

CASE 10687: (Continued from September 9, 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 September 9, 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 10629: Application of Mewbourne Oil Company 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 32, Township 18 South, Range 34 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; 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 W/2 SE/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, including the EK-Bone Spring Pool. Said unit is to be dedicated to the applicant's Larica 32 State Well No. 1, to be drilled at an orthodox location within said E/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 7.5 miles west of Arkansas Junction.

CASE 10760: (Continued from August 26, 1993, Examiner Hearing.)

Application of Brock 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 10674: (Reopened)

Application of Exxon Corporation for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant seeks approval of an unorthodox gas well location for its existing John D. Knox Well No. 11 located 2310 feet from the South line and 330 feet from the East line (Unit I) of Section 10, Township 21 South, Range 36 East, Eumont Gas Pool. Said well is to be simultaneously dedicated with the John D. Knox Well Nos. 1 and 13 located in Units J and H, respectively, of said Section 10 to the existing 320-acre Eumont Gas spacing and proration unit comprising the E/2 of said Section 10. Said unit is located approximately one mile southeast of Oil Center, New Mexico.

CASE 10808: (Continued from August 26, 1993, Examiner Hearing.)

Application of Kinlaw Oil Corporation for a high angle/horizontal directional drilling pilot project and special operating rules therefor, Lea County, New Mexico. Applicant seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool, underlying the SE/4 SW/4 of Section 36, Township 15 South, Range 37 East. Applicant proposes to re-enter its Shell Oil Company State "SDA" Well No. 2 which is at an orthodox location 660 feet from the South line and 1650 feet from the West line (Unit N) of said Section 36, kick-off from vertical in a southwesterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of the proration unit, and for a special project allowable. Said project is located approximately 10 miles east by northeast of Lovington, New Mexico.

CASE 10809: (Readvertised)

Application of Kinlaw Oil Corporation for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, an unorthodox well location, and a special project oil allowable, Lea County, New Mexico. Applicant seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool, underlying Lots 1 and 8 of Section 5, Township 16 South, Range 38 East, thereby creating a non-standard 80-acre oil spacing and proration unit for said pool. Applicant proposes to re-enter its V.F. Petroleum Huber State Well No. 1 which is at an unorthodox surface location 330 feet from the North line and 1150 feet from the East line (Unit A) of said Section 5, kick-off from vertical in a southeasterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area, including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of the proration unit, and for a special project allowable. Said project is located approximately 2 miles east of Hobbs Army Airfield Aux. #1.

CASE 10766: (Readvertised)

Application of David H. Arrington Oil & Gas Inc. for an unorthodox gas well location and non-standard spacing unit, Lea County, New Mexico. Applicant seeks authorization to drill a well at an unorthodox location 1980 feet from the North line and 1830 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 160-acre 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 10795: (Readvertised)

Application of David H. Arrington Oil & Gas Inc. for an unorthodox gas well location and non-standard spacing unit, Lea County, New Mexico. Applicant seeks authorization to drill its Foster Well No. 3 in the Eumont Gas Pool at an unorthodox gas well location 660 feet from the South line and 330 feet from the East line (Unit P) of Section 34, Township 19 South, Range 36 East, to be dedicated to a non-standard 160-acre spacing unit comprising the S/2 S/2 of said Section 34. Said unit is located approximately one mile northwest of the Warren Gas Co. Compressor Station.

CASE 10824: (Continued from September 9, 1993, Examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its Salt Draw 33 Fed. Well No. 1 at an unorthodox gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 33, Township 24 South, Range 28 East, to test the Atoka formation. The E/2 of said Section 33 will be dedicated to the well. Said well is located approximately 3 miles south of Malaga, New Mexico.

CASE 10828: Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox gas well location and to amend Order No. R-9904, Lea County, New Mexico. Applicant seeks approval to drill its Sinagua "18" Federal Well No. 1 as a gas well at an unorthodox location 2210 feet from the North and East lines (Unit G) of Section 18, Township 20 South, Range 34 East, to test the Morrow formation. The N/2 of said Section 18 will be dedicated to the well. Applicant further requests that Order No. R-9904, a compulsory pooling order, be amended to permit the drilling of a well at said unorthodox location. Said well is located approximately 4 miles southwest of the Warren Gas Co. Compressor Station.

CASE 10829: (Continued from September 23, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company 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 32, Township 18 South, Range 34 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; 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 W/2 SE/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, including the EK-Bone Spring Pool. Said unit is to be dedicated to the applicant's Larica 32 State Well No. 1, to be drilled at an orthodox location within said E/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 7.5 miles west of Arkansas Junction.

CASE 10838: **Application of Harvey E. Yates Company for an unorthodox oil well location, Lea County, New Mexico.** Applicant seeks authorization to drill its Young Deep Unit Well No. 21 at an unorthodox oil well location 1330 feet from the South and West lines (Unit K) of Section 3, Township 18 South, Range 32 East, to test the Undesignated Young-Wolfcamp Pool. The NE/4 SW/4 of Section 3 is to be dedicated to the above-described well forming a standard 40-acre oil spacing and proration unit for said pool. Said well is located approximately 6 miles south of Maljamar, New Mexico.

CASE 10839: **Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Morrow formation underlying the E/2 of Section 28, Township 18 South, Range 34 East, forming a standard 320-acre gas spacing and proration unit for any Morrow Pools within said vertical extent which presently includes the Undesignated West La Rica-Morrow Gas Pool. Said unit is to be dedicated to its Ekay 28 State Well No. 1, to be drilled at an orthodox location within Unit J of said E/2 proration unit, 2050 feet from the South line and 1800 feet from the East line 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 12 miles southeast of Maljamar, New Mexico.

