

CASE 9636: (Continued from April 12, 1989, Examiner Hearing.)

Application of Grand Resources Inc. for statutory unitization, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the designated and Undesignated Mesa-Gallup Oil Pool underlying 4800.00 acres, more or less, of Navajo Indian lands in all or portions of Sections 10, 13, 14, 15, 23, 24 and 25, Township 32 North, Range 18 West and Section 30, Township 32 North, Range 17 West, all as projected into the unsurveyed Navajo Indian Reservation. Said unit is to be designated the Mesa-Gallup Unit Area. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any nonconsenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said unit area is located approximately 12 miles north of Shiprock, New Mexico.

CASE 9637: (Continued from April 12, 1989, Examiner Hearing.)

Application of Grand Resources Inc. for a waterflood project, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the designated and Undesignated Mesa-Gallup Oil Pool in its proposed Mesa-Gallup Unit Area (Division Case No. 9636) underlying all or portions of Sections 10, 13, 14, 15, 23, 24 and 25, Township 32 North, Range 18 West and Section 30, Township 32 North, Range 17 West, all as projected into the unsurveyed Navajo Indian Reservation. Said area is located approximately 12 miles north of Shiprock, New Mexico.

CASE 9660: Application of Mobil Producing Texas and New Mexico Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to commingle gas production from the Blinberry and Drinkard Pools within the wellbore of its Brunson-Argo Well No. 6 located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 10, Township 22 South, Range 37 East. Said well is located approximately 2 miles south of Eunice, New Mexico.

CASE 9311: (Reopened)

In the matter of Case 9311 being reopened pursuant to the provisions of Division Order No. R-8614, which promulgated temporary special rules and regulations for the Monument-Abo Pool, Lea County, New Mexico, establishing a limiting gas-oil ratio of 10,000 cubic feet of gas per barrel of oil. Operators in the subject pool may appear and show cause why the Monument-Abo Pool should not be governed by the statewide rule limiting gas-oil ratio of 2,000 cubic feet of gas per barrel of oil.

CASE 9661: Application of Hixon Development Company for an unorthodox oil well location and simultaneous dedication, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 330 feet from the South line and 2310 feet from the West line (Unit N) of Section 35, Township 25 North, Range 3 West, West Lindrith Gallup-Dakota Oil Pool, the SW/4 of said Section 35, forming a 160-acre oil spacing and proration unit for said pool, to be simultaneously dedicated to the above described well and to the existing Missy Well No. 2 located 1650 feet from the South and West lines (Unit K) of said Section 35. Said location is approximately 3 miles northwest by west of Lindrith, New Mexico.

CASE 9662: Application of Chuska Energy Company for an unorthodox oil well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 1440 feet from the North line and 630 feet from the East line (Unit H) of Section 21, Township 31 North, Range 18 West, as projected into the unsurveyed Navajo Indian Reservation, to test the Undesignated Cone-Paradox Oil Pool. The SE/4 NE/4 of said projected Section 21 is to be dedicated to said well forming a standard Statewide 40-acre oil spacing and proration unit for said pool. Said well location is approximately 8 miles north-northwest of Shiprock, New Mexico.

*pursuant to the provisions of
Division Rule 122c.*

MOBIL

Case No. 9661

Exhibit No. 1

Date 4/26/89

PROPOSED ALLOCATION FORMULA

Hixon #3 Missy

*shot a rational beh'd
this part*

THE DEPTH BRACKET ALLOWABLE FOR THE 160 ACRE PRORATION UNIT
DIVIDED BY THE NUMBER OF WELLS IN THE PRORATION UNIT

TIMES

THE RATIO OF THE ILLEGAL DISTANCE TO THE LEASE LINE TO THE LEGAL
DISTANCE TO THE LEASE LINE

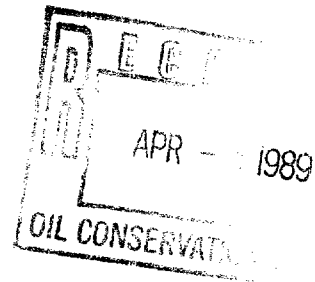
CALCULATION: $[(382 \text{ BOPD}) / 2 \text{ Wells}] \times [330 \text{ ft} / 790 \text{ ft}] = \underline{80 \text{ BOPD}}$

penalty -
if pool expanded move it.

HixonDevelopment COMPANY

April 3, 1989

Mobil Oil Corporation
1225 17th Street
Post Office Box 5444
Denver, Colorado 80217



Subject: Application of Hixon Development Company
for Unorthodox Oil Well Location
Hixon Development Company Missy #3 Well
Rio Arriba County, New Mexico

Case 9661


Gentlemen:

The purpose of this letter is to provide notice to you, in accordance with the rules and regulations of the New Mexico Oil Conservation Division, that Hixon Development Company has filed an application with the New Mexico Oil Conservation Division seeking and Order approving an unorthodox oil well location 330' FSL and 2310' FWL (Unit N) of Section 35, Township 25 North, Range 3 West, N.M.P.M., West Lindrith Gallup-Dakota Oil Pool, the SW/4 of said Section 35 to be dedicated to the Hixon Development Company Missy #3 Well forming a standard 160-acre oil spacing and proration unit for said pool.

This application has been placed on the April 26, 1989 Docket of the New Mexico Oil Conservation Division. In accordance with rules and regulations of the New Mexico Oil Conservation Division, you are entitled to be present at the hearing to present testimony and to submit evidence in support of your position regarding the merits of the application.

If you have any questions please call me at 326-3325 or write to me at the letterhead address.

Very truly yours,


John C. Corbett
Vice President - Exploration

JCC/plc

CERTIFIED - RETURN RECEIPT REQUESTED
P 950 806 348

xc: New Mexico Oil Conservation Division
Attn: William J. Lemay, Division Director
Post Office Box 2088
Santa Fe, New Mexico 87501-2088

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