South, Range 38 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Garrett-San Andres Pool, Undesignated Garrett-Drinkard Pool, and Undesignated East Garrett-Drinkard Pool. Said pooled unit is to be dedicated to either the plugged and abandoned The Texas Company Gottlieb Ertal Well No. 1 (T.D. - 13,310 feet), located at a standard oil well location 660 feet from the North line and 1982 feet from the West line, more or less, of said Section 27 or, if said Gottlieb Ertal Well No. 1 is found not to be mechanically sound, to a new well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of re-entering and recompleting the old plugged and abandoned well and/or the costs of drilling and completing a new 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 unit and a charge for risk involved in re-entering the old plugged and abandoned well and/or the drilling of a new well. Said unit is located approximately 12 miles north of Hobbs, New Mexico.

CASE 11194: (Continued from February 2, 1995, Examiner Hearing.)

Application of Charles B. Gillespie, Jr. for a pressure maintenance project and qualification for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act", Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to institute a pressure maintenance project in the designated and Undesignated West Lovington-Strawn Pool within its proposed West Lovington Strawn Unit Area (being the subject of Case No. 11195) located in portions of Townships 15 and 16 South, Ranges 35 and 36 East, by the injection of natural gas through the perforated interval from approximately 11,424 feet to 11,434 feet into its existing Speight Fee Well No. 1 located 660 feet from the North line and 2310 feet from the West line (Lot 3/Unit C) of Section 1, Township 16 South, Range 35 East. Applicant further seeks to qualify this project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Said project is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

CASE 11195: (Continued from February 2, 1995, Examiner Hearing.)

Application of Charles B. Gillespie, Jr. for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a pressure maintenance project, all mineral interests in the designated and Undesignated West Lovington-Strawn Pool underlying its proposed West Lovington Strawn Unit Area encompassing some 1457.05-acres, more or less, of Federal, State, and Fee lands comprising all of Section 33 and the W/2 of Section 34 of Township 15 South, Range 35 East, a portion of Section 1, Township 16 South, Range 35 East, and a portion of Section 6, Township 16 South, Range 36 East. Among the matters to be considered at the hearing, pursuant to the "New Mexico Statutory Unitization Act", Sections 70-7-1 et. seq., NMSA, will be the necessity of unit operations; the designation of a unit operator; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable and equitable allocation of production and costs of production, including capital investments, to each of the various tracts in the unit area; the determination of credits and changes to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to unit voting procedures, selection, removal or substitution of the unit operator, and time of commencement and termination of unit operations. Said unit area is centered approximately 4.5 miles West-Northwest of Lovington, New Mexico.

CASE 10556: (Reopened - Continued from February 16, 1995, Examiner Hearing.)

In the matter of Case No. 10556 being reopened pursuant to the provisions of Division Order No. R-5353-M, which order reclassified the Old Millman Ranch-Bone Spring Pool in Townships 19 and 20 South, Range 28 East, Eddy County, New Mexico, as an "associated pool" to be governed by the General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico, as contained within Division Order No. R-5353, as amended, with temporary special pool rules and regulations therefor. All interested parties and operators in the subject pool may appear and show cause why the Old Millman Ranch-Bone Spring Associated Pool should not be reclassified as an oil pool to be governed by "statewide" rules.

CASE 11214: Application of PermOK Oil, Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to establish a non-standard gas spacing and proration unit in the Undesignated Rhodes Yates-Seven Rivers Gas Pool comprising the SW/4 NE/4, N/2 NW/4, and SE/4 NW/4 of Section 23, Township 26 South, Range 37 East, being approximately 6.5 miles southeast by south of Jal, New Mexico. Said unit is to be dedicated to its proposed Leonard Brothers "A" Federal Well No. 2 to be drilled at a standard gas well location 660 feet from the North and West lines (Unit D) of said Section 23.

CASE 11176: (Continued from February 16, 1995, Examiner Hearing.)

Application of Amoco Production Company to amend Division Order No. R-10174 to include provisions for an unorthodox surface gas well location, simultaneous dedication, and an exception to Rule 2(b) of the Special Rules governing the Blanco-Mesaverde Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-10174, issued in Case 11054 and dated August 25, 1994, which order authorized Amoco Production Company to initiate a high angle/horizontal directional drilling pilot project within an existing non-standard 327.11-acre gas spacing and proration unit in the Blanco-Mesaverde Pool comprising Lots 8, 9, 10, and 11 and the SE/4 (E/2 equivalent) of Section 6, Township 30 North, Range 8 West, by changing the surface location of its proposed Florance "H" Well No. 37-R to an unorthodox surface gas well location 465 feet from the South line and 1660 feet from the East line (Unit O) of said Section 6. Applicant further seeks an exception to Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Pool, as promulgated by Division Order No. R-8170, as amended, allowing for a third well to be drilled on a spacing unit and for production from all three wells to be simultaneously dedicated to said 327.11-acre proration unit. Said project area is located approximately 5 miles northwest of the Navajo Reservoir Dam. In the absence of objection, this application will be taken under advisement.

CASE 11172: (Continued from February 16, 1995, Examiner Hearing.)