CASE 10840: **Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Morrow formation underlying the W/2 of Section 28, Township 18 South, Range 34 East, forming a standard 320-acre gas spacing and proration unit for any Morrow Pools within said vertical extent which presently includes the Undesignated West La Rica-Morrow Gas Pool. Said unit is to be dedicated to its Ekay 28 State Well No. 4, to be drilled at an orthodox location within Unit K of said W/2 proration unit, 1980 feet from the South and West lines 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 12 miles southeast of Maljamar, New Mexico.

CASE 10841: **Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the SW/4 SW/4 of Section 1, Township 14 South, Range 33 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 the Undesignated Saunders Permo-Upper Pennsylvanian Pool. Said unit is to be dedicated to its Childress "AKV" Well No. 1 to be drilled at a standard location 990 feet from the South line and 330 feet from the West line (Unit M) of said Section 1. 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 20 miles southeast of Caprock, New Mexico.

CASE 10842: **Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks authorization to drill its Hickory "ALV" Federal Well No. 3 at a location 2166 feet from the South line and 2253 feet from the West line (Unit K) of Section 17, Township 22 South, Range 24 East, to test the Upper Pennsylvanian formation, Indian Basin-Upper Pennsylvanian Associated Pool. The W/2 of Section 17 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 8 miles southeast of Carlsbad, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 7, 1993
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 31-93 and 32-93 are tentatively set for October 21, 1993 and November 4, 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 10812: (Continued from September 23, 1993, Examiner Hearing.)

Application of Giant Exploration & Production 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 Basin-Fruitland Coal Gas Pool, underlying the N/2 of Section 33, Township 26 North, Range 11 West, 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 only the Basin Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon in 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 said well. Said unit is located near the Huerfano Boarding School.

CASE 10833: (Continued from September 23, 1993, Examiner Hearing.)

Application of Giant Exploration & Production Company for an unorthodox infill coal gas well location, San Juan County, New Mexico. Applicant seeks approval of an unorthodox coal gas well location 1850 feet from the South line and 790 feet from the East line of Section 29, Township 25 North, Range 12 West, Basin-Fruitland Coal (Gas) Pool. Further, the applicant seeks an exception to the requirements of Rule No. 4 of the Special Rules and Regulations for said Basin-Fruitland Coal (Gas) Pool as promulgated by Division Order No. R-8768, as amended, to allow the drilling of a second well on a standard 320-acre spacing and proration unit comprising the E/2 of said Section 29. Said unit is located approximately 8 miles south of Chaco Plant.

CASE 10711: (Reopened)

In the matter of Case No. 10711 being reopened upon the application of Yates Petroleum Corporation for a new well location in the waterflood project approved for its Creek "AL" Federal Lease by Division Order No. R-9896, issued in Case 10711 on May 18, 1993. Applicant also seeks the establishment of an administrative procedure for the approval of additional well locations within this project. The Creek "AL" Federal Lease is located in the E/2 SE/4 of Section 23, the NW/4 SW/4 and S/2 S/2 of Section 24, and the NW/4 and E/2 NE/4 of Section 25, Township 18 South, Range 30 East, which is located approximately 6 miles east of Walters Lake.

CASE 10836: Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks approval to drill its Kachina "5" Well No. 5 at an unorthodox oil well location 660 feet from the South line and 990 feet from the West line (Unit M) of Section 5, Township 18 South, Range 33 East, to test the Wolfcamp formation, South Corbin-Wolfcamp Pool. The S/2 SW/4 of said Section 5 will be dedicated to the well forming a standard 80-acre oil spacing and proration unit for said pool. Said well is located approximately 7 miles southeast of Maljamar, New Mexico.

CASE 10837: Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its North Pure Gold "9" Fed. Well No. 2 at an unorthodox gas well location 660 feet from the South and West lines (Unit M) of Section 9, Township 23 South, Range 31 East, to test the Atoka and Morrow formations, Undesignated Los Medanos-Morrow Gas Pool, West Sand Dunes-Atoka Gas Pool, and Undesignated West Sand Dunes-Morrow Gas Pool. The S/2 of said Section 9 will be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool(s). Said well is located approximately 11 miles southeast of Lindsey Lake.

CASE 10775: (Continued from September 9, 1993, examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox infill gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant seeks approval of an unorthodox well location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 1, Township 24 South, Range 28 East, Malaga-Atoka Gas Pool. Further, 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 1 to be simultaneously dedicated in the Malaga-Atoka Gas Pool to the proposed well and to the existing Malaga Federal 1 Well No. 1 located at a standard gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 1. Said unit is located approximately 2 miles northeast of Malaga, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 21, 1993
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 32-93 and 33-93 are tentatively set for November 4, 1993 and November 18, 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 10280: (Reopened - Continued from September 23, 1993, Examiner Hearing.)

In the matter of Case No. 10280 being reopened pursuant to the provisions of Division Order No. R-9594, which order 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 should be prepared to appear and show cause why the Temporary Special Pool Rules for the Milnesand-Abo Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

CASE 10687: (Continued from September 23, 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 10829: (Continued from October 7, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company 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 32, Township 18 South, Range 34 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; 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 W/2 SE/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, including the EK-Bone Spring Pool. Said unit is to be dedicated to the applicant's Larica 32 State Well No. 1, to be drilled at an orthodox location within said E/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 7.5 miles west of Arkansas Junction.

CASE 10850: Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the W/2 of Section 14, Township 29 North, Range 13 West. Said unit is to be dedicated to a well to be drilled at a standard location in the W/2 of said Section 14 to test any and all formations to the base of the Pictured Cliffs formation including the Fruitland formation, Basin-Fruitland Coal Gas Pool and the Pictured Cliffs formation, West Kutz-Pictured Cliffs Pool. 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 south of Berry Park.

