

Dockets Nos. 34-89 and 35-89 are tentatively set for November 29 and December 13, 1989. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 15, 1989
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for January 1990, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for January, 1990, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9798: (Continued from November 1, 1989, Examiner Hearing.)

Application of El Paso Natural Gas Company for amendment of Division Order No. R-6175, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-6175, which order authorized the Washington Ranch Gas Storage Project, by allowing the measurement of the total volume of input gas into the storage area through a single meter and to meter only the total volume of gas being withdrawn from the storage area through a second single meter. Said project area is located in an area 5 miles south of the Carlsbad Caverns National Park.

CASE 9800: (Continued from November 1, 1989, Examiner Hearing.)

Application of W. E. Jeffers for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for a well to be drilled 2310 feet from the South line and 2452 feet from the West line (Unit K) of Section 2, Township 18 South, Range 28 East, Artesia Queen-Grayburg-San Andres Pool, the NE/4 SW/4 of said Section 2 to be dedicated to said well and the existing Featherstone State Well No. 4 located at a standard oil well location 1650 feet from the South and West lines of said Section 2. Said unit is located approximately 2 miles southeast of the junction of U.S. Highway 82 and N.M. State Highway No. 360.

CASE 9788: (Continued from November 1, 1989, Examiner Hearing.)

Application of Yates Petroleum Corporation for directional drilling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to directionally drill a well from a surface location of 563 feet from the South line and 2125 feet from the East line (Unit O) of Section 11, Township 20 South, Range 29 East, to an unorthodox bottomhole gas well location in the Morrow formation within 50 feet of a point 2480 feet from the North line and 1980 feet from the East line (Unit G) of Section 14, Township 20 South, Range 29 East, the E/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for the Undesignated East Burton Flat-Morrow Gas Pool. This well location is approximately 4 miles north-northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.

CASE 9811: Application of Southland Royalty Company for seven non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to establish seven non-standard gas spacing and proration units for Basin-Fruitland Coal Gas Pool production in the northern tier of Sections, being Sections 7 through 12, of Township 32 North, Range 8 West. Said area is bounded on the north by the Colorado/New Mexico stateline between Mile Post Nos. 252 and 258.

CASE 9812: Application of Meridian Oil Inc., on behalf of El Paso Natural Gas Company, for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its San Juan 30-6 Unit Well No. 479 to be drilled 1310 feet from the South line and 2300 feet from the West line (Unit N) of Section 29, Township 30 North, Range 6 West, Basin-Fruitland Coal Gas Pool, the W/2 of said Section 29 to form a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 7 miles east by south of the Navajo Reservoir Dam.

CASE 9813: Application of Meridian Oil Inc., on behalf of El Paso Natural Gas Company, for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its San Juan 30-6 Unit Well No. 482 to be drilled 835 feet from the South line and 2440 feet from the West line (Unit N) of Section 31, Township 30 North, Range 6 West, Basin-Fruitland Coal Gas Pool, the W/2 of said Section 31 to form a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 6.25 miles east-southeast of the Navajo Reservoir Dam.

CASE 9801: (Continued from November 1, 1989, Examiner Hearing.)

Application of Conoco, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Cisco Canyon formation underlying the SW/4 of Section 36, Township 19 South, Range 24 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 160-acre spacing (which includes but is not necessarily limited to the Undesignated Dagger Draw-Wolfcamp Gas Pool and North Dagger Draw-Upper Pennsylvanian Pool). Said unit is to be dedicated to a well to be drilled at a standard location 660 feet from the South line and 990 feet from the West line (Unit M) of said Section 36. 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 an operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 15 miles west by south of Lakewood, New Mexico.

CASE 9808: (Continued from November 1, 1989, Examiner Hearing.)

Application of TXO Production Corporation for compulsory pooling, directional drilling, and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated East Burton Flat-Strawn Gas Pool underlying the W/2 of Section 14, Township 20 South, Range 29 East, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be directionally drilled from a surface location 900 feet from the South line and 1815 feet from the West line (Unit M) of Section 11, Township 20 South, Range 29 East, to a non-standard bottomhole gas well location within 50 feet of a point 825 feet from the North line and 1815 feet from the West line (Unit C) of said Section 14. 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 location is approximately 4 miles north-northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.

CASE 9814: Application of Mewbourne Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 660 feet from the South and West lines. (Unit M) of Section 14, Township 17 South, Range 26 East, Undesignated Kennedy Farms-Morrow Gas Pool, the S/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. The proposed well site is located approximately 3 miles east-southeast of Artesia, New Mexico.

CASE 9815: Application of Santa Fe Energy Operating Partners, L.P., for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 16, Township 21 South, Range 35 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated Osudo-Morrow Gas Pool and Undesignated South Osudo-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 13 miles west by north of Eunice, New Mexico.

CASE 9816: Application of Santa Fe Energy Operating Partners, L.P., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the N/2 of Section 32, Township 23 South, Range 29 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, which includes but is not necessarily limited to the Undesignated Laguna Salado-Atoka Gas Pool, Undesignated Cedar Canyon-Morrow Gas Pool, and Undesignated Laguna Grande-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1 mile northeast of Harroun, New Mexico.

CASE 9796: (Continued from November 1, 1989, Examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 22, Township 19 South, Range 33 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools being developed on 320-acre spacing (which presently includes but is not necessarily limited to the Undesignated Gem-Morrow Gas Pool and the Undesignated East Gem-Morrow Gas Pool). Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of said Section 22. 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 an operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 4.5 miles north of Mile Post No. 73 located on U.S. Highway 62/180.

CASE 9789: (Continued from November 1, 1989, Examiner Hearing.)

Application of Mobil Producing Texas and New Mexico Inc. for pool creation and special pool rules, or in the alternative for pool extension, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Mancos formation comprising all of Section 15, Township 23 North, Range 1 West, and for the promulgation of special rules and regulations therefor including provisions for 640-acre spacing and proration units, designated well location requirements, and the assignment of a special depth bracket allowable. **IN THE ALTERNATIVE**, the applicant seeks to extend the West Puerto Chiquito-Mancos Oil Pool to include all of Sections 3, 10 and 15, Township 23 North, Range 1 West. Applicant further requests that the effective date of any order issued in this case be the date of this hearing. Said area is located approximately 3 miles north-northeast of Regina, New Mexico.

CASE 9817: Application of Tom Brown, Inc. for an unorthodox gas well location and non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location for its Peregrine State "36" Well No. 1 to be drilled either 1310 or 1330 feet from the North line and either 1310 or 1330 feet from the East line of Irregular Section 36, Township 26 South, Range 34 East, to a depth sufficient to test the Atoka formation, all said Section 36 to be dedicated to said well forming a non-standard 299.28-acre gas spacing and proration unit for said zone. Said unit is bounded to the south by the Texas/New Mexico stateline at Mile Corner No. 21.

CASE 9818: Application of Blackwood & Nichols Co., Ltd. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its Northeast Blanco Unit Well No. 440 to be drilled 530 feet from the North line and 2135 feet from the East line (Unit B) of Section 11, Township 31 North, Range 7 West, Basin-Fruitland Coal Gas Pool, the N/2 of said Section 11 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. This well location is approximately 5.5 miles south of Mile Post No. 247.5 located on the New Mexico/Colorado Stateline.

CASE 9819: Application of Blackwood & Nichols Co., Ltd. for compulsory pooling and an unorthodox gas well location, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying Lots 7 and 8, the S/2 NW/4, and the SW/4 of Section 4, Township 30 North, Range 7 West, in both San Juan and Rio Arriba Counties, forming a 319.38-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes the Basin-Fruitland Coal Gas Pool, to be dedicated to its Northeast Blanco Unit Well No. 424, to be drilled at an unorthodox coal gas well location 2075 feet from the North line and 1330 feet from the West line (Unit F) of said Section 4. 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 approximately 3.5 miles north-northeast of the Navajo Reservoir Dam.

CASE 9820: Application of Blackwood & Nichols Co., Ltd. for compulsory pooling and a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying the E/2 equivalent of Irregular Section 13, Township 30 North, Range 8 West, for any and all formations and/or pools within said vertical extent of this tract developed on 320-acre spacing (which presently includes but is not necessarily limited to the Basin-Fruitland Coal Gas Pool). Said unit is to be dedicated to its Northeast Blanco Unit Well No. 469, to be drilled at a previously approved (NSI-2685) unorthodox coal gas well location 1315 feet from the North line and 645 feet from the East line (Unit H) of said Section 13. 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 approximately 1 mile northwest of the Navajo Reservoir Dam.

CASE 9821: Application of Nearburg Producing Company for amendment of Division Order No. R-8991, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8991, dated August 31, 1989, which order authorized an unorthodox oil well location in the South Humble City-Strawn Pool for its Boy's Ranch Well No. 1 to be drilled 1100 feet from the North line and 880 feet from the East line (Unit A) of Section 13, Township 17 South, Range 37 East, by including provisions to test the Devonian formation whereby the NE/4 NE/4 of said Section 13 is to be dedicated to form a standard statewide 40-acre oil spacing and proration unit for said zone. Said well site is located approximately 3 miles north by east of Humble City, New Mexico.

CASE 9791: (Continued from October 18, 1989, Examiner Hearing.)