Application of Purvis Operating Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to dispose of produced salt water into the Gladiola-Wolfcamp Pool through the perforated interval from approximately 9103 feet to 9674 feet in its Lea "AV" State Well No. 4 located 1980 feet from the North and West lines (Unit F) of Section 19, Township 12 South, Range 38 East, which is located approximately 2.5 miles east-northeast of Gladiola, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 26, 1993
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 26-93 and 27-93 are tentatively set for September 9, 1993 and September 23, 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 10687: (Continued from August 12, 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 July 15, 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 10760: (Continued from July 29, 1993, Examiner Hearing.)

Application of Breck Operating Corporation for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the W/2 of Section 20, Township 28 North, Range 10 West, forming a standard 320-acre gas spacing and proration unit for said pool developed within said vertical extent. Said unit is to be dedicated to its Kutz-Government Well No. 9, recompleted at an approved unorthodox location within said W/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said well is located approximately 5 miles southeast of Bloomfield, New Mexico.

CASE 10800: **Application of Merrion Oil & Gas Corporation for compulsory pooling, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Basin-Fruitland Coal (Gas) formation, underlying the E/2 of Section 26, Township 26 North, Range 13 West, forming a standard 320-acre coal gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to its Serendipity Well No. 1 to be recompleted at a standard coal gas well location 1650 feet from the South line and 2310 feet from the East line of said Section 26. Also to be considered will be 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 well is located approximately 3 miles southeast of the Chaco Gas Plant.

CASE 10801: Application of Merrion Oil & Gas Corporation 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 Sand formation, underlying the SW/4 of Section 22, Township 30 North, Range 12 West, 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 Osborn Well No. 1 to be recompleted at a standard gas well location 790 feet from the South line and 900 feet from the West line of said Section 22. Also to be considered will be 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 well is located near Flora Vista, New Mexico.

CASE 10802: Application of Phillips Petroleum Company for an unorthodox oil well location, Eddy County, New Mexico. Applicant seeks approval of an unorthodox subsurface oil well location for its James "E" Federal Well No. 8 which was directionally drilled to an unorthodox subsurface location being a point at the top of the Cherry Canyon Formation 1970 feet from the South line and 1030 feet from the East line (Unit I) of Section 11, Township 22 South, Range 30 East, Cabin Lake-Delaware Pool. The NE/4 SE/4 of said Section 11 is to be dedicated to said well forming a standard 40-acre oil spacing unit. Said unit is located approximately 22 miles east of Carlsbad, New Mexico.

**CASES 10745
and 10754:** (Reopened)

Application of Meridian Oil Inc. to amend Division Order No. R-9920 and to reopen Cases 10754 and 10745, San Juan and Rio Arriba Counties, New Mexico. Applicant seeks to amend Division Order No. R-9920, dated July 9, 1993, entered in Cases 10721, 10722, 10723, 10724, and 10725 and to Reopen Cases 10745 and 10754 in order to present additional evidence. Specifically, applicant seeks to amend those provisions of Order No. R-9920 which established an economic limit for downhole commingling of production in certain wells in the Pictured Cliffs formation and the Basin-Fruitland Coal Gas Pool and to have said amendments applied to orders to be issued in Cases 10745 and 10754. These cases involve a total of seven wells located and described in Division Examiner dockets of April 22, 1993 and July 1, 1993.

CASE 10803: Application of Texaco Exploration and Production, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its Dow "B" 33 Federal Well No. 2 as a gas well at an unorthodox location 660 feet from the North line and 2310 feet from the West line (Unit C) of Section 33, Township 17 South, Range 31 East, to test the Morrow formation. The W/2 of said Section 33 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 Morrow formation. Said well is located approximately 4 1/2 miles south of Maljamar, New Mexico.

CASE 10804: Application of Collins & Ware, Inc. for special pool rules, Eddy County, New Mexico. Applicant seeks the promulgation of special pool rules for the Happy Valley-Delaware Pool, located in the NE/4 NW/4 of Section 33, Township 22 South, Range 26 East, including a provision for a gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil and a special oil allowable of 160 barrels per day. Said area is located approximately 5 miles southwest of Carlsbad, New Mexico.

CASE 10805: Application of Collins & Ware, Inc. for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant seeks approval of an unorthodox gas well location 710 feet from the South and East lines (Unit P) of Section 25, Township 23 South, Range 28 East, South Culebra Bluff-Atoka Gas Pool. In addition, the applicant seeks an exception to Division General Rule 104(c)(2) to allow the existing 320-acre gas spacing and proration unit comprising the S/2 of said Section 25 to be simultaneously dedicated in this pool to the proposed well and to the existing Ray "25" Well No. 1 located at a standard gas well location 897 feet from the South line and 1980 feet from the West line (Unit N) of said Section 25. Said unit is located approximately 3.5 miles east by southeast of Loving, New Mexico.

CASE 10791: (Continued from August 12, 1993, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its Beauregard ANP State Com Well No. I to the Morrow formation, Illinois Camp-Morrow Gas Pool, at an unorthodox gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 14, Township 18 South, Range 27 East. The E/2 of said Section 14 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 Morrow spaced on 320 acres. Said well is located approximately 4 miles northeast of Illinois Camp.