CASE 10851: Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the S/2 of Section 28, Township 30 North, Range 12 West. Said unit is to be dedicated to a well to be drilled at a standard location in the S/2 of said Section 28 to test any and all formations to the base of the Pictured Cliffs formation including the Fruitland formation, Basin-Fruitland Coal Gas Pool and the Pictured Cliffs formation, Fulcher Kutz-Pictured Cliffs Pool. 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 1 mile south of Farmington Lake.

CASE 10772: (Continued from October 7, 1993, Examiner Hearing.)

Application of Barber Oil Inc. for salt water disposal, Eddy County, New Mexico. Applicant seeks authority to utilize its Stovall-Wood Well No. 5 located 880 feet from the North line and 1580 feet from the West line (Unit C) of Section 20, Township 20 South, Range 30 East, to dispose of produced salt water into the Rustler Lime formation through the perforated interval from approximately 195 feet to 255 feet. Said well is located 2 miles northeast of the National Potash Company Mine.

CASE 10812: (Continued from October 7, 1993, Examiner Hearing.)

Application of Giant Exploration & Production 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 Basin-Fruitland Coal Gas Pool, underlying the N/2 of Section 33, Township 26 North, Range 11 West, 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 only the Basin Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon in 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 said well. Said unit is located near the Huerfano Boarding School.

CASE 10852: **Application of McKay Oil Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 25, Township 20 South, Range 24 East, forming a standard 320-acre spacing and proration unit for the Wolfcamp production from said well. Said unit is to be dedicated to the re-entry of its Charolette McKay Federal Com Well No. 3 which is located in Unit C of said Section 25. Applicant further proposes that it be designated the operator and that the Division consider the costs of reentering and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision and a charge for risk involved in reentering and completing said well. Said well is located approximately 20 miles southwest from Artesia, New Mexico.

CASE 10853: **Application of Matador Petroleum Corporation for an unorthodox gas well location, Chaves County, New Mexico.** Applicant seeks approval of an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 30, Township 15 South, Range 28 East, for production from any formation and/or pool developed on 320-acre gas proration and spacing units including but not limited to the Buffalo Valley-Pennsylvanian Gas Pool. The N/2 of said Section 30 will be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool(s). Said unit is located approximately 3 miles northwest of Nakee Ishee Lake, New Mexico.

CASE 10854: **Application of Phillips Petroleum Company for a special oil allowable for the Cabin-Lake Delaware Pool, Eddy County, New Mexico.** Applicant seeks an order establishing a special oil allowable of 187 barrels of oil per day at a 2,000 to 1 GOR for the Cabin lake-Delaware Pool located in portions of Townships 21 and 22 South, Range 30 East. Applicant further seeks the cancellation of any overproduction charged against any well in the pool as of the effective date of any order entered in this case. This pool is in the Nash Draw area and its center is located approximately 1 mile north of Smith, New Mexico.

CASE 10830: (Readvertised)

Application of Conoco, Inc. for special pool rules or, in the alternative, for a temporary special testing allowable, Lea County, New Mexico. Applicant seeks an order promulgating special pool rules for the Paddock Pool, located in portions of Townships 21 and 22 South, Ranges 36, 37 and 38 East, including a provision for a limiting gas-oil ratio of 6,000 cubic feet of gas per barrel of oil. IN THE ALTERNATIVE, the applicant seeks an order establishing a special one-year testing allowable for its Lockhart A-27 Lease comprising the N/2 of Section 27, Township 21 South, Range 37 East, whereby each pool well in the project area may be produced at its capacity up to a limiting gas-oil ratio of 6000 to one; further any production in excess of the limits set forth in General Rules 505 and 506 would not constitute overproduction for the one-year testing period. Said project area is located approximately one mile northeast of Eunice, New Mexico.

NOTICE: The Commission Hearing is scheduled for Wednesday, November 10, 1993, at 9:00 AM, Morgan Hall, State Land Office Building, Santa Fe, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 18, 1993
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 35-93 and 36-93 are tentatively set for December 2nd, 1993 and December 16, 1993. 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 10865: Application of Merrion Oil & Gas Corporation for a short-radius horizontal directional drilling pilot project and special operating rules therefor, McKinley County, New Mexico. Applicant seeks authority to initiate a short-radius horizontal directional drilling pilot project in the Arena Blanca-Entrada Pool on its Arena Blanca Lease comprising the N/2 SE/4 of Section 36, Township 20 North, Range 5 West. Initially the applicant proposes to utilize the existing Arena Blanca Entrada Well No. 1 located in Unit I of said Section 36 by plugging back from the existing Entrada interval, kicking off from vertical, building angle to approximately 90 degrees with a short-radius curve, and continuing to drill approximately 400 feet of horizontal drainhole in a westerly direction. Applicant further seeks special rules and regulations 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 the 80-acre proration unit. The center of said project area is located approximately 2 miles southeast of the Ojo Encino Trade School.

CASE 10866: Application of OXY USA Inc. for expansion of the waterflood project in the East Eumont Unit, Lea County, New Mexico. Applicant seeks to expand its authority for injection into the Queen formation in the East Eumont Unit, Eumont Yates-Seven Rivers-Queen Pool, granted by Division Order No. R-2901, by drilling an additional injection well in the north area of said unit. The East Eumont Unit comprises portions of Townships 18, 19, and 20 South, Range 37 East. Said unit is located south of Hobbs, New Mexico.

CASE 10867: Application of OXY USA Inc. for Enhanced Oil Recovery Project Qualification for the recovered oil tax rate for the East Eumont Unit, Lea County, New Mexico. Applicant seeks an order pursuant to the rules and procedures for Qualification of Enhanced Oil Recovery Project and Certification for the Recovery Oil Tax Rate, as promulgated by Division Order No. R-9708, qualifying the north portion of the East Eumont Unit for the Recovered Oil Tax Rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). The portion of the East Eumont Unit to be included in the project area is as follows: Portions of Sections 33 and 34, Township 18 South, Range 37 East; portions of Sections 3, 4, 9, 10, 15, and 16, Township 19 South, Range 37 East. Said project is located south of Hobbs, New Mexico.