Application of Bannon Energy Incorporated for extension and contraction of certain pools in Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to contract the Lybrook-Gallup Oil Pool by the deletion of the NE/4 SW/4, S/2 SW/4, and SW/4 SE/4 of Section 31, Township 24 North, Range 6 West, to contract the Counselors Gallup-Dakota Oil Pool by the deletion of the NE/4 of Section 6 and N/2 of Section 5, both in Township 23 North, Range 6 West, and to extend the Escrito-Gallup Associated Pool to include therein the E/2 NE/4, NW/4, and S/2 of Section 31, Township 24 North, Range 6 West, and the NE/4 of Section 6 and N/2 of Section 5, both in Township 23 North, Range 6 West. This area is located approximately 3 miles northeast of the Southern Union Gas Company Lybrook Plant.

CASE 9822: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the NE/4 SW/4 of Section 12, Township 18 South, Range 32 East, forming a standard statewide 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Corbin-San Andres, Undesignated South Maljamar-Yates, Undesignated West Corbin-Delaware, Undesignated Querecho Plains-Upper Bone Spring, and Undesignated North Young-Bone Spring Pools. Said unit is to be dedicated to a well to be drilled at a standard oil well location 2310 feet from the South and West lines (Unit L) of said Section 12. 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 well location is approximately 7 miles south-southeast of Maljamar, New Mexico.

Examiner Hearing - Wednesday, November 15, 1989

CASE 9809: (Continued from November 1, 1989, Examiner Hearing.)

Application of Yates Drilling Company for statutory unitization, Chaves 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 Southeast Chaves Queen Gas Area Associated Pool, underlying 560 acres, more or less, of Federal, State and Fee lands in portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East. Said unit is to be designated the Cactus Queen Unit. 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 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 non-consenting 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 centered approximately 12 miles southwest by south of Caprock, New Mexico.

CASE 9810: (Continued from November 1, 1989, Examiner Hearing.)

Application of Yates Drilling Company for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Southeast Chaves Queen Gas Area Associated Pool in its proposed Cactus Queen Unit Area (Division Case No. 9809), underlying portions of Sections 26, 27, 34 and 35, Township 12 South, Range 31 East. Said area is centered approximately 12 miles southwest by south of Caprock, New Mexico.

CASE 9823: Application of Yates Drilling Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Cactus Queen Unit for an area comprising 560 acres, more or less, of Federal, State and Fee lands in all or portions of Sections 26, 27, 34 and 35, Township 12 South, Range 31 East. Unit Area is centered approximately 12 miles southwest by south of Caprock, New Mexico.

Dockets Nos. 35-89 and 36-89 are tentatively set for December 13 and December 27, 1989. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 29, 1989
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

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

CASE 9712: (Continued from November 1, 1989, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Tom L. Ingram, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Chappell "5" Well No. 1 located 2310 feet from the North line and 990 feet from the West line (Unit E) of Section 5, Township 12 North, Range 30 East, as projected into the unsurveyed Baca Location No. 2 Grant, San Miguel County, New Mexico (which is located approximately 9.25 miles north-northwest of Tucumcari, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 9713: (Continued from November 1, 1989, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Tom L. Ingram, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Gihon "31" Well No. 1 located 2970 feet from the South line and 1814 feet from the East line (Unit G) of Section 31, Township 13 North, Range 30 East, as projected into the unsurveyed Baca Location No. 2 Grant/Pablo Montoya Land Grant, San Miguel County, New Mexico (which is located approximately 10.5 miles north-northwest of Tucumcari, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 9824: Application of Ralph E. Williamson for a unit agreement, Lea County, New Mexico. Applicant, in the above styled cause, seeks approval of the Southeast Salado Unit Agreement for an area comprising 2,378.15 acres, more or less, of Federal and Fee lands in all or portions of Sections 23, 24, 26, 27, 34 and 35, Township 26 South, Range 33 East. Said area is bounded on the south by the Texas/New Mexico stateline between Mile Post Nos. 29 and 28.5.

CASE 9726: (Continued from October 18, 1989, Examiner Hearing.)

Application of Haylan Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Ellenberger formation underlying the SW/4 of Section 25, Township 19 South, Range 38 East, forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing and the NE/4 SW/4 of said Section 25 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing (which presently includes but is not necessarily limited to the Undesignated House-Blinberry Pool, the Undesignated North House-Tubb Pool, the Undesignated Nadine Drinkard-Abo Pool and the Undesignated East Nadine-Drinkard Pool). Both aforementioned units are to be dedicated to a single well to be drilled at a standard location in the NE/4 SW/4 (Unit K) of said Section 25. 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 well location is approximately 1.3 miles east-northeast of Nadine, New Mexico.

CASE 9825: Application of Sage Energy Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the West Tres Papalotes Penn Unit Agreement for an area comprising 1120 acres, more or less, of State and Fee lands in portions of Sections 29, 30, 31, and 32, Township 14 South, Range 34 East. Said area is located approximately 13 miles west of Hilburn City, New Mexico.

CASE 9826: Application of Sage Energy Company for waterflood expansion, directional drilling, and to amend Division Order No. R-8505, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8505, which order authorized the Sage Energy Company State "30" Lease Waterflood Project, by redesignating said project the West Tres Papalotes Penn Waterflood Project and to assign an area for said project to coincide with the applicant's proposed West Tres Papalotes Penn Unit Area. Applicant further seeks to expand said project by re-entering the John Etcheverry, Jr. "A" Well No. 2 located 2080 feet from the North line and 560 feet from the West line (Unit E) of Section 29, Township 14 South, Range 34 East, and recomplete by side tracking and directionally drilling from a kick-off depth of approximately 5500 feet and bottom the well in the West Tres Papalotes-Pennsylvanian Pool at a depth of approximately 10,600 feet within 50 feet of a target point 1580 feet from the North line and 560 feet from the West line (Unit E) of said Section 29, and convert said well to an injection well in said pool through perforations at approximately 10402 feet to 10470 feet. Said area is located approximately 13 miles west of Hilburn City, New Mexico.

CASE 9801: (Continued from November 15, 1989, Examiner Hearing.)

Application of Conoco, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Cisco Canyon formation underlying the SW/4 of Section 36, Township 19 South, Range 24 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 160-acre spacing (which includes but is not necessarily limited to the Undesignated Dagger Draw-Wolfcamp Gas Pool and North Dagger Draw-Upper Pennsylvanian Pool). Said unit is to be dedicated to a well to be drilled at a standard location 660 feet from the South line and 990 feet from the West line (Unit M) of said Section 36. 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 well location is approximately 15 miles west by south of Lakewood, New Mexico.

- CASE 9827: Application of Exxon Corporation for special casinghead gas allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to General Rule 506(a) authorizing a special casinghead gas allowable for the applicant's Paddock (San Angelo) Unit Well No. 2 located 764 feet from the South line and 554 feet from the East line (Unit P) of Section 334, Township 21 South, Range 37 East, Paddock Pool, of 1,000,000 SCF/Day, any such order issued in this matter to be reviewed in 24 months. Said well is located approximately 1 mile southeast of Eunice, New Mexico.
- CASE 9828: Application of Bill Fenn, Inc. for amendment of Division Order No. R-8951, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-8951, as amended, which order authorized an unorthodox gas well location and dual completion in both the Indian Basin-Upper Pennsylvanian Gas Pool and the Undesignated Indian Basin-Morrow Gas Pool. The applicant now requests that the subject well location be changed to a point 660 feet from the North and West lines (Unit D) of Section 7, Township 22 South, Range 24 East. Said well site is located approximately 4.5 miles south-southeast of the Marathon Oil Company Indian Basin Gas Plant.
- CASE 9829: Application of Roberts and Hammack, Inc. for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authorization to rededicate acreage for its Graham State Com Well No. 1 located at a standard oil well location 1980 feet from the South and West lines (Unit K) of Section 8, Township 11 South, Range 33 East, North Bagley-Permo Pennsylvanian Pool, from a N/2 NW/4 dedication to a NE/4 SW/4 and NW/4 SE/4 dedication forming a non-standard 80-acre oil spacing and proration unit for said pool. The proposed unit is located approximately 5.5 miles east by south of Caprock, New Mexico.
- CASE 9830: Application of Strata Production Company for a horizontal directional drilling pilot project and special operating rules therefor, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal medium radius directional drilling pilot project in the SE/4 of Section 18, Township 26 South, Range 25 East, forming a standard 160-acre gas spacing and proration unit in the Bone Spring Formation, by commencing its Yeso Hills Federal Well No. 1 at a surface location 660 feet from the South line and 1980 feet from the East line of said Section 18. Applicant proposes to drill to a true vertical depth of approximately 4,900 feet in the Bone Spring Formation whereby the formation will be evaluated to determine the proper direction for a 1200-foot horizontal extension to said wellbore within said Bone Spring interval. The applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the horizontal displacement of the proposed wellbore such that it cannot be any closer than 660 feet to the SW/4 quarter section lines of said Section 18. Said location is approximately 2.5 miles east of Mile Post No. 6 on U.S. Highway 62/180.
- CASE 9831: Application of TXO Production Corp. for directional drilling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its proposed Burton Flat Federal Well No. 1 from a surface location 900 feet from the South line and 1815 feet from the West line (Unit N) of Section 11, Township 20 South, Range 29 East, in such a manner as to penetrate the top of the Undesignated East Burton Flat-Strawn Gas Pool at a point within 150 feet of a target point 2145 feet from the North line and 1815 feet from the West line and continue drilling in such a manner as to bottom the well at the base of the Strawn formation within 150 feet of a target point 2345 feet from the North line and 1815 feet from the West line, both in Section 14, Township 20 South, Range 29 East, said bottomhole location being an unorthodox gas well location for said pool. The W/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. This location is approximately 4 miles north-northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.
- CASE 9832: Application of Exxon Company, U.S.A. for compulsory pooling, a non-standard gas proration unit, an unorthodox gas well location, and an exemption to Special Rules and Regulations governing the Rock Tank-Upper and Lower Morrow Gas Pools, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow Formation, underlying the NW/4 NE/4 and Lots 1, 6, 7, 8, 9, 14 and 15 (E/2 equivalent) of Section 20, Township 23 South, Range 25 East, forming a non-standard 301.11-acre gas spacing and proration unit for any and all formations and or pools developed on 320-acre spacing within said vertical extent. Applicant further seeks to be exempt from the Special Rules and Regulations governing the Rock Tank-Upper and Lower Morrow Gas Pools as promulgated by Division Order No. R-3452, as amended. Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 600 feet from the North line and 660 feet from the East line (Unit A) of said Section 20. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision and a charge for risk involved in drilling said well. Applicant also seeks to have Santa Fe Energy Operating Partners, L.P. designated as operator of said well. Said unit is located approximately 6 miles south by east of Riverside, New Mexico.
- CASE 9796: (Continued from November 15, 1989, Examiner Hearing.)
- Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 22, Township 19 South, Range 33 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools being developed on 320-acre spacing (which presently includes but is not necessarily limited to the Undesignated Gem-Morrow Gas Pool and the Undesignated East Gem-Morrow Gas Pool). Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the North and East lines (Unit A) of said Section 22. 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 an operator of the well and a charge for risk involved in drilling said well. Said well location is approximately 4.5 miles north of Mile Post No. 73 located on U.S. Highway 62/180.

