

LAW OFFICES

MODRALL, SPERLING, ROEHL, HARRIS & SISK

A PROFESSIONAL ASSOCIATION

500 FOURTH STREET NW  
SUNWEST BUILDING, SUITE 1000

POST OFFICE BOX 2168  
ALBUQUERQUE, NEW MEXICO 87103-2168  
TEL. (505) 848-1800  
FAX (505) 242-5352

JOHN F. SIMMS  
(1905-1954)

J. R. MODRALL  
(1902-1977)

AUGUSTUS T. SEYMOUR  
(1907-1985)

GEORGE T. HARRIS, JR.  
(1922-1985)

LELAND S. SEDBERRY, JR.  
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TERRY S. KRAMER  
TIM L. FIELDS  
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TIMOTHY R. VAN VALEN  
EARL E. DEBRUNE, JR.  
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WILLIAM REEVES KELEHER  
DIANE H. MAZUR  
LISA MANN BURKE

SANTA FE OFFICE

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200 WEST LAS CRUCES AVENUE  
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LAS CRUCES, NEW MEXICO 88004-0578  
TEL. (505) 526-6655  
FAX (505) 526-6656

November 7, 1989

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HAND DELIVERED

Mr. William J. LeMay, Chmn. and Director  
Oil Conservation Division  
State of New Mexico  
Energy and Minerals Department  
State Land Office Building  
Old Santa Fe Trail  
Santa Fe, New Mexico 87501

BEFORE EXAMINER <i>Cafanach</i>	
OIL CONSERVATION DIVISION	
EXHIBIT NO.	<u>3</u>
CASE NO.	<u>9630</u>

Re: Application of Strata Production Company  
For Authority to Drill a Horizontal Well  
Pilot Project, Yeso Hills Federal #1 Well  
Eddy County, New Mexico

Dear Mr. LeMay:

On behalf of Strata Production Company, I would appreciate your having the enclosed Application set for hearing on the next available Examiner's Docket now scheduled for November 29, 1989.

I suggest the following for an advertisement for the Docket and newspaper:

Application of Strata Production Company for a Horizontal Directional Drilling Well in Eddy County, New Mexico. Applicant in the above styled cause seeks authority to initiate a horizontal directional drilling pilot project in the SE $\frac{1}{4}$  of Section 18, T26S, R25E, N.M.P.M., Eddy County, New Mexico forming a standard 160 acre

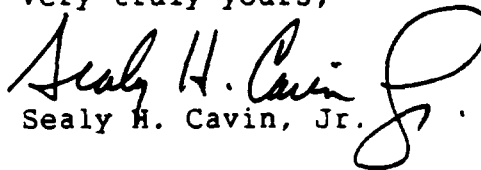
Mr. William J. LeMay, Chmn. and Director  
Oil Conservation Division  
November 7, 1989  
Page 2

gas spacing and proration unit in the Bone Spring Formation, by commencing its Yeso Hills Federal #1 Well at a surface location 1,980 feet FEL and 660 feet FSL of said Section 18. Applicant proposes to drill to a true vertical depth of approximately 4,900 feet in the Bone Spring Formation. Applicant intends to evaluate the vertical well by logging and coring to determine whether and in what direction to drill horizontally. If a decision is made to drill horizontally, the Applicant will plug back and set whipstock as necessary to initiate medium radius curvature to facilitate drilling horizontally. Horizontal drilling shall be at a direction due North, due East or at a North-easterly direction from the vertical wellbore. No part of the horizontal hole shall be closer than 660 feet to any outside boundary of the spacing and proration unit.

Said location is approximately 20 miles Southwest of White City, New Mexico.

By copy of this letter to all parties shown on Exhibit A to the Application, we are forwarding a copy of the Application and notifying them by Certified Mail Return Receipt Requested that they have the right to appear at the hearing to make a statement to the Division, to present evidence and cross examine witnesses either in support of or in opposition to the Application. Those parties are directed to contact the Division or the Applicant's attorney to determine what additional rights they may have.