CASE 10868: Application of Kinlaw Oil Corporation for a high angle/horizontal directional drilling pilot project, special operating rules therefor and an unorthodox well location, Lea County, New Mexico. Applicant seeks to initiate a high angle/horizontal directional drilling pilot project in the Devonian formation, Denton-Devonian Pool, underlying the SW/4 NE/4 of Section 2, Township 15 South, Range 37 East. Applicant proposes to reenter its Mexico "F" Well No. 2 which is at a standard surface location 1980 feet from the North and East lines (Unit G) of said Section 2, kick-off from vertical in a northeasterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of the non-standard unit. Said project is located approximately 4.5 miles southeast of Prairieview, New Mexico.

CASE 10859: (Continued from November 4, 1993, Examiner Hearing.)

Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the E/2 of Section 33, Township 30 North, Range 12 West. Said unit is be dedicated to a well to be drilled at a standard location in the E/2 of said Section 33 to test any and all formations to the base of the Pictured Cliffs formation including the Fruitland formation, Basin-Fruitland Coal Gas Pool and the Pictured Cliffs formation, Fulcher Kutz-Pictured Cliffs Gas Pool. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 2 miles southeast of Flora Vista, New Mexico.

CASE 10850: (Continued from November 4, 1993, Examiner Hearing.)

Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the W/2 of Section 14, Township 29 North, Range 13 West. Said unit is be dedicated to a well to be drilled at a standard location in the W/2 of said Section 14 to test any and all formations to the base of the Pictured Cliffs formation including the Fruitland formation, Basin-Fruitland Coal Gas Pool and the Pictured Cliffs formation, West Kutz-Pictured Cliffs Pool. 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

CASE 10851: (Continued from November 4, 1993, Examiner Hearing.)

Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the S/2 of Section 28, Township 30 North, Range 12 West. Said unit is to be dedicated to a well to be drilled at a standard location in the S/2 of said Section 28 to test any and all formations to the base of the Pictured Cliffs formation including the Fruitland formation, Basin-Fruitland Coal Gas Pool and the Pictured Cliffs formation, Fulcher Kutz-Pictured Cliffs Pool. 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 1 mile south of Farmington Lake.

CASE 10869: Application of Yates Petroleum Corporation for amendment of the Special Rules and Regulations of the South Dagger Draw-Upper Pennsylvanian Associated Pool (Division Order No. R-5353), Eddy County, New Mexico. Applicant seeks the deletion of Rule 5(b) of Order No. R-5353 thereby authorizing simultaneous dedication of both gas wells and oil wells to the same spacing unit within the South Dagger Draw-Upper Pennsylvanian Associated Pool in portions of Township 20 South, Range 24 East. Said area is located approximately 10 miles southeast of Hope, New Mexico.

CASE 10870: Application of Pogo Producing Company for special pool rules for the Los Medanos-Delaware and West Sand Dunes-Delaware Pools, Eddy County, New Mexico. Applicant seeks the promulgation of special pool rules for both the Los Medanos-Delaware and West Sand Dunes-Delaware Pools including a provision for a gas-oil ratio limitation of 8,000 cubic feet of gas per barrel of oil. The Los Medanos-Delaware Pool covers all or parts of Sections 9, 16, and 17 and the West Sand Dunes-Delaware Pool covers all or parts of Sections 20, 21, 28, 29, 32, and 33, all in Township 23 South, Range 31 East. Said area is located approximately at mile marker 15 on State Highway 128.

CASE 10687: (Continued from October 21, 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 10829: (Continued from October 21, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company 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 32, Township 18 South, Range 34 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; 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 W/2 SE/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, including the EK-Bone Spring Pool. Said unit is to be dedicated to the applicant's Larica 32 State Well No. 1, to be drilled at an unorthodox 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 7.5 miles west of Arkansas Junction.

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 2, 1993
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 36-93 and 37-93 are tentatively set for December 16, 1993 and January 6, 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 10111: (Reopened)

In the matter of Case 10111 being reopened pursuant to the provisions of Division Order No. R-8170-J, as amended, which order established minimum gas allowables in the Jalmat Gas Pool in Lea County. Operators in said pool may appear and present evidence and testimony relevant to the continuation of a minimum gas allowable in the Jalmat Gas Pool. This case will be continued to the January 6, 1994, hearing.

CASE 10856: (Continued from November 4, 1993, Examiner Hearing.)

Application of Hanson Operating Company, Inc., for a high angle/horizontal directional drilling pilot project and for special operating rules therefore, Roosevelt County, New Mexico. Applicant seeks authority to initiate a short-radius high angle/horizontal directional drilling pilot project in the NW/4 SE/4 of Section 17, Township 8 South, Range 37 East, being a standard 40-acre oil spacing and proration unit in the Undesignated North Allison-San Andres Pool. Applicant proposes to utilize its existing Tuxedo Federal Well No. 1 located 1990 feet from the South line and 2004 feet from the East line (Unit J) of said Section 17 by kicking-off from vertical at an approximate depth of 4825 feet, 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 any drainhole in said project area to within 330 feet of the outer boundary of said 40-acre unit. Said project area is located approximately 9.75 miles south by east of Milnesand, New Mexico.

CASE 10872: Application of Santa Fe Energy Operating Partners, L.P. for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Sage Unit Agreement for an area comprising 3,840 acres, more or less, of State lands in Sections 3, 4, 5, 8, 9, and 10, Township 24 South, Range 33 East, which is centered approximately two miles north of State Highway 128 Mile Marker 27.