CASE 9797: (Readvertised)

Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling and a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Irregular Section 20, Township 23 South, Range 25 East, and in the following described manner: all of said Section 20 to form a non-standard 599.41-acre, more or less, gas spacing and proration unit for the Undesignated Rock Tank-Lower Morrow Gas Pool and Undesignated Rock Tank-Upper Morrow Gas Pool (both pools which are developed on 640-acre spacing); and, Lots 1 through 7 and the NW/4 NE/4 (N/2 equivalent) of said Section 20, forming a non-standard 301.37-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent. Both units are to be dedicated to a single well to be drilled at a standard gas well location 1980 feet from the North and West lines (Unit F) of said Section 20. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision and a charge for risk involved in drilling said well. Said units are located approximately 6 miles south by east of Riverside, New Mexico.

CASE 9833: Application of Texaco, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water into the Lazy J-Pennsylvanian Pool in the perforated interval from approximately 9734 feet to 9740 feet in its N.M. "DM" State NCT-2 Well No. 1 located 1980 feet from the North line and 330 feet from the West line (Unit E) of Section 21, Township 13 South, Range 33 East. Said well is located approximately 15.5 miles south-southeast of Caprock, New Mexico.

CASE 9834: Application of Texaco, Inc. for a non-standard gas proration unit, 2 unorthodox gas well locations and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to redesignate acreage in the Eumont Gas Pool to form a non-standard 320-acre gas proration unit comprising the SE/4 SW/4, NE/4 SE/4, and S/2 SE/4 of Section 23, the W/2 NW/4 of Section 25, and the E/2 NE/4 of Section 26, all in Township 19 South, Range 36 East. Said unit is to be simultaneously dedicated to its William Weir Wells Nos. 1 and 2, both located at unorthodox gas well locations 1980 feet from the North line and 660 feet from the West line (Unit E) of said Section 25 and 660 feet from the South line and 1980 feet from the West line (Unit M) of said Section 23, respectively. Said unit is located approximately 4.5 miles south-southeast of Arkansas Junction, New Mexico.

CASE 9799 (Continued from November 1, 1989, Examiner Hearing.)

Application of Bannon Energy Incorporated for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its Grace Federal "24" Well No. 1-R to be drilled 330 feet from the North line and 2130 feet from the West line (Unit C) of Section 24, Township 24 North, Range 7 West, Devil's Fork-Gallup Associated Pool, said well to be simultaneously dedicated to an existing standard 160-acre oil spacing and proration unit comprising the NW/4 of said Section 24 along with the Grace Federal "24" Well Nos. 1 and 2 located 950 feet from the North line and 1640 feet from the West line (Unit C) and 1850 feet from the North line and 1820 feet from the West line (Unit F) of said Section 24, respectively. Said unit is located approximately 5 miles north by east of the Southern Union Gas Company Lybrook Plant.

CASE 9818: (Continued from November 15, 1989, Examiner Hearing.)

Application of Blackwood & Nichols Co., Ltd. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its Northeast Blanco Unit Well No. 440 to be drilled 530 feet from the North line and 2135 feet from the East line (Unit B) of Section 11, Township 31 North, Range 7 West, Basin-Fruitland Coal Gas Pool, the N/2 of said Section 11 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. This well location is approximately 5.5 miles south of Mile Post No. 247.5 located on the New Mexico/Colorado Stateline.

CASE 9819: (Continued from November 15, 1989, Examiner Hearing.)

Application of Blackwood & Nichols Co., Ltd. for compulsory pooling and an unorthodox gas well location, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying Lots 7 and 8, the S/2 NW/4, and the SW/4 of Section 4, Township 30 North, Range 7 West, in both San Juan and Rio Arriba Counties, forming a 319.38-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes the Basin-Fruitland Coal Gas Pool, to be dedicated to its Northeast Blanco Unit Well No. 424, to be drilled at an unorthodox coal gas well location 2075 feet from the North line and 1330 feet from the West line (Unit F) of said Section 4. 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 approximately 3.5 miles north-northeast of the Navajo Reservoir Dam.

CASE 9820: (Continued from November 15, 1989, Examiner Hearing.)

Application of Blackwood & Nichols Co., Ltd. for compulsory pooling and a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying the E/2 equivalent of Irregular Section 13, Township 30 North, Range 8 West, for any and all formations and/or pools within said vertical extent of this tract developed on 320-acre spacing (which presently includes but is not necessarily limited to the Basin-Fruitland Coal Gas Pool). Said unit is to be dedicated to its Northeast Blanco Unit Well No. 469, to be drilled at a previously approved (NSL-2685) unorthodox coal gas well location 1315 feet from the North line and 645 feet from the East line (Unit H) of said Section 13. 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 approximately 1 mile northwest of the Navajo Reservoir Dam.

CASE 9835: Application of Grand Production Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Atoka formation underlying the E/2 SE/4 of Section 10, Township 17 South, Range 37 East, forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, which includes but is not necessarily limited to the Humble City-Strawn and Undesignated Humble City-Atoka Pools. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision and a charge for risk involved in drilling said well. Said unit is located approximately 4.5 miles northwest by north of Humble City, New Mexico.

CASE 9836: 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 2,120 acres, more or less, of Federal Indian lands in portions of Sections 10, 13, 14, 15, 23, 24, and 25, Township 32 North, Range 18 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 non-consenting 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 9837: Application of Benson-Montin-Greer Drilling Corporation for amendment of Division Order No. R-3401, as amended, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-3401, as amended, which order promulgated special pool rules for the West Puerto Chiquito-Mancos Pressure Maintenance Project including provisions to permit the calculation of injection credits on a cumulative or annual basis. Applicant now seeks to revise Rules 7, 8, and 9 of said Special Rules to permit the accumulation of gas injection credits on an annual basis and to establish procedures for reporting and, otherwise, accounting for this credit to the Division. Said project comprises acreage in Townships 24, 25, and 26 North, Range 1 West, and is centered approximately 5 miles north-northeast of Lindrieth, New Mexico.

CASE 9788: (Continued from November 15, 1989, Examiner Hearing.)

Application of Yates Petroleum Corporation for directional drilling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authorization to directionally drill a well from a surface location of 563 feet from the South line and 2125 feet from the East line (Unit O) of Section 11, Township 20 South, Range 29 East, to an unorthodox bottomhole gas well location in the Morrow formation within 50 feet of a point 2480 feet from the North line and 1980 feet from the East line (Unit G) of Section 14, Township 20 South, Range 29 East, the E/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for the Undesignated East Burton Flat-Morrow Gas Pool. This well location is approximately 4 miles north-northwest of the junction of U.S. Highway 62/180 and New Mexico State Highway 31.

CASE 9809: (Continued from November 15, 1989, Examiner Hearing.)

Application of Yates Drilling Company for statutory unitization, Chaves 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 Southeast Chaves Queen Gas Area Associated Pool, underlying 560 acres, more or less, of Federal, State and Fee lands in portions of Sections 26, 27, 34, and 35, Township 12 South, Range 31 East. Said unit is to be designated the Cactus Queen Unit. 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 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 non-consenting 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 centered approximately 12 miles southwest by south of Caprock, New Mexico.

CASE 9810: (Continued from November 15, 1989, Examiner Hearing.)

Application of Yates Drilling Company for a waterflood project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Southeast Chaves Queen Gas Area Associated Pool in its proposed Cactus Queen Unit Area (Division Case No. 9809), underlying portions of Sections 26, 27, 34 and 35, Township 12 South, Range 31 East. Said area is centered approximately 12 miles southwest by south of Caprock, New Mexico.

Examiner Hearing - Wednesday, November 29, 1989

CASE 9823: (Continued from November 15, 1989, Examiner Hearing.)

Application of Yates Drilling Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Cactus Queen Unit for an area comprising 560 acres, more or less, of Federal, State and Fee lands in all or portions of Sections 26, 27, 34 and 35, Township 12 South, Range 31 East. Unit Area is centered approximately 12 miles southwest by south of Caprock, New Mexico.

