

**DOCKET: EXAMINER HEARING - THURSDAY - MARCH 3, 1994**  
**8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING**  
**SANTA FE, NEW MEXICO**

Dockets Nos. 9-94 and 10-94 are tentatively set for March 17, 1994 and March 31, 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 17, 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 10922:** Application of Marathon Oil Company for a high angle/horizontal directional drilling pilot project and special operating rules therefor, Lea County, New Mexico. Applicant seeks to initiate a high angle/horizontal directional drilling project in the Denton-Devonian Pool, underlying a Project Area being the SW/4, N/2 SE/4 and SE/4 SE/4 of Section 11, Township 15 South, Range 37 East. Applicant proposes to re-enter and directionally drill its J. M. Denton Well No. 5 by commencing at a standard well location in Unit N of Section 11, then kick-off from vertical in a northeasterly direction commencing to build angle at an appropriate rate to vertically and/or horizontally intersect the proposed producing area such that the producing interval will be located in Unit N of Section 11. Applicant further seeks the promulgation of special operating rules and procedures for wells within said Project Area including provisions for administrative authorization for additional horizontal/high angle/directional wellbores, and the formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, the assignment of a special oil allowable or formula for the project area. Applicant further seeks the designation of a target window such that the horizontal or producing portion of such wellbores shall be no closer than 330 feet to any outer boundary of the project area. Said project is located approximately 4.5 miles south-southeast of Prairieview, New Mexico.

**CASE 10923:** Application of Marathon Oil Company for a high angle/horizontal directional drilling pilot project, special operating rules therefor and an unorthodox producing interval, Eddy County, New Mexico. Applicant seeks authority to initiate a high angle/horizontal directional drilling pilot project in the Indian Basin-Upper Pennsylvanian Gas Pool and the promulgation of special operating rules, including the designation of a prescribed area limiting the surface location and the horizontal displacement of the wellbore such that its surface location and producing interval be no closer than 1500 feet to the west and north or 1650 feet to the east and south outer boundaries of its spacing unit being a standard 640 acre spacing unit consisting of all of Section 26, Township 21 South, Range 23 East. Said project area is located approximately 20 miles west of Carlsbad, New Mexico.

**CASE 10914:** (Continued from February 17, 1994 Examiner Hearing.)

Application of Marathon Oil Company for compulsory pooling, unorthodox well location and a non-standard gas proration and spacing unit, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco formation underlying Section 36, Township 20 1/2 South, Range 23 East, forming either a standard 345.4-acre oil-gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which may presently include but is not necessarily limited to the South Dagger Draw-Upper Pennsylvanian Associated Pool, OR IN THE ALTERNATIVE forming a non-standard 345.4-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre spacing within said vertical extent, which may presently include but is not necessarily limited to the Indian Basin-Upper Pennsylvanian Gas Pool. Said unit is to be dedicated to a well to be drilled and completed at a well location 660 feet from the North line and 1650 feet from the East line of Section 36, said location being unorthodox if dedicated to the Indian Basin Upper Pennsylvanian 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 unit is located approximately 10 miles southeast of Hope, New Mexico.

**CASE 10899:** (Continued from February 17, 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.

**CASE 10924:** Application of GECKO, Inc. for directional drilling and unorthodox oil well surface and bottomhole locations, Lea County, New Mexico. Applicant seeks exceptions to Division General Rule 111 and the Special Rules and Regulations of the Casey-Strawn Pool and for approval to reenter its Gecko State "35 Well No. 1 at an unorthodox surface location 434 feet from the North line and 1762 feet from the East line (Unit B) in Section 35, Township 16 South, Range 37 East, establish a kickoff point and to deviate from vertical in a southerly direction to a total vertical depth of approximately 11,750 feet to the base of the Strawn formation at a point within a 100 foot radius of an estimated bottomhole target 934 feet from the North line and 1762 feet from the East line (Unit B) in said Section 35 and for approval to produce the Strawn formation at said unorthodox bottomhole location within an 80-acre spacing and proration unit consisting of the N/2 NE/4 of Section 35 being dedicated to production from the Casey-Strawn Pool. Said well is located approximately 6 miles north of Humble City, New Mexico.

**CASE 10925:** Application of Armstrong Energy Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks authorization to drill to the Delaware formation, Northeast Lea-Delaware Pool, its Mobil Lea State Well No 5 at a location 2440 feet from the North line and 870 feet from the West line (Unit E) of Section 2, Township 20 South, Range 34 East. The SW/4 NW/4 of said Section 2 is to be dedicated to said well forming a standard 40-acre spacing and proration unit. Said unit is located approximately 1/2 mile south of Mile Marker 80 on U.S. Highway 180/62.

**CASE 10926:** Application of David H. Arrington Oil & Gas Inc. for an unorthodox gas well location and a non-standard spacing unit, Lea County, New Mexico. Applicant seeks authorization to drill its Foster Well No. 4 at an unorthodox location 660 feet from the South line and 480 feet from the East line (Unit P) of Section 34, Township 19 South, Range 36 East, Eumont Gas Pool. Applicant also seeks the creation of a 160-acre non-standard spacing unit comprised of the S/2 S/2 of said Section 34 to be dedicated to said well. Said area is located approximately 1 mile northwest of the Warren Gas Company Compressor Station.

**CASE 10911:** (Continued from February 17, 1994, Examiner Hearing.)

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:** (Continued from February 17, 1994, Examiner Hearing.)

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.