CASE 10873: Application of Mewbourne Oil Company for Special Pool Rules for the Walters Lake-Bone Spring Pool, Eddy County, New Mexico. Applicant seeks an order providing for a gas/oil ratio of 5,000 cubic feet of gas per barrel of oil produced for the Walters Lake-Bone Spring Pool, which covers parts of Sections 2 and 3, Township 18 South, Range 30 East. Said pool is centered approximately 5 miles southwest of Maljamar, New Mexico.

CASE 10829: (Readvertised)

Application of Mewbourne Oil Company 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 32, Township 18 South, Range 34 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; the W/2 SE/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, including the EK-Bone Spring Pool; and the NW/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 the applicant's Larica 32 St. Well No. 1, to be drilled at an orthodox 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 the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 3 miles west of the intersection of State Highway 529 and 8.

CASE 10874: Application of Mewbourne Oil Company for compulsory pooling, unorthodox well location, and non-standard spacing units, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying following described areas in Section 19, Township 19 South, Range 29 East, and in the following manner: the W/2 forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, the SW/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 SW/4 SW/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 Parkchester "19" State Well No. 1 to be drilled at an unorthodox location 990 feet from the South line and 740 feet from the West line of said Section 19. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 17 miles southeast of Artesia, New Mexico.

CASE 10839: (Continued from November 18, 1993, Examiner Hearing.)

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Morrow formation underlying the E/2 of Section 28, Township 18 South, Range 34 East, forming a standard 320-acre gas spacing and proration unit for any Morrow Pools within said vertical extent which presently includes the Undesignated West La Rica-Morrow Gas Pool. Said unit is to be dedicated to its Ekay 28 State Well No. 1, to be drilled at an orthodox location within Unit J of said E/2 proration unit, 2050 feet from the South line and 1800 feet from the East line 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 12 miles southeast of Maljamar, New Mexico.

CASE 10840: (Continued from November 18, 1993, Examiner Hearing.)

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Morrow formation underlying the W/2 of Section 28, Township 18 South, Range 34 East, forming a standard 320-acre gas spacing and proration unit for any Morrow Pools within said vertical extent which presently includes the Undesignated West La Rica-Morrow Gas Pool. Said unit is to be dedicated to its Ekay 28 State Well No. 4, to be drilled at an orthodox location within Unit K of said W/2 proration unit, 1980 feet from the South and West lines 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 12 miles southeast of Maljamar, New Mexico.

CASE 10869: (Continued from November 18, 1993, Examiner Hearing.)

Application of Yates Petroleum Corporation for amendment of the Special Rules and Regulations of the South Dagger Draw-Upper Pennsylvanian Associated Pool (Division Order No. R-5353), Eddy County, New Mexico. Applicant seeks the deletion of Rule 5(b) of Order No. R-5353 thereby authorizing simultaneous dedication of both gas wells and oil wells to the same spacing unit within the South Dagger Draw-Upper Pennsylvanian Associated Pool in portions of Township 20 South, Range 24 East. Said area is located approximately 10 miles southeast of Hope, New Mexico.

CASE 10875: **Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the S/2 of Section 10, Township 20 South, Range 24 East, forming a standard 320-acre 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 location 660 feet from the South and East lines in the S/2 of said Section 10 to test any and all formations to the base of the Canyon formation, South Dagger Draw-Upper Pennsylvanian Pool. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said area is located approximately 3 miles west of Seven Rivers, New Mexico.

CASE 10862: (Continued from November 4, 1993, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks authorization to drill to the Morrow formation, Crooked Creek Morrow Gas Pool, its Redbone BP Federal Well No. 2 at an unorthodox gas well location 1980 feet from the North line and 510 feet from the East line (Unit H) of Section 10, Township 24 South, Range 24 East. The N/2 of said Section 10 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 4 miles west by southwest of Mosley Spring.

CASE 10748: (Reopened)

In the matter of Case No. 10748 being reopened upon application of Yates Petroleum Corporation to amend the spacing requirements for the Indian Basin-Upper Pennsylvanian Associated Pool established by Order No. R-9922, Eddy County, New Mexico. Division Order No. R-9922 granted the application of Yates Petroleum Corporation for creation of the Indian Basin-Upper Pennsylvanian Associated Pool and the adoption of temporary Special Rules and Regulations therefor including 320-acre spacing. At this time Yates Petroleum Corporation requests the Division to amend the Special Rules and Regulations for said pool to provide for 160-acre spacing and proration units. Said area is located approximately 2 miles east of Lone Butte.

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 6, 1994**8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING****SANTA FE, NEW MEXICO**

Dockets Nos. 3-94 and 4-94 are tentatively set for January 20, 1994 and February 3, 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 10812: (Continued from October 21, 1993, Examiner Hearing.)

Application of Giant Exploration & Production 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 Basin-Fruitland Coal Gas Pool, underlying the N/2 of Section 33, Township 26 North, Range 11 West, 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 only the Basin Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon in 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 said well. Said unit is located near the Huerfano Boarding School.

CASE 10888: (Continued from December 16, 1993, Examiner Hearing.)

Application of Merriam Oil & Gas Corporation for compulsory pooling and a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in the Basin Dakota Pool underlying Lots 1 through 8 (N/2 equivalent) of Section 24, Township 27 North, Range 7 West, being a non-standard 352.07 acre gas spacing and proration unit presently dedicated to a well located 1720 feet from the North line and 1000 feet from the East line (Unit H) of said Section 24. The applicant proposes to drill an infill well at a standard gas well location in Lot 3 (NE/4 NW/4 equivalent) of said Section 24 in which said unit is also to be simultaneously dedicated. Also to be considered will be the cost of drilling and completing said infill 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 infill well. Said area is located approximately 20 miles southeast by east of Blanco, New Mexico.