CASE 9838: Application of Parker Drilling Company for the institution of gas prorationing and the adoption of Special Rules for the Pitchfork Ranch-Atoka Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the limitation of gas production from the Pitchfork Ranch-Atoka Gas Pool in all or portions of Sections 28, 32, 33 and 34 of Township 24 South, Range 34 East, and Sections 3, 4, 5, and 10, Township 25 South, Range 34 East, to reasonable market demand and to the capacity of gas transportation facilities, and that Special Rules and Regulations be adopted for the pool including provisions for allocating the allowable production among the wells in the pool on a 100% surface acreage basis. Said area is located approximately 17 miles west-northwest of Jal, New Mexico.

Dockets Nos. 3-90 and 4-90 are tentatively set for January 24, 1990 and February 7, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 10, 1990
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

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

- ALLOWABLE:**
- (1) Consideration of the allowable production of gas for February 1990, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for February, 1990, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9841: (Continued from December 13, 1989, Examiner Hearing.)

Application of Tahoe Energy Inc. for four non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the following four non-standard gas spacing and proration units for Jalmat Gas Pool production in Sections 3 and 4, Township 25 South, Range 37 East:

1. 160.23 acres comprising Lot 2, SW/4 NE/4, and W/2 SE/4 of Section 3;
2. 160.25 acres comprising Lot 3, SE/4 NW/4, and E/2 SW/4 of Section 3;
3. 160.29 acres comprising Lot 4, SW/4 NW/4, and W/2 SW/4 of Section 3;
4. 120.29 acres comprising Lot 1, SE/4 NE/4, and NE/4 SE/4 of Section 4.

Said area is located approximately 4 miles northeast by north of Jal, New Mexico.

CASE 8874: (Reopened)

In the matter of Case 8874 being reopened pursuant to the provisions of Division Order Nos. R-639-C-1 which Order reclassified the Crosby-Devonian Gas Pool in Lea County, New Mexico. Operators in the subject pool should be prepared to appear and show cause why the Crosby-Devonian Associated Pool should not be reclassified as a gas pool to be governed by the rules set forth by Division Orders No. R-639, as amended, and R-8170, as amended.

CASE 9851: Application of McKay Oil Corporation for horizontal drilling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to reenter two wells for the purpose of drilling two horizontal drainholes from each well in the Abo formation. The McKay-Harvey Federal Well No. 1 located 660 feet from the South and East lines (Unit P) of Section 17, Township 9 South, Range 25 East, is proposed to have one drainhole terminating at a point 660 feet from the South line, 960 feet from the East line, and another drainhole terminating 960 feet from the South line, 660 feet from the East line of said Section in the South Pecos Slope-Abo Gas Pool. The L. L. & E. Federal Well No. 3 located 660 feet from the North line and 1485 feet from the West line (Unit C) of Section 12, Township 6 South, Range 22 East, is proposed to have one drainhole terminating 729 feet from the North line, 1776 feet from the West line and another drainhole terminating 660 feet from the North line, 1184 feet from the West line (Unit D) of said Section in the West Pecos Slope-Abo Gas Pool. The McKay-Harvey Federal Well No. 1 is located approximately 8 miles northeast of Roswell and the L. L. & E. Federal Well No. 3 is located approximately 25 miles north-northwest of Roswell.

CASE 9819: (Continued from November 29, 1989, Examiner Hearing.)

Application of Blackwood & Nichols Co., Ltd. for compulsory pooling and an unorthodox gas well location, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying Lots 7 and 8, the S/2 NW/4, and the SW/4 of Section 4, Township 30 North, Range 7 West, in both San Juan and Rio Arriba Counties, forming a 319.38-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes the Basin-Fruitland Coal Gas Pool, to be dedicated to its Northeast Blanco Unit Well No. 424, to be drilled at an unorthodox coal gas well location 2075 feet from the North line and 1330 feet from the West line (Unit F) of said Section 4. 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 approximately 3.5 miles north-northeast of the Navajo Reservoir Dam.

CASE 9820: (Continued from November 29, 1989, Examiner Hearing.)

Application of Blackwood & Nichols Co., Ltd. for compulsory pooling and a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying the E/2 equivalent of Irregular Section 13, Township 30 North, Range 8 West, for any and all formations and/or pools within said vertical extent of this tract developed on 320-acre spacing (which presently includes but is not necessarily limited to the Basin-Fruitland Coal Gas Pool). Said unit is to be dedicated to its Northeast Blanco Unit Well No 469, to be drilled at a previously approved (NSL-2685) unorthodox coal gas well location 1315 feet from the North line and 645 feet from the East line (Unit H) of said Section 13. 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 approximately 1 miles northwest of the Navajo Reservoir Dam.

CASE 9078: (Continued from December 27, 1989, Examiner Hearing.)

In the matter of Case 9078 being reopened pursuant to the provisions of Division Order Nos. R-8450 and R-8450-A, both concerning the Southwest Osudo-Wolfcamp Gas Pool in Lea County, New Mexico. BTA Oil Producers may appear and present evidence as to the exact nature of the reservoir and more particularly, as to the proper rate of withdrawal from the Southwest Osudo-Wolfcamp Gas Pool if it is indeed determined to be a retrograde gas condensate reservoir.

CASE 9846: (Continued from December 27, 1989, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the SE/4 of Section 35, Township 19 South, Range 24 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which includes but is not limited to the Undesignated Dagger Draw-Wolfcamp Gas Pool and Undesignated North Dagger Draw-Upper Pennsylvanian Pool, and the SE/4 SE/4 of said Section 35 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 includes but is not necessarily limited to the Undesignated Canyon-Wolfcamp Pool. Said unit is to be dedicated to a well to be drilled at a standard location 660 feet from the South and East lines (Unit P) of said Section 35. 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 operation 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 by north of Seven Rivers, New Mexico.

CASE 9813: (Continued from December 27, 1989, Examiner Hearing.)

Application of Meridian Oil Inc., on behalf of El Paso Natural Gas Company, for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its San Juan 30-6 Unit Well No. 482 to be drilled 835 feet from the South line and 2440 feet from the West line (Unit N) of Section 31, Township 30 North, Range 6 West, Basin-Fruitland Coal Gas Pool, the W/2 of said Section 31 to form a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 6.25 miles east-southeast of the Navajo Reservoir Dam.

CASE 9850: (Continued from December 27, 1989, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion for an order extending a certain existing pool in Rio Arriba County and San Juan Counties, New Mexico.

- (a) EXTEND the Blanco-Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM

Sections 2 through 11: All
Sections 14 through 23: All

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM

Sections 1 and 2: All
Sections 11 through 14: All
Section 15: S/2
Section 20: S/2
Sections 22 through 24: All

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM

Section 20: E/2
Section 21: All
Section 28 and 29: All
Sections 32 through 35: All

DOCKET: COMMISSION HEARING - THURSDAY - JANUARY 18, 1990
9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Docket 2-90

CASE 9764: (De Novo)

Application of Meridian Oil, Inc. for a highly-deviated directional drilling pilot project, unorthodox gas well location and an exception to Rule 2(b) of the Special Rules Governing the Blanco-Mesaverde Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a highly-deviated directional drilling pilot project in the equivalent E/2 (Lots 1, 2, 7, 8, 9, 10, 15, and 16) of Section 14, Township 30 North, Range 8 West, forming a 284.20-acre gas spacing and proration unit in the Blanco-Mesaverde Pool, by commencing its Hail "E" Well No. 2R at an unorthodox surface location 435 feet from the North line and 1555 feet from the East line of said Section 14, then drilling to a true vertical depth of approximately 3421 feet then commencing a medium radius curve in a southerly direction to encounter the top of the Blanco-Mesaverde Pool at a true vertical depth of approximately 4142 feet at which point the wellbore will be drilled to the base of the Blanco-Mesaverde Pool at a true vertical depth of approximately 5415 feet to a terminus at a standard bottomhole location in the SE/4 of said Section 14 being no closer than 790 feet from the outer boundary of the southern half of the subject proration unit. Applicant further seeks an exception to Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Pool as promulgated by Division Order No. R-8170, as amended, allowing a third well to be drilled and produced on an existing proration unit in which are dedicated the Hail "E" Wells Nos. 2 and 2A located in Units A and P, respectively, of said Section 14. Said unit is located approximately 20 miles east of Aztec, New Mexico. Upon application of Meridian Oil, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9765: (De Novo)

Application of Meridian Oil, Inc. for a highly-deviated directional drilling pilot project, unorthodox gas well location and an exception to Rule 2(b) of the Special Rules Governing the Blanco-Mesaverde Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a highly-deviated directional drilling pilot project in the equivalent W/2 (Lots 3 and 4, the S/2 NW/4, and the SW/4) of Section 4, Township 30 North, Range 9 West, forming a 322.70-acre gas spacing and proration unit in the Blanco-Mesaverde Pool, by commencing its Riddle Well No. 1R at an unorthodox surface location 250 feet from the North line and 830 feet from the West line of said Section 4, then drilling to a true vertical depth of approximately 3830 feet then commencing a medium radius curve in a southerly direction to encounter the top of the Blanco-Mesaverde Pool at about 4550 feet at which point the wellbore will be drilled to the base of the Blanco-Mesaverde Pool at a true vertical depth of approximately 5750 feet to a terminus at a standard bottomhole location in the SW/4 of said Section 4 being no closer than 790 feet from the outer boundary of the southern half of the subject proration unit. Applicant further seeks an exception to Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Pool as promulgated by Division Order No. R-8170, as amended, allowing a third well to be drilled and produced on an existing proration unit in which are dedicated the Riddle Well Nos. 1 and 1A located in Units D and L, respectively, of said Section 4. Said unit is located approximately 11 miles east of Aztec, New Mexico. Upon application of Meridian Oil, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9802: (De Novo)