Very truly yours,

  
Sealy H. Cavin, Jr.

SHC:meh  
Enclosure

cc: George L. Scott, Jr.  
Dan M. Leonard  
John C. Byers

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE  
APPLICATION OF STRATA PRODUCTION COMPANY  
FOR A HORIZONTAL DIRECTIONAL DRILLING  
PILOT PROJECT  
EDDY COUNTY, NEW MEXICO

COPY

CASE NO.: 9830

A P P L I C A T I O N

COMES NOW Strata Production Company, by and through its attorneys, Modrall, Sperling, Roehl, Harris & Sisk, P.A., and applies to the New Mexico Oil Conservation Division to initiate a horizontal directional drilling pilot project in the SE $\frac{1}{4}$  of Section 18, T26S, R25E, N.M.P.M., Eddy County, New Mexico forming a standard 160 acre gas spacing and proration unit in the Bone Spring Formation, by commencing its Yeso Hills Federal #1 Well at a surface location 1,980 feet FEL and 660 feet FSL of said Section 18. Applicant proposes to drill to a true vertical depth of approximately 4,900 feet in the Bone Spring Formation. Applicant intends to evaluate the vertical well by logging and coring to determine whether and in what direction to drill horizontally. If a decision is made to drill horizontally, the Applicant will plug back and set whip stock as necessary to initiate medium radius curvature to facilitate drilling horizontally of approximately 1,200 feet. Horizontal drilling

shall be at a direction due North, due East or at a Northeasterly direction from the vertical wellbore. No part of the horizontal hole shall be closer than 660 feet to any outside boundary of the spacing and proration unit. Said location is approximately 20 miles Southwest of White City, New Mexico. In support hereof Applicant will show:

1. Applicant proposes to drill its Yeso Hills Federal #1 Well at a surface location 1,980 feet FEL and 660 feet FSL of Section 18, T26S, R25E, N.M.P.M., to a total true vertical depth of approximately 4,900 feet in the Bone Spring Formation.

2. Applicant proposes to evaluate the vertical well by logging and coring to determine in what direction to drill horizontally.

3. If a decision is made by Applicant to drill horizontally, Applicant will plug back and set whipstock as necessary to initiate medium radius curvature to facilitate the drilling of a horizontal hole.

4. Applicant proposes that the horizontal drilling shall be at a direction due North, due East or at a Northeasterly direction from the vertical wellbore.

5. No part of the horizontal hole shall be closer than 660 feet to any outside boundary of the spacing and proration unit.

6. The spacing unit for the Yeso Hills Federal #1 Well is the SE¼ of said Section 18.

7. Applicant has the right to drill the Yeso Hills Federal #1 Well by virtue of farmouts from A-H 1980 Program, Inc. and Bonneville Fuels Corporation covering various lands including the SE¼ of Section 18.

8. Notice is being provided to the Offset Operators listed on Exhibit A hereto.

9. The proposed horizontal section of the wellbore will be located in the Bone Spring Formation.

10. Applicant seeks approval of this Application in order to determine if this type of wellbore and completion in the Bone Spring Formation will result in the recovery of substantially greater amounts of hydrocarbons from the Bone Spring Formation than would normally be recovered by a conventional well completion thereby improving ultimate recovery and preventing waste.

WHEREFORE, after notice and hearing, the Applicant requests that this Application be granted.

Respectfully Submitted:

MODRALL, SPERLING, ROEHL,  
HARRIS & SISK, P.A.