CASE 10890: Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks authority to drill its Kachina 5 Fed. Well No. 7 at an unorthodox oil well location 2130 feet from the North line and 990 feet from the West line (Unit E) of Section 5, Township 18 South, Range 33 East, to test the Wolfcamp formation (South Corbin-Wolfcamp Pool). The S/2 NW/4 of said Section 5 is to be dedicated to said well. Said well is located approximately 5 1/2 miles southeast of Maljamar, New Mexico.**CASE 10829:** (Readvertised - Continued from December 2, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company 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 32, Township 18 South, Range 34 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; the W/2 SE/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, including the EK-Bone Spring Pool; and the NW/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 the applicant's Larica 32 St. Well No. 1, to be drilled at an orthodox 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 the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 3 miles west of the intersection of State Highway 529 and 8.

CASE 10870: (Continued from December 16, 1993, Examiner Hearing.)

Application of Pogo Producing Company for special pool rules for the Los Medanos-Delaware and West Sand Dunes-Delaware Pools, Eddy County, New Mexico. Applicant seeks the promulgation of special pool rules for both the Los Medanos-Delaware and West Sand Dunes-Delaware Pools including a provision for a gas-oil ratio limitation of 8,000 cubic feet of gas per barrel of oil. The Los Medanos-Delaware Pool covers all or parts of Sections 9, 16, and 17 and the West Sand Dunes-Delaware Pool covers all or parts of Sections 20, 21, 28, 29, 32, and 33, all in Township 23 South, Range 31 East. Said area is located approximately at mile marker 15 on State Highway 128.

CASE 10856: (Continued from December 16, 1993, Examiner Hearing.)

Application of Hanson Operating Company, Inc., for a high angle/horizontal directional drilling pilot project and for special operating rules therefore, Roosevelt County, New Mexico. Applicant seeks authority to initiate a short-radius high angle/horizontal directional drilling pilot project in the NW/4 SE/4 of Section 17, Township 8 South, Range 37 East, being a standard 40-acre oil spacing and proration unit in the Undesignated North Allison-San Andres Pool. Applicant proposes to utilize its existing Tuxedo Federal Well No. 1 located 1990 feet from the South line and 2004 feet from the East line (Unit J) of said Section 17 by kicking-off from vertical at an approximate depth of 4825 feet, 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 any drainhole in said project area to within 330 feet of the outer boundary of said 40-acre unit. Said project area is located approximately 9.75 miles south by east of Milnesand, New Mexico.

CASE 10839: (Readvertised)

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Morrow formation underlying all of Section 28, Township 18 South, Range 34 East, forming a standard 640-acre gas spacing and proration unit for any Morrow Pools within said vertical extent which presently includes the Undesignated West La Rica-Morrow Gas Pool. Said unit is to be dedicated to its Ekay 28 State Well No. 1, to be drilled at an orthodox location within Unit J, 1980 feet from the South and East lines 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 12 miles southeast of Maljamar, New Mexico.

CASE 10891: Application of Southland Royalty Company for approval of a waterflood project and qualification for the recovered oil tax rate, Lea County, New Mexico. Applicant seeks authority to institute its State "DS" Leasehold Waterflood Project by the injection of water into the San Andres formation, Spencer-San Andres Pool, a new project area consisting of 280 acres, more or less, being the SW/4, W/2 SE/4, and SE/4 SE/4 of Section 24, Township 17 South, Range 36 East. The applicant further seeks to qualify this project for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said project is centered approximately 5 1/2 miles northwest of Humble city, New Mexico.

CASE 10858: (Readvertised - Continued from December 2, 1993, Examiner Hearing.)

Application of Mitchell Energy Corporation for a waiver of the salt protection string requirements of Order No. R-111-P for certain wells, Lea County, New Mexico. Applicant seeks authority to delete the salt protection string requirements of Order No. R-111-P from ten wells to be located in Section 4, Township 20 South, Range 33 East, and to be drilled to test for production in the West Teas Yates-Seven Rivers Pool. The subject wells are located north of Highway 180 some 4.75 miles northeast of the intersection of Highways 176 and 180 and are approximately 2.75 miles northeast of Laguna Gatuna, New Mexico.

CASE 10521: (Reopened - Continued from November 4, 1993, Examiner Hearing.)

In the matter of Case No. 10521 being reopened pursuant to the provisions of Order No. R-8170-L which order promulgated special rules and regulations for the South Blanco-Pictured Cliffs Pool establishing a minimum gas allowable for said pool. Operators in the subject pool should be prepared to appear and present evidence and testimony should it become apparent that continuation of a minimum gas allowable will not serve to prevent waste and protect correlative rights. This cause will be continued to a January 1994 docket.

CASE 10036: (Reopened - Continued from November 4, 1993, Examiner Hearing.)

In the matter of Case No. 10036 being reopened pursuant to the provisions of Order No. R-8170-G which order promulgated special rules and regulations for the Eumont Gas Pool, establishing a minimum gas allowable for said pool. Operators in the subject pool should be prepared to appear and present evidence and testimony relevant to the continuation of a minimum gas allowable in the Eumont Gas Pool. This cause will be continued to a January 1994 docket.

DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 20, 1994
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 4-94 and 5-94 are tentatively set for February 3, 1994 and February 17, 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 10812: (Continued from January 6, 1994, Examiner Hearing.)

Application of Giant Exploration & Production 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 Basin-Fruitland Coal Gas Pool, underlying the N/2 of Section 33, Township 26 North, Range 11 West, 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 only the Basin Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon in 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 said well. Said unit is located near the Huerfano Boarding School.

CASE 10839: (Continued from January 6, 1994, Examiner Hearing.)