Application of Marathon Oil Company for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 330 feet from the South line and 1650 feet from the West line (Unit N) of Section 9, Township 21 South, Range 23 East, Indian Basin-Upper Pennsylvanian Gas Pool, all of said Section 9, forming a standard 640-acre gas spacing and proration unit for said pool, to be simultaneously dedicated to said well and to the existing North Indian Basin Unit Well No. 5 located at a standard gas well location 1815 feet from the South line and 1752.3 feet from the East line (Unit H) of said Section 9. The subject spacing unit is located approximately 2.5 miles northwest of the applicant's Indian Basin Gas Plant. Upon application of Marathon Oil Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Dockets Nos. 6-90 and 7-90 are tentatively set for February 21, 1990 and March 7, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 7, 1990
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

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

- ALLOWABLE:**
- (1) Consideration of the allowable production of gas for March, 1990, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for March, 1990, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9859: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Bittersweet Unit Agreement for an area comprising 1400 acres, more or less, of State and Federal lands in all or portions of Sections 21, 28, 29, and 33, Township 9 South, Range 26 East. This area is located approximately 6 miles southeast of the Pecos River Bridge on U.S. Highway 70.

CASE 9860: Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the SE/4 of Section 25, Township 19 South, Range 24 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which includes but is not limited to the Undesignated Dagger Draw-Wolfcamp Gas Pool and North Dagger Draw-Upper Pennsylvanian Pool, and the NE/4 SE/4 of said Section 25 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 includes but is not necessarily limited to the Undesignated Canyon-Wolfcamp Pool. Said unit is to be dedicated to its Dagger "2W" Well No. 2 to be drilled at a standard location 1980 feet from the South line and 660 feet from the East line (Unit I) of said Section 25. 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 10.75 miles west of Lakewood, New Mexico.

CASE 9846: (Continued from January 24, 1990, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the SE/4 of Section 35, Township 19 South, Range 24 East, forming a standard 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which includes but is not limited to the Undesignated Dagger Draw-Wolfcamp Gas Pool and Undesignated North Dagger Draw-Upper Pennsylvanian Pool, and the SE/4 SE/4 of said Section 35 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 includes but is not necessarily limited to the Undesignated Canyon-Wolfcamp Pool. Said unit is to be dedicated to a well to be drilled at a standard location 660 feet from the South and East lines (Unit P) of said Section 35. 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 operation 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 by north of Seven Rivers, New Mexico.

CASE 9853: (Continued from January 24, 1990, Examiner Hearing.)

Application of David H. Arrington Oil and Gas, Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas spacing and proration unit comprising the W/2 NE/4 and E/2 NW/4 of Section 21, Township 24 South, Range 37 East, Jalmat Gas Pool. The applicant proposes to recomplete the Texaco Inc. J. F. Black Well No. 4 from the Langlie-Mattix Pool to the Jalmat Gas Pool, said well is located at a standard Jalmat gas well location 1980 feet from the North and West lines (Unit F) of said Section 21. Said unit is located approximately 8 miles northeast by north of Jal, New Mexico.

CASE 9861: Application of TXO Production Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Pennsylvanian formation underlying the N/2 of Section 16, Township 18 South, Range 31 East, forming a standard 320-acre gas spacing and proration unit for all formations and/or pools developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated North Shugart-Morrow Gas Pool and the North Shugart-Atoka Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location in the NW/4 of said Section 16. 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 4.25 miles south of the junction of U.S. Highway 82 and State Highway No. 529.

CASE 9862: Application of Newbourne Oil Company for the contraction of the Atoka-Pennsylvanian Gas Pool and the concomitant extension of the West Atoka-Morrow Gas Pool and for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the W/2 of Section 9, Township 18 South, Range 26 East, from the Atoka-Pennsylvanian Gas Pool and the concomitant extension of the West Atoka-Morrow Gas Pool to include the same acreage. The applicant also seeks approval for an unorthodox gas well location for its proposed Gin Well No. 1 to be drilled 990 feet from the South line and 660 feet from the West line (Unit M) of said Section 9, the W/2 of said Section 9 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit in the West Atoka-Morrow Gas Pool. At the present time the W/2 of said Section 9 is dedicated in the Atoka Pennsylvanian Gas Pool to the applicant's Spencer Com Well No. 1 located at a standard gas well location for the Atoka-Pennsylvanian Gas Pool 1650 feet from the North and West lines (Unit F) of said Section 9. The northwest corner of the area in question is located in Atoka, New Mexico.

CASE 9819: (Continued from January 10, 1990, Examiner Hearing.)

Application of Blackwood & Nichols Co., Ltd. for compulsory pooling and an unorthodox gas well location, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying Lots 7 and 8, the S/2 NW/4, and the SW/4 of Section 4, Township 30 North, Range 7 West, in both San Juan and Rio Arriba Counties, forming a 319.38-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes the Basin-Fruitland Coal Gas Pool, to be dedicated to its Northeast Blanco Unit Well No. 424, to be drilled at an unorthodox coal gas well location 2075 feet from the North line and 1330 feet from the West line (Unit F) of said Section 4. 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 approximately 3.5 miles north-northeast of the Navajo Reservoir Dam.

CASE 9820: (Continued from January 10, 1990, Examiner Hearing.)

Application of Blackwood & Nichols Co., Ltd. for compulsory pooling and a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying the E/2 equivalent of Irregular Section 13, Township 30 North, Range 8 West, for any and all formations and/or pools within said vertical extent of this tract developed on 320-acre spacing (which presently includes but is not necessarily limited to the Basin-Fruitland Coal Gas Pool). Said unit is to be dedicated to its Northeast Blanco Unit Well No. 469, to be drilled at a previously approved (NSL-2685) unorthodox coal gas well location 1315 feet from the North line and 645 feet from the East line (Unit H) of said Section 13. 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 approximately 1 mile northwest of the Navajo Reservoir Dam.

CASE 9854: (Continued from January 24, 1990, Examiner Hearing.)

Application of Stevens Operating Corporation for pool creation and special pool rules, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Fusselman formation comprising the S/2 of Section 21 and the N/2 of Section 28, Township 10 South, Range 27 East, and for the promulgation of special rules and regulations therefor including provisions for 320-acre oil spacing and proration units, designated well location requirements, a special gas-oil ratio limitation of 20,000 cubic feet of gas per barrel of oil, and a special 320-acre oil allowable of 650 barrels per day. Said area is located at Mile Post No. 174 on U.S. Highway 380.

CASE 9863: Application of Hixon Development Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 1 through 4 and the E/2 W/2 of Section 7, Township 25 North, Range 12 West, forming a standard 317.28-acre gas spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard coal gas well location in the SW/4 of said Section 7. 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 5 miles south-southwest of El Paso Natural Gas Company's Chaco Plant.

CASE 9864: Application of Hixon Development Company for compulsory pooling and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the E/2 of Section 17, Township 25 North, Range 12 West, forming a standard 320-acre gas spacing and proration unit for said pool, to be dedicated to its existing New Mexico Federal "B" Well No. 1 located at an unorthodox coal gas well location 660 feet from the North and East lines (Unit A) of said Section 17. Also to be considered will be the cost of re-entering, recompleting, equipping and operating 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 re-entering and recompleting said well. Said unit is located approximately 6 miles south by west of El Paso Natural Gas Company's Chaco Plant.

CASE 9865: Application of Hal J. Rasmussen Operating, Inc. for two unorthodox gas well locations and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to recomplete the following two wells from the Langlie Mattix Pool to the Jalmat Gas Pool, both located at unorthodox gas well locations in Section 24, Township 23 South, Range 36 East:

State "A" A/C-1 Well No. 52
1980 feet from the South and
West lines (Unit K); and,

State "A" A/C-1 Well No. 108
660 feet from the South and
West lines (Unit M).

Both aforementioned wells are to be placed within an existing non-standard 480-acre gas spacing and proration unit (authorized by Division Order No. R-9073, dated December 14, 1989). The applicant also seeks to simultaneously dedicate Jalmat Gas production from both aforementioned wells with the State "A" A/C-1 Well Nos. 24, 25, 32, and 53 located in Units N, F, J, and E, respectively, of said Section 24 (approved by said Order No. R-9073) and with the State "A" A/C-1 Well Nos. 50 and 107 located in Units O and L, respectively, of said Section 24 (approved by Division Administrative Order NSL-2722, dated December 6, 1989). Said unit is located approximately 2 miles west of Mile Post No. 21 located on New Mexico State Highway No. 18.

CASE 9866: Application of Amoco Production Company for special pool rules or, in the alternative, pool redesignation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special rules and regulations for the Fowler-Upper Silurian Gas Pool located in the E/2 of Section 22, Township 24 South, Range 37 East, including provisions for 80-acre gas spacing and proration units and designated well location requirements. IN THE ALTERNATIVE, the applicant seeks to redesignate said pool as an oil pool and promulgate special pool rules including provisions for 80-acre oil spacing and proration units, designated well location requirements, and for a gas/oil ratio limitation of 10,000 cubic feet of gas per barrel of oil. Said pool is in an area located approximately 1.5 miles north of the old El Paso Natural Gas Company Jal Plant No. 2.