By:

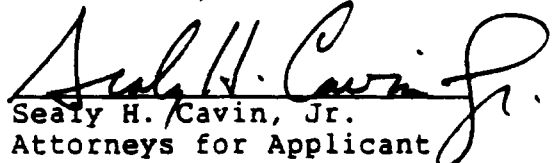
  
Sealy H. Cavin, Jr.  
Attorneys for Applicant  
500 Fourth Street, N.W.  
Suite 1000  
P.O. Box 2168  
Albuquerque, NM 87103

EXHIBIT A

OFFSET OPERATORS

1. AH - 1980 Program, Inc.  
1201 Louisiana, Suite 700  
Houston, Texas 77002-5681  
Attention: Henry Hansen, Senior Landman
2. Bonneville Fuels Corporation  
1600 Broadway, Suite 1110  
Denver, Colorado 80202  
Attention: L.D. Lillo, Senior Landman
3. El Paso Natural Gas Company  
c/o Meridian Oil Inc.  
21 Desta Drive  
Midland, Texas 79705  
Attention: Mario R. Moreno, Jr., Senior Landman

P 965 802 883

## RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

Sent to AH-1980 Program, Inc. Attn: Henry Hansen, Sr. Ldmn.	
Street and No. 1201 Louisiana, Suite 700	
P.O. State and ZIP Code Houston, TX 77002-5681	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date 11/07/89	

PS Form 3800, June 1985

● **Instructions:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees and following services are available. Consult postmaster for rates and check boxes for additional services requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:  
AH-1980 Program, Inc.  
1201 Louisiana, Suite 700  
Houston, TX 77002-5681

Attn: Henry Hansen, Senior Landman

4. Article Number  
P 965 802 883

Type of Service:  
☐ Registered ☐ Insured  
☒ Certified ☐ COD  
☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and **DATE DELIVERED**.

5. Signature - Addressee  
X

6. Signature - Agent  
X Keith Chipp

7. Date of Delivery  
111389

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1985 • U.S.G.P.O. 1985-212-865 DOMESTIC RETURN RECEIPT

COPY

● **Instructions:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees and following services are available. Consult postmaster for rates and check boxes for additional services requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge) 2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:  
Bonneville Fuels Corporation  
1600 Broadway, Suite 1110  
Denver, Colorado 80202

Attn: L.D. Lillo, Senior Landman

4. Article Number  
P 965 802 884

Type of Service:  
☐ Registered ☐ Insured  
☒ Certified ☐ COD  
☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and **DATE DELIVERED**.

5. Signature - Addressee  
X D. Spark

6. Signature - Agent  
X

7. Date of Delivery  
NOV 9 1989

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1985 • U.S.G.P.O. 1985-212-865 DOMESTIC RETURN RECEIPT

P 965 802 884

## RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

Sent to Bonneville Fuels Corp. Attn: L.D. Lillo, Sr. Ldmn.	
Street and No. 1600 Broadway, Suite 1110	
P.O. State and ZIP Code Denver, CO 80202	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date 11/07/89	

PS Form 3800, June 1985

UNITED STATES POSTAL SERVICE

OFFICIAL BUSINESS

**SENDER INSTRUCTIONS**

- Print your name, address and ZIP Code in the space below.
- Complete Items 1, 2, 3, and 4 on the reverse.
  - Attach to front of article if space permits, otherwise affix to back of article.
  - Endorse article "Return Receipt Requested" adjacent to number.



PENALTY FOR PRIVATE  
USE, \$300

RETURN  
TO



Print Sender's name, address, and ZIP Code in the space below.

Sealy H. Cavin, Jr., Esq.  
Modrall, Sperling, Roehl, Harris & Sisk, PA

Post Office Box 2168

Albuquerque, NM 87103



STICK POSTAGE STAMPS TO ARTICLE TO COVER FIRST CLASS POSTAGE.  
CERTIFIED MAIL FEE, AND CHARGES FOR ANY SELECTED OPTIONAL SERVICES (see front)

1. If you want this receipt postmarked, check the postmarked stub to the right of the return address leaving the receipt attached and present the article at a post office service window or hand it to your rural carrier (no extra charge).
2. If you do not want this receipt postmarked, check the postmarked stub to the right of the return address of the article, detach and retain the receipt, and mail the article.
3. If you want a return receipt, write the certified mail number and your name and address on a return receipt card (Form 3811) and attach it to the front of the article by means of the gummed ends of space provided. Otherwise affix to back of article. Endorse front of article: **RETURN RECEIPT REQUESTED** adjacent to the number.
4. If you want delivery restricted to the addressee, or to an authorized agent of the addressee, endorse: **RESTRICTED DELIVERY** on the front of the article.