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Morrow formation underlying all of Section 28, Township 18 South, Range 34 East, forming a standard 640-acre gas spacing and proration unit for any Morrow Pools within said vertical extent which presently includes the Undesignated West La Rica-Morrow Gas Pool. Said unit is to be dedicated to its Ekay 28 State Well No. 1, to be drilled at an orthodox location within Unit J, 1980 feet from the South and East lines 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 12 miles southeast of Maljamar, New Mexico.

CASE 10892: Application of Collins & Ware, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks authority to drill its Butch Federal Well No. 1 at an unorthodox gas well location 360 feet from the North line and 660 feet from the East line (Unit A) of Section 29, Township 20 South, Range 28 East, to test the Wildcat Yates formation. The NE/4 of said Section 29 is to be dedicated to said well. Said well is located approximately 4 miles northeast of Avalon Reservoir.

CASE 10829: (Continued from January 6, 1994, Examiner Hearing.)

Application of Mewbourne Oil Company 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 32, Township 18 South, Range 34 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; the W/2 SE/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, including the EK-Bone Spring Pool; and the NW/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 the applicant's Larica 32 St. Well No. 1, to be drilled at an orthodox 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 the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 3 miles west of the intersection of State Highway 529 and 8.

CASE 10874: (Readvertised)

Application of Mewbourne Oil Company for compulsory pooling, an unorthodox well location and non-standard spacing units, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following non-standard proration units in Section 19, Township 19 South, Range 29 East, and in the following manner: the W/2 equivalent containing 290.32 acres for all pools and formations spaced on 320 acres; the SW/4 equivalent containing 145.04 acres for all pools and formations spaced on 160 acres; and the SW/4 SW/4 equivalent containing 32.49 acres for all pools and formations spaced on 40 acres. Said unit is to be dedicated to applicants Parkchester "19" State Well No. 1 to be drilled at an unorthodox location 990 feet from the South line and 740 feet from the West line (Unit M) of said Section 19. 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 17 miles southeast of Artesia, New Mexico.

CASE 10870: (Continued from January 6, 1994, Examiner Hearing.)

Application of Pogo Producing Company for special pool rules for the Los Medanos-Delaware and West Sand Dunes-Delaware Pools, Eddy County, New Mexico. Applicant seeks the promulgation of special pool rules for both the Los Medanos-Delaware and West Sand Dunes-Delaware Pools including a provision for a gas-oil ratio limitation of 8,000 cubic feet of gas per barrel of oil. The Los Medanos-Delaware Pool covers all or parts of Sections 9, 16, and 17 and the West Sand Dunes-Delaware Pool covers all or parts of Sections 20, 21, 28, 29, 32, and 33, all in Township 23 South, Range 31 East. Said area is located approximately at mile marker 15 on State Highway 128.

CASE 10893: Application of Samedan Oil Corporation for pool extension of and special pool rules for the Cline-Tubb Pool, Lea County, New Mexico. Applicant seeks the promulgation of special pool rules for the Cline-Tubb Pool including a provision for a gas-oil ratio limitation of 6,000 cubic feet of gas per barrel of oil. The Cline-Tubb Pool consists of the SE/4 of Section 11, Township 23 South, Range 37 East, and applicant further seeks the extension of said pool to include the SW/4 of Section 12 in said township and range. Said area is located approximately 8 miles south of Eunice, New Mexico.

CASE 10894: Application of Exxon Corporation for a non-standard gas proration unit, Lea County, New Mexico. Applicant seeks the formation of an 80-acre non-standard gas proration unit comprising the NW/4 NE/4 (Unit B) of Section 34 and the SW/4 SE/4 (Unit O) of Section 27, Township 21 South, Range 37 East, Blinebry Oil and Gas Pool, to be dedicated to its F. F. Hardison "B" Well No. 4 located 660 feet from the North line and 1980 feet from the East line of said Section 34. Said well currently has a 40-acre non-standard gas proration unit authorized by Administrative Order No. NSP-1618. Said unit is located approximately in Eunice, New Mexico.

CASE 10895: Application of Exxon Corporation for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant seeks the formation of a 120-acre non-standard gas proration unit comprising the NW/4 SE/4 (Unit J), the NE/4 SE/4 (Unit I), and the SE/4 SE/4 (Unit P) of Section 27, Township 21 South, Range 37 East, Blinebry Oil and Gas Pool, to be simultaneously dedicated to its F. F. Hardison Well No. 7 located 660 feet from the South and East lines and Well No. 8 located 1980 feet from the South line and 660 feet from the East line, both in said Section 27. Said wells currently have a 120-acre non-standard gas proration unit and simultaneous dedication authorized by Administrative Order No. NSP-1482(SD). Said unit is located approximately in Eunice, New Mexico.

CASE 10886: (Continued from December 16, 1993, Examiner Hearing.)

Application of Exxon Corporation for acreage reorientation and for two non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to reorient the existing acreage currently dedicated in the Blinebry Gas Pool to its New Mexico "S" State Well No. 12, being the 79.50 acres comprising Lots 1 and 2 (N/2 NE/4 equivalent) of Section 2, Township 22 South, Range 37 East, and its New Mexico "S" State Well No. 14, being the 39.78 acres comprising Lot 3 (NE/4 NW/4 equivalent) of said Section 2, both non-standard units previously approved by Division Administrative Orders NSP-954-A and NSP-1599, respectively. The applicant now proposes to combine Lots 2 and 3 (the NW/4 NE/4 and NE/4 NW/4 equivalents) of said Section 2 to form a non-standard 79.52-acre gas spacing and proration unit in the Blinebry Gas Pool for the No. 14 well located at a standard gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 2 and to dedicate the remaining 39.74 acres comprising Lot 1 (NE/4 NE/4 equivalent) to the No. 12 located 660 feet from the North and East lines (Unit A) of said Section 2. This acreage is located approximately two miles east southeast of Eunice, New Mexico.