CASE 9867: Application of Mallon Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Brushy Draw-Delaware Pool underlying the NW/4 NE/4 (Unit B) of Section 28, Township 26 South, Range 29 East, forming a standard 40-acre oil spacing and proration unit for said pool. The above-described unit is to be dedicated to the Amoco Red Bluff Federal Well No. 3 drilling at a previously approved unorthodox oil well location 130 feet from the North line and 1805 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1.25 miles north of Mile Corner No. 54 on the Texas/New Mexico Stateline.

CASE 9868: Application of George Mitchell d/b/a G.P. II Energy, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Cherry Canyon formation underlying the NW/4 NE/4 (Unit B) of Section 28, Township 26 South, Range 29 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 includes but is not limited to the Brushy Draw-Delaware Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1.25 miles north of Mile Corner No. 54 on the Texas/New Mexico Stateline.

CASE 9855: (Continued from January 24, 1990, Examiner Hearing.)

Application of Yates Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the NE/4 SW/4 (Unit K) of Section 1, Township 18 South, Range 31 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 includes but is not necessarily limited to the Undesignated Maljamar Pool, Undesignated Shugart Pool, Undesignated Tamano-Bone Spring Pool, and Undesignated North Young-Bone Spring Pool, said unit to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5.5 miles south by west of New Mexico State Highway No. 529's intersection with the Lea/Eddy County line.

CASE 9856: (Continued from January 24, 1990, Examiner Hearing.)

Application of Yates Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the NW/4 SE/4 (Unit J) of Section 1, Township 18 South, Range 31 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 includes but is not necessarily limited to the Undesignated Maljamar Pool, Undesignated Shugart Pool, and Undesignated Tamano-Bone Spring Pool, said unit to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5.5 miles south by west of New Mexico State Highway No. 529's intersection with the Lea/Eddy County line.

CASE 9857: (Continued from January 24, 1990, Examiner Hearing.)

Application of Yates Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the SW/4 SE/4 (Unit O) of Section 1, Township 18 South, Range 31 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 includes but is not necessarily limited to the Undesignated Maljamar Pool, Undesignated Shugart Pool, Undesignated Tamano-Bone Spring Pool, and Undesignated North Young-Bone Spring Pool, said unit to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5.5 miles south by west of New Mexico State Highway No. 529's intersection with the Lea/Eddy County line.

DOCKET: COMMISSION HEARING - THURSDAY - FEBRUARY 15, 1990

9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

CASE 9764: (Continued from January 18, 1990, Commission Hearing.) (De Novo)

Application of Meridian Oil, Inc. for a highly-deviated directional drilling pilot project, unorthodox gas well location and an exception to Rule 2(b) of the Special Rules Governing the Blanco-Mesaverde Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a highly-deviated directional drilling pilot project in the equivalent E/2 (Lots 1, 2, 7, 8, 9, 10, 15, and 16) of Section 14, Township 30 North, Range 8 West, forming a 284.20-acre gas spacing and proration unit in the Blanco-Mesaverde Pool, by commencing its Hail "E" Well No. 2R at an unorthodox surface location 435 feet from the North line and 1555 feet from the East line of said Section 14, then drilling to a true vertical depth of approximately 3421 feet then commencing a medium radius curve in a southerly direction to encounter the top of the Blanco-Mesaverde Pool at a true vertical depth of approximately 4142 feet at which point the wellbore will be drilled to the base of the Blanco-Mesaverde Pool at a true vertical depth of approximately 5415 feet to a terminus at a standard bottomhole location in the SE/4 of said Section 14 being no closer than 790 feet from the outer boundary of the southern half of the subject proration unit. Applicant further seeks an exception to Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Pool as promulgated by Division Order No. R-8170, as amended, allowing a third well to be drilled and produced on an existing proration unit in which are dedicated the Hail "E" Wells Nos. 2 and 2A located in Units A and P, respectively, of said Section 14. Said unit is located approximately 20 miles east of Aztec, New Mexico. Upon application of Meridian Oil, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9765: (Continued from January 18, 1990, Commission Hearing.) (De Novo)

Application of Meridian Oil, Inc. for a highly-deviated directional drilling pilot project, unorthodox gas well location and an exception to Rule 2(b) of the Special Rules Governing the Blanco-Mesaverde Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a highly-deviated directional drilling pilot project in the equivalent W/2 (Lots 3 and 4, the S/2 NW/4, and the SW/4) of Section 4, Township 30 North, Range 9 West, forming a 322.70-acre gas spacing and proration unit in the Blanco-Mesaverde Pool, by commencing its Riddle Well No. 1R at an unorthodox surface location 250 feet from the North line and 830 feet from the West line of said Section 4, then drilling to a true vertical depth of approximately 3830 feet then commencing a medium radius curve in a southerly direction to encounter the top of the Blanco-Mesaverde Pool at about 4550 feet at which point the wellbore will be drilled to the base of the Blanco-Mesaverde Pool at a true vertical depth of approximately 5750 feet to a terminus at a standard bottomhole location in the SW/4 of said Section 4 being no closer than 790 feet from the outer boundary of the southern half of the subject proration unit. Applicant further seeks an exception to Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Pool as promulgated by Division Order No. R-8170, as amended, allowing a third well to be drilled and produced on an existing proration unit in which are dedicated the Riddle Well Nos. 1 and 1A located in Units D and L, respectively, of said Section 4. Said unit is located approximately 11 miles east of Aztec, New Mexico. Upon application of Meridian Oil, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9845: (De Novo)

Application of Yates Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Tamano-Bone Spring Pool, underlying the SE/4 SW/4 (Unit N) of Section 1, Township 18 South, Range 31 East, forming a standard 40-acre oil spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5.5 miles south by west of New Mexico State Highway No. 529's intersection with the Lea/Eddy County Line. Upon application of Spiral Inc., Explorers Petroleum Corporation and Heyco Employees, Ltd., this case will be heard De Novo pursuant to the provisions of Rule 1220.

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2086
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

M E M O R A N D U M

TO: ALL INTERESTED PARTIES

FROM: WILLIAM J. LEMAY, DIVISION DIRECTOR *WJL*

SUBJECT: EXHIBITS FOR COURT REPORTER

In the future all parties presenting testimony before the Oil Conservation Division or Commission will be required to provide a complete set of exhibits for the court reporter. This will aid the reporter in the timely and efficient completion of transcripts.

February 8, 1990
fd/

Dockets Nos. 7-90 and 8-90 are tentatively set for March 7, 1990 and March 21, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 21, 1990
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO**

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

- CASE 9869:** Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 14, Township 20 South, Range 24 East, and in the following manner: the N/2 to form 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, (which includes but is not limited to the Undesignated Cemetery-Morrow Gas Pool, Undesignated North Cemetery-Wolfcamp Gas Pool, Undesignated South Dagger Draw-Upper Pennsylvanian Associated Pool, and Middle Seven Rivers-Upper Pennsylvanian Gas Pool); the NW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations developed on 160-acre spacing; and the NE/4 NW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations developed on statewide 40-acre oil spacing. All of the above-described units are to be dedicated to a single well to be drilled at a standard location in the NE/4 NW/4 (Unit C) of said Section 14. 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 9.25 miles west by south of Seven Rivers, New Mexico.
- CASE 9870:** Application of Siete Oil & Gas Corporation for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special pool rules for the Parkway-Bone Spring Pool including a provision for a limiting gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil. Said pool is located in Section 34, Township 19 South, Range 29 East and Sections 2 and 3, Township 20 South, Range 29 East, which is located approximately 5.5 miles north by west of the junction of U.S. Highway 62/180 and old New Mexico State Highway 31.
- CASE 9871:** Application of Meridian Oil, Inc. for an unorthodox coal gas well location and a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 411.44-acre non-standard gas spacing and proration unit comprising Lots 5 through 13 of Section 9 and Lots 5 through 7 of Section 10, all in Township 32 North, Range 7 West, Basin-Fruitland Coal (Gas) Pool. Said unit is to be dedicated to its Allison Unit Well No. 123 to be drilled at an unorthodox coal gas well location 1015 feet from the South line and 1850 feet from the East line (Unit O) of said Section 9, which is approximately 1/2 mile south of Mile Post No. 249 located on the New Mexico/Colorado Stateline.
- CASE 9863:** (Continued from February 7, 1990, Examiner Hearing.)
- Application of Hixon Development Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 1 through 4 and the E/2 W/2 of Section 7, Township 25 North, Range 12 West, forming a standard 317.28-acre gas spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard coal gas well location in the SW/4 of said Section 7. 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 5 miles south-southwest of El Paso Natural Gas Company's Chaco Plant.
- CASE 9864:** (Continued from February 7, 1990, Examiner Hearing.)
- Application of Hixon Development Company for compulsory pooling and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the E/2 of Section 17, Township 25 North, Range 12 West, forming a standard 320-acre gas spacing and proration unit for said pool, to be dedicated to its existing New Mexico Federal "B" Well No. 1 located at an unorthodox coal gas well location 660 feet from the North and East lines (Unit A) of said Section 17. Also to be considered will be the cost of re-entering, recompleting, equipping and operating 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 re-entering and recompleting said well. Said unit is located approximately 6 miles south by west of El Paso Natural Gas Company's Chaco Plant.
- CASE 9872:** Application of Oxy USA, Inc. for termination of gas prorationing in the Burton Flat-Morrow Gas Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order terminating gas prorationing in the Burton Flat-Morrow Gas Pool encompassing portions of Townships 20 and 21 South, Ranges 26, 27, and 28 East, which is located in an area approximately 6 miles north of Carlsbad, New Mexico.
- CASE 9873:** Application of Tahoe Energy, Inc. for an unorthodox gas well location, non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to redesignate acreage in the Jalmat Gas Pool to form a non-standard 160-acre gas spacing and proration unit comprising the S/2 NW/4 and N/2 SW/4 of Section 12, Township 23 South, Range 36 East. Said unit is to be simultaneously dedicated to the existing King Gas Com "WM" Well No. 1 located at a standard gas well location 2310 feet from the South line and 990 feet from the West line (Unit L) of said Section 12 and to the proposed Cochise Well No. 1 to be drilled at an unorthodox gas well location 1980 feet from the North line and 1600 feet from the West line (Unit F) of said Section 12. Said unit is located approximately 14 miles north by west of Jal, New Mexico.