Enter fees for the services requested in the appropriate spaces on the front of this receipt. If return receipt is requested, check the applicable blocks on Form 3811.

Save this receipt and present it if you make inquiry.

U.S. POST OFFICE, 1997-7-2

COPY



UNITED STATES POSTAL SERVICE

OFFICIAL BUSINESS

**SENDER INSTRUCTIONS**

- Print your name, address and ZIP Code in the space below.
- Complete Items 1, 2, 3, and 4 on the reverse.
  - Attach to front of article if space permits, otherwise affix to back of article.
  - Endorse article "Return Receipt Requested" adjacent to number.



PENALTY FOR PRIVATE  
USE, \$300

RETURN  
TO



Print Sender's name, address, and ZIP Code in the space below.

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Albuquerque, NM 87103

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1. If you want this receipt postmarked, check the postmarked stub to the right of the return address leaving the receipt attached and present the article at a post office service window or hand it to your rural carrier (no extra charge).
2. If you do not want this receipt postmarked, check the postmarked stub to the right of the return address of the article, detach and retain the receipt, and mail the article.
3. If you want a return receipt, write the certified mail number and your name and address on a return receipt card (Form 3811) and attach it to the front of the article by means of the gummed ends of space provided. Otherwise affix to back of article. Endorse front of article: **RETURN RECEIPT REQUESTED** adjacent to the number.
4. If you want delivery restricted to the addressee, or to an authorized agent of the addressee, endorse: **RESTRICTED DELIVERY** on the front of the article.
5. Enter fees for the services requested in the appropriate spaces on the front of this receipt. If return receipt is requested, check the applicable blocks on Form 3811.
6. Save this receipt and present it if you make inquiry.

U.S. POST OFFICE, 1997-7-2



**STICK POSTAGE STAMPS TO ARTICLE TO COVER FIRST CLASS POSTAGE  
CERTIFIED MAIL FEE, AND CHARGES FOR ANY SELECTED OPTIONAL SERVICES (see front)**

1. If you want this receipt postmarked, check the optional label to the right of the return address leaving the receipt attached and present the article at a post office where a window or kiosk is located in front of it to your total carrier (no extra charge)
2. If you do not want this receipt postmarked, check the optional label to the right of the return address, at the article date, detach and retain the receipt, and mail the article
3. If you want a return receipt, write the certified mail number and your name and address on a return receipt card, Form 3811, and attach it to the front of the article by means of the optional label to place for a return receipt. Otherwise, attach to back of article. Include front of article in RETURN RECEIPT REQUESTED adjacent to the number
4. If you want delivery restricted to the addressee, so to an authorized agent of the addressee, include a RESTRICTED DELIVERY on the front of the article
5. Enter fees for the services requested in the appropriate spaces on the front of this receipt. If return receipt is requested, check the applicable blocks in item 1 of Form 3811
6. Save this receipt and present it if you make inquiry

U.S. G.P.O. 1987 197 722

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UNITED STATES POSTAL SERVICE  
OFFICIAL BUSINESS

**SENDER INSTRUCTIONS**  
Print your name, address and ZIP code in the space below.  
• Complete Items 1, 2, 3, and 4 on the receipt.  
• Attach to front of article if you require return receipt or restricted delivery.  
• Return receipt card, Form 3811, to back of article.