CASE 10896: Application of The Wiser Oil Company to authorize the expansion of the Maljamar Grayburg Unit Waterflood Project and qualify said expansion for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act," Lea County, New Mexico. Applicant seeks an order pursuant to the rules and procedures for Qualification of Enhanced Oil Recovery Projects and Certification for the Recovery Oil Tax Rate, as promulgated by Division Order No. R-9708, qualifying a portion of its Maljamar Grayburg Unit in Sections 2, 3, 4, 8, 9, 10, 11, 14, and 15, Township 17 South, Range 32 East, Maljamar Grayburg-San Andres Pool, for the Recovered Oil Tax Rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Applicant further seeks authority to expand a portion of said project by means of a significant change in process including conversion to 40-acre five-spot injection patterns. Said project area is centered in Maljamar, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 17, 1994
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 7-94 and 8-94 are tentatively set for March 3, 1994 and March 17, 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 10812: (Continued from February 3, 1994, Examiner Hearing.)

Application of Giant Exploration & Production 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 Basin-Fruitland Coal Gas Pool, underlying the N/2 of Section 33, Township 26 North, Range 11 West, 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 only the Basin Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon in 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 said well. Said unit is located near the Huerfano Boarding School.

CASE 10908: Application of Snyder Oil Corporation for downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle Gallup Oil and Basin-Dakota Gas Pool production within the wellbore of its Con Hale Well No. 2-E, located at a previously approved unorthodox oil well location (Division Administrative Order NSL-2402, dated December 22, 1987) 1040 feet from the South line and 884 feet from the West line (Unit M) of Section 15, Township 26 North, Range 8 West, being approximately 6 miles west of the El Paso Natural Gas Company Largo Station.

CASE 10822: (Continued from January 20, 1994, Examiner Hearing.)

Application of Mewbourne Oil Company 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 32, Township 18 South, Range 34 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; the W/2 SE/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, including the EK-Bone Spring Pool; and the NW/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 the applicant's Larica 32 St. Well No. 1, to be drilled at an orthodox 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 the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 3 miles west of the intersection of State Highway 529 and 8.

CASE 10541: (Reopened)

In the matter of Case 10541 being reopened pursuant to the provisions of Division Order No. R-9773, as amended, 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 show cause why the special limiting gas-oil ratio for the East Herradura Bend-Delaware Pool should remain in effect.

CASE 10909: Application of Klabzuba Oil and Gas for an unorthodox well location, Lea County, New Mexico. Applicant seeks authorization to drill its State Well No 1-36 at an unorthodox location 2403 feet from the North line and 2620 feet from the West line (Unit F) of Section 36, Township 11 South, Range 37 East, Devonian formation, Gladiola-Devonian Pool. The SE/4 NW/4 of said Section 36 should be dedicated to the well. Said area is located approximately 8 miles northeast of Tatum, New Mexico.

CASE 10910: Application of Manzano Oil Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval of the unorthodox location in the Morrow formation, West Osudo-Morrow Gas Pool, for its Neuhaus Federal Well No 3 to be drilled 660 feet from the South line and 1650 feet from the East line (Unit O) of Section 14, Township 20 South, Range 35 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 17 miles southwest of Hobbs, New Mexico.

CASE 10839: (Continued from January 20, 1994, Examiner Hearing.)

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Morrow formation underlying all of Section 28, Township 18 South, Range 34 East, forming a standard 640-acre gas spacing and proration unit for any Morrow Pools within said vertical extent which presently includes the Undesignated West La Rica-Morrow Gas Pool. Said unit is to be dedicated to its Ekay 28 State Well No. 1, to be drilled at an orthodox location within Unit J, 1980 feet from the South and East lines 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 12 miles southeast of Maljamar, New Mexico.

CASE 10911: **Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 31, Township 17 South, Range 27 East. Applicant proposes to reenter the Fasken Exxon AOF Federal Com Well No. 1 located at a standard location 1980 feet from the South and East lines of said Section 31 to test any and all formations to the base of the Morrow, Undesignated Red Lake-Pennsylvanian Pool. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 7 miles east-southeast of Artesia, New Mexico.

CASE 10912: **Application of Enron Oil & Gas Company for downhole commingling, Eddy County, New Mexico.** Applicant seeks approval to downhole commingle production from the Morrow formation, West Sand Dunes-Morrow Gas Pool, and Atoka formation, West Sand Dunes-Atoka Gas Pool, within the wellbore of its Pure Gold "B" Federal Well No. 2 located 660 feet from the North line and 1980 feet from the East line of Section 20, Township 23 South, Range 31 East. Said area is located near Mile Marker 14 on State Highway 128.

CASE 10913: **Application of Collins & Ware, Inc. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the E/2 SW/4 of Section 10, Township 17 South, Range 37 East. Applicant proposes to dedicate the E/2 SW/4 of said Section 10 to its Scarborough Well No. 1 to be drilled at a standard location to test any and all formations to the base of the Strawn formation, Humble City-Strawn Pool. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 6 miles northeast of Humble City, New Mexico.

CASE 10899: (Continued from February 3, 1994, Examiner Hearing.)

Application of Matador Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NW/4 SW/4 or in the alternative, the N/2 SW/4 of Section 5, Township 17 South, Range 37 East, forming either a standard 40-acre 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 Lovington-Drinkard Pool, OR IN THE ALTERNATIVE a standard 80-acre 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 West Knowles-Drinkard Pool. Said unit is to be dedicated to a well to be drilled and completed at a standard oil well location in Unit L of said Section 5. 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 miles southeast of Lovington, New Mexico.