CASE 9874: Application of Hal J. Rasmussen Operating, Inc. for two unorthodox gas well locations and simultaneous dedication, and to amend, in part, Division Order No. R-9073 and Administrative Order NSL-2728, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to recomplete the following two unorthodox gas well locations to be included within the previously approved 640-acre non-standard Jalmat gas spacing and proration unit (Division Order No. R-9073, dated December 14, 1989) comprising the N/2 and SW/4 of Section 13, and NE/4 of Section 14, Township 23 South, Range 36 East:

State "A" A/C-1 Well No. 66
660 feet from the North and
West lines (Unit D); and,

State "A" A/C-1 Well No. 75
1980 feet from the North and
West lines (Unit F), both located
in said Section 13.

Applicant also seeks to amend Division Administrative Order NSL-2728, dated December 7, 1989 to reflect the proper dedicated acreage for the State "A" A/C-1 Well No. 71, located at an unorthodox gas well location 660 feet from the South and West lines (Unit M) of said Section 13, to the current aforementioned 640-acre non-standard gas proration unit. Also to be considered is an amendment to said Order No. R-9073 to authorize the simultaneous dedication of the 640-acre unit to the State "A" A/C-1 Well Nos. 20, 21, 22, 66, 71 and 75 located in Units C, H, N, D, M, and F, respectively, in said Section 13 and to the State "A" A/C-1 Well Nos. 13 and 77 located in Units H and B, respectively, of said Section 14. Said unit is located approximately 4 miles north-northwest of the Old El Paso Natural Gas Company Jal Plant No. 4.

CASE 9819: (Continued from February 7, 1990, Examiner Hearing.)

Application of Blackwood & Nichols Co., Ltd. for compulsory pooling and an unorthodox gas well location, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying Lots 7 and 8, the S/2 NW/4, and the SW/4 of Section 4, Township 30 North, Range 7 West, in both San Juan and Rio Arriba Counties, forming a 319.38-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes the Basin-Fruitland Coal Gas Pool, to be dedicated to its Northeast Blanco Unit Well No. 424, to be drilled at an unorthodox coal gas well location 2075 feet from the North line and 1330 feet from the West line (Unit F) of said Section 4. 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 approximately 3.5 miles north-northeast of the Navajo Reservoir Dam.

CASE 9875: Application of Explorers Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the NW/4 SE/4 (Unit J) of Section 1, Township 18 South, Range 31 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 includes but is not limited to the Undesignated Maljamar Pool, Undesignated Shugart Pool, and Undesignated Tamano-Bone Spring Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the 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 5.5 miles south by west of New Mexico State Highway No. 529's intersection with the Lea/Eddy County line.

CASE 9876: Application of Explorers Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the SW/4 SE/4 (Unit O) of Section 1, Township 18 South, Range 31 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 includes but is not limited to the Undesignated Maljamar Pool, Undesignated Shugart Pool, Undesignated Tamano-Bone Spring Pool, and Undesignated North Young-Bone Spring Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the 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 5.5 miles south by west of New Mexico State Highway No. 529's intersection with the Lea/Eddy County line.

CASE 9877: Application of Explorers Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the NE/4 SW/4 (Unit K) of Section 1, Township 18 South, Range 31 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 includes but is not limited to the Undesignated Maljamar Pool, Undesignated Shugart Pool, Undesignated Tamano-Bone Spring Pool, and Undesignated North Young-Bone Spring Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the 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 5.5 miles south by west of New Mexico State Highway No. 529's intersection with the Lea/Eddy County line.

CASE 9878: Application of Chevron USA Inc. for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the W/2 NE/4, SE/4 NE/4, and SE/4 NW/4 of Section 8, Township 20 South, Range 37 East, Jalmat Gas Pool. Said unit is to be simultaneously dedicated to the Bertie Whitmire Well Nos. 1 and 2 located at standard gas well locations 1980 feet from the North and East lines (Unit G) and 660 feet from the North line and 1980 feet from the East line (Unit B) of said Section 8, respectively. Said area is located approximately 2.25 miles south of Monument, New Mexico.

CASE 9827: (Continued from February 7, 1990, Examiner Hearing.)

Application of Exxon Corporation for special casinghead gas allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to General Rule 506(a) authorizing a special casinghead gas allowable for the applicant's Paddock (San Angelo) Unit Well No. 2 located 564 feet from the South line and 554 feet from the East line (Unit P) of Section 34, Township 21 South, Range 37 East, Paddock Pool, of 1,000,000 SCF/Day, any such order issued in this matter to be reviewed in 24 months. Said well is located approximately 1 mile southeast of Eunice, New Mexico.

CASE 9867: (Continued from February 7, 1990, Examiner Hearing.)

Application of Mallon Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Brushy Draw-Delaware Pool underlying the NW/4 NE/4 (Unit B) of Section 28, Township 26 South, Range 29 East, forming a standard 40-acre oil spacing and proration unit for said pool. The above-described unit is to be dedicated to the Amoco Red Bluff Federal Well No. 3 drilling at a previously approved unorthodox oil well location 130 feet from the North line and 1805 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1.25 miles north of Mile Corner No. 54 on the Texas/New Mexico Stateline.

CASE 9868: (Continued from February 7, 1990, Examiner Hearing.)

Application of George Mitchell d/b/a G.P. II Energy, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Cherry Canyon formation underlying the NW/4 NE/4 (Unit B) of Section 28, Township 26 South, Range 29 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 includes but is not limited to the Brushy Draw-Delaware Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1.25 miles north of Mile Corner No. 54 on the Texas/New Mexico Stateline.

CASE 9879: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Lea and Roosevelt Counties, New Mexico.

- (a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the Tonto-Atoka Gas Pool. The discovery well is the Manzano Oil Company Wynell Federal Well No. 1 located in Unit I of Section 15, Township 19 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 15: E/2

- (b) EXTEND the West Corbin-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 21: N/2

- (c) EXTEND the South Corbin-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 7: SE/4
Section 18: NW/4

- (d) EXTEND the Gem-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 31: NW/4

- (e) EXTEND the Grama Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 9: N/2

- (f) EXTEND the Lane-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM
Section 36: SW/4

- (g) EXTEND the East Mason-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 32 EAST, NMPM
Section 21: S/2

- (h) EXTEND the Mescalero Escarpe-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 10: SW/4

- (i) EXTEND the Pearl-Queen Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 27: SW/4
- (j) EXTEND the Quail-Queen Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 23: NE/4
- (k) EXTEND the North Quail Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 1: NW/4
Section 2: E/2
- (l) EXTEND the Querecho Plains-Upper Bone Spring Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 14: NE/4
- (m) EXTEND the Shipp-Strawn Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 34: SE/4
- (n) EXTEND the Tonto-Seven Rivers Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 14: NE/4
- (o) EXTEND the Tule-Pennsylvanian Gas Pool in Roosevelt County, New Mexico, to include therein:
TOWNSHIP 2 SOUTH, RANGE 29 EAST, NMPM
Section 22: NE/4
- (p) EXTEND the North Young-Bone Spring Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 2: NE/4
Section 12: SE/4

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 6: SW/4

Dockets Nos. 9-90 and 10-90 are tentatively set for March 21, 1990 and April 4, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 7, 1990
8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO**

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

- ALLOWABLE:**
- (1) Consideration of the allowable production of gas for April, 1990, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for April, 1990, from fourteen prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 9732: (Reopened and Readvertised)

Application of Meridian Oil, Inc. for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 401.20-acre non-standard gas spacing and proration unit comprising Lots 1, 2, 8, 9, 10 and 11, N/2 SE/4, and the SE/4 SE/4 of Section 10 and Lots 3 and 4 of Section 11, both in Township 32 North, Range 7 West, Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to the existing Allison Unit Well No. 103 located at a standard coal gas well location 1795 feet from the South line and 2270 feet from the West line (Unit K) of said Section 10, which is approximately 1/2 mile southwest of Mile Corner No. 248 located on the Colorado/New Mexico state line. This case was originally heard at the August 23, 1989 hearing and was subsequently reopened at the October 4, 1989 hearing to correct an error in the subject well location; Order Nos. R-8995 and R-8995-A were issued as a result of both hearings. Due to inadvertence, the advertisement for both hearings and both orders contained an erroneous description of the non-standard gas proration unit. IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVERTISEMENT.

CASE 9880: Application of Merrion Oil & Gas Corporation for a waterflood project, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval to institute a waterflood project on its Papers Wash Cooperative Agreement Unit Area underlying portions of Sections 15 and 16, Township 19 North, Range 5 West, by the injection of water into the Papers Wash-Entrada Oil Pool through the Navajo Allotted "15" Well No. 3 located 2310 feet from the South line and 2000 feet from the West line (Unit K) of said Section 15. Said project area is located approximately 22 miles northwest of San Luis, New Mexico.

CASE 9870: (Continued from February 21, 1990, Examiner Hearing.)

Application of Siete Oil & Gas Corporation for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special pool rules for the Parkway-Bone Spring Pool including a provision for a limiting gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil. Said pool is located in Section 34, Township 19 South, Range 29 East and Sections 2 and 3, Township 20 South, Range 29 East, which is located approximately 5.5 miles north by west of the junction of U.S. Highway 62/180 and old New Mexico State Highway 31.

CASE 9881: Application of Richmond Petroleum, Inc. for unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its Federal 31-4-32 Well No. 2 to be drilled 1617 feet from the South line and 1939 feet from the West line (Unit K) of Section 32, Township 31 North, Range 4 West, Basin-Fruitland Coal Gas Pool, the W/2 of said Section 32 to be dedicated to said well to form a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 10 miles south of Mile Corner No. 233 located on the New Mexico/Colorado Stateline.

CASE 9819: (Continued from February 21, 1990, Examiner Hearing.)

Application of Blackwood & Nichols Co., Ltd. for compulsory pooling and an unorthodox gas well location, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying Lots 7 and 8, the S/2 NW/4, and the SW/4 of Section 4, Township 30 North, Range 7 West, in both San Juan and Rio Arriba Counties, forming a 319.38-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes the Basin-Fruitland Coal Gas Pool, to be dedicated to its Northeast Blanco Unit Well No. 424, to be drilled at an unorthodox coal gas well location 2075 feet from the North line and 1330 feet from the West line (Unit F) of said Section 4. 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 approximately 3.5 miles north-northeast of the Navajo Reservoir Dam.

CASE 9882: Application of Controlled Recovery, Inc. for an oil treating plant permit and for surface waste disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for construction and operation of the surface waste disposal facility and an oil treating plant for the purpose of treating and reclaiming sediment oil and for the collection, disposal, evaporation or storage of produced water, drilling fluids, drill cuttings, completion fluids and other oil field related waste in unlined surface pits, at a site in the S/2 N/2 and the N/2 S/2 of Section 27, Township 20 South, Range 32 East. This site is located on either side of U.S. Highway 62/180 at Mile Marker No. 66.

CASE 9883: Application of BTA Oil Producers for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its Pardue "C" 8808 JV-P Well No. 1 to be drilled 176 feet from the South line and 1550 feet from the West line (Unit M) of Section 11, Township 23 South, Range 28 East, to test the Undesignated East Loving-Delaware Pool, the SE/4 SW/4 of said Section 11 to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said unit is located approximately 1/4 mile southwest of the Harroun Dam.

CASE 9873: (Continued from February 21, 1990, Examiner Hearing.)

Application of Tahoe Energy, Inc. for an unorthodox gas well location, non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to redesignate acreage in the Jalmat Gas Pool to form a non-standard 160-acre gas spacing and proration unit comprising the S/2 NW/4 and N/2 SW/4 of Section 12, Township 23 South, Range 36 East. Said unit is to be simultaneously dedicated to the existing King Gas Com "WN" Well No. 1 located at a standard gas well location 2310 feet from the South line and 990 feet from the West line (Unit L) of said Section 12 and to the proposed Cochise Well No. 1 to be drilled at an unorthodox gas well location 1980 feet from the North line and 1600 feet from the West line (Unit F) of said Section 12. Said unit is located approximately 14 miles north by west of Jal, New Mexico.

CASE 9878: (Readvertised)

Application of Chevron USA Inc. for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the W/2 NE/4, SE/4 NE/4, and SE/4 NW/4 of Section 8, Township 20 South, Range 37 East, Eumont Gas Pool. Said unit is to be simultaneously dedicated to the Bertie Whitmire Well Nos. 1 and 2 located at standard gas well locations 1980 feet from the North and East lines (Unit G) and 660 feet from the North line and 1980 feet from the East line (Unit B) of said Section 8, respectively. Said area is located approximately 2.25 miles south of Monument, New Mexico.

CASE 9884: Application of OXY USA, Inc. for compulsory pooling, non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool formation underlying the SE/4 of Section 5 and the NE/4 NE/4 of Section 8 all in Township 20 South, Range 37 East, forming a non-standard 200-acre gas spacing and proration unit for said pool, said unit to be simultaneously dedicated to the existing Laughlin "B" Well No. 5 located 330 feet from the South line and 2310 feet from the East line (Unit O) of said Section 5, and to the plugged and abandoned Laughlin "B" Well No. 1 to be re-entered and recompleted in the Eumont at a standard gas well location 1980 feet from the South and East lines (Unit J) of said Section 5. Also to be considered will be the cost of re-entering and recompleting the Laughlin "B" Well No. 1 and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the unit and a charge for risk involved in the re-entering and recompletion of said well. Said unit is located approximately 2.25 miles south of Monument, New Mexico.

CASE 9885: Application of Doyle Hartman for compulsory pooling, a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying either the SE/4 SW/4 of Section 5 and the E/2 W/2 of Section 8, Township 20 South, Range 37 East, forming a non-standard 200-acre gas spacing and proration unit for said pool, or IN THE ALTERNATIVE, the SE/4 SW/4 of said Section 5 and the N/2 NE/4, and NE/4 NW/4 of said Section 8, forming a non-standard 160-acre gas spacing and proration unit for said pool. In either instance the applicant proposes to dedicate all production from the Eumont Gas Pool to the existing Britt "B-8" Well No. 1 located 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 8 and to a second well to be drilled at a standard gas well location within the applicable non-standard unit. Applicant further seeks to be designated operator of the non-standard gas proration unit so created and be entitled to recover out of the production therefrom its cost of drilling, completing and equipping a new infill well, plus a 200% risk factor for drilling, completing and equipping such infill well, plus an equitable and proper percentage of the value of the existing wellbore of said Britt "B-8" Well No. 1, and all costs of supervision and operation of such unit, and that such order also provide for any other relief which may be deemed equitable and proper. The subject area is located approximately 2.25 miles south of Monument, New Mexico.

CASE 9886: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, establishing a discovery allowable, abolishing and extending certain pools in Eddy County, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Bandana Point-Strawn Gas Pool. The discovery well is the Yates Energy Desert Rose Fed. Well No. 1 located in Unit I of Section 27, Township 23 South, Range 23 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 23 EAST, NMPM
Section 27: E/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the La Huerta-Delaware Pool. The discovery well is the Ray Westall, Myrtle Myra Well No. 1 located in Unit C of Section 16, Township 21 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 16: NW/4

In addition, a discovery allowable of 24,865 barrels of oil shall be assigned to this well. This amount is to be produced over a two-year period and is over and above the daily top allowable.

- (c) Abolish the Boyd-Canyon Pool in Eddy County, New Mexico, in order to place abolished acreage into the North Dagger Draw-Upper Pennsylvanian Pool.

- (d) Extend the North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 14: NW/4
Section 15: All

- (e) Extend the North Burton Flat-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 3: W/2

- (f) Extend the Cass Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 11: E/2
Section 12: N/2

- (g) Extend the South Dagger Draw-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 22: E/2

- (h) Extend the South Eagle Creek Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 24 EAST, NMPM
Section 31: E/2
Section 32: N/2

- (i) Extend the Livingston Ridge-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM
Section 24: W/2
Section 25: NW/4

- (j) Extend the West Parkway-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 27: S/2
Section 34: E/2

- (k) Extend the Rustler Bluff-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM
Section 8: N/2

- (l) Extend the Rustler Bluff-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM
Section 10: All

- (m) Extend the West Sand Dunes-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 17: N/2

- (n) Extend the North Shugart-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 5: NW/4

DOCKET: COMMISSION HEARING - THURSDAY - MARCH 15, 1990

9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

CASE 9018: (Reopened)

In the matter of Case 9018 being reopened pursuant to the provisions of Division Order No. R-8170-D, which Order amended Rule 11(b) of Order R-8170-A, in order to take evidence on the following:

1. Whether larger overproduction limit in Northwest New Mexico established by Rule 11(b) as amended by Order R-8170-A is beneficial in preventing waste, and protecting correlative rights, while making the supply of gas available to meet interstate and intrastate demand.
2. The reasons for pools being underproduced when many wells are overproduced and whether or not the amendment has any affect on that issue.
3. Any transition mechanism which should be adopted if the Commission determines that a return to the 6 times overproduced limit is appropriate.

NO TESTIMONY OR COMMENTS WILL BE TAKEN AT THIS TIME AND THE CASE WILL BE CONTINUED TO THE COMMISSION HEARING SCHEDULED FOR MAY 25, 1990. IN THE INTERVENING TIME COMMENTS AND SUGGESTIONS WILL BE ACCEPTED BY THE COMMISSION.

CASE 7042: (Continued from the November 24, 1981, Commission Hearing) (This Case will be dismissed)

In the matter of Case 7042 being reopened pursuant to the provisions of Order R-6659, which order continued indefinitely the application of Doyle Hartman for the extension of vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. All interested parties may appear and present evidence relating to this matter.

CASE 8228: (De Novo) (Continued from November 7, 1984, Commission Hearing.) (This Case will be dismissed.)

Application of Doyle Hartman for Hardship Gas Well Classification, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a determination that its Langlie "A" State Well No. 3 located in Unit I of Section 36, Township 24 South, Range 36 East, Jalmat Gas Pool, is a hardship gas well which should be granted priority access to pipeline takes in order to avoid waste.

Upon application of Doyle Hartman, this case will be heard De Novo pursuant to the provisions of Rule 1220.