RETURN TO: **Mr. & Mrs. J. C. Cavins, Jr., Inc.**  
**Merling, N.C. 27551**

Post Office Box 2168  
Merling, N.C. 27551

NOV 1989

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P 965 802 885

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED

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(See Reverse)

Sent to El Paso Natural Gas Co.	
c/o Meridian Oil Inc.	
Street and No. Attn: Mario R. Moreno	
21 Desta Drive	
P.O. State and ZIP Code	
Midland, TX 79705	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	
11/07/89	

PS Form 3800, June 1985

COPY

1. Complete items 1 and 2 and attach to the back of the card, and complete item 3.

Put your address on the "RETURN TO" space on the back of the card. This will prevent this card from being returned to you.

2. Put your address on the "RETURN TO" space on the back of the card. This will prevent this card from being returned to you.

1. ☐ Restricted Delivery ☐ Signature Required ☐ Registered Mail ☐ Insured Mail

2. Address of addressee

El Paso Natural Gas Co.  
c/o Meridian Oil Inc.  
21 Desta Drive  
Midland, TX 79705

Attn: Mario R. Moreno

3. Return to addressee

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LAW OFFICES

MODRALL, SPERLING, ROEHL, HARRIS & SISK

A PROFESSIONAL ASSOCIATION

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(1922-1985)

LELAND S. SEDGWICK, JR.  
(1930-1985)

SANTA FE OFFICE

119 EAST MARCY

SUITE 200

POST OFFICE BOX 9318

SANTA FE, NEW MEXICO 87501-9318

TEL. (505) 983-2020

FAX (505) 988-8996

LAS CRUCES OFFICE

505 SOUTH MAIN

LORETTO TOWNE CENTRE

SUITE 103

POST OFFICE BOX 578

LAS CRUCES, NEW MEXICO 88004-0578

TEL. (505) 526-6655

FAX (505) 526-6656

JAMES E. SPERLING  
JOSEPH E. ROEHL  
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MARSHA G. BROWN  
PAUL MAESTAS  
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TODD R. BRACZINSKI  
KEVIN T. RUEDEL  
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ELEANOR K. BRATTON  
VORA C. KELLY  
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DONALD R. FENSTERMACHER  
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TERRY S. KAASER  
TIM L. FIELDS  
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SUZANNE R. SPIERS  
TIMOTHY R. VAN VALEN  
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LISA MANN BURKE  
JEAN MARIE BANNON  
STUART R. BUTZIER  
DONALD A. DECANDIA  
GRETCHEN B. FRIEDLANDER  
R. ALFRED WALKER

November 17, 1989

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HAND DELIVERED

Mr. William J. LeMay, Chmn. and Director  
Oil Conservation Division  
State of New Mexico  
Energy and Minerals Department  
State Land Office Building  
Old Santa Fe Trail  
Santa Fe, New Mexico 87501

Re: Amended Application for Strata Production Company  
For Authority to Drill a Horizontal Well Pilot  
Project, Yeso Hills Federal #1 Well, Eddy County,  
New Mexico.

Dear Mr. LeMay:

On behalf of Strata Production Company, I would appreciate your having the enclosed Amended Application set for hearing on the next available Examiner's Docket now scheduled for November 29, 1989. This Amended Application amends Strata's Application made by our correspondence to you dated November 17, 1989.

I suggest the following for an advertisement for the Docket and newspaper:

Amended Application of Strata Production Company  
for a Horizontal Directional Drilling Well in  
Eddy County, New Mexico. Applicant in the above  
styled cause seeks authority to initiate a  
horizontal directional drilling pilot project in

Mr. William J. LeMay, Chmn. and Director  
Oil Conservation Division

the SE¼ Section 18, T26S, R25E, N.M.P.M., Eddy County, New Mexico forming a standard 160 acre gas spacing and proration unit in the Bone Spring Formation, by commencing its Yeso Hills Federal #1 Well at an unorthodox surface location 1,780 feet FEL and 460 feet FSL of said Section 18. Applicant proposes to drill to a true vertical depth of approximately 4,900 feet in the Bone Spring Formation. Applicant intends to evaluate the vertical well by logging and coring to determine whether and in what direction to drill horizontally. If a decision is made to drill horizontally, the Applicant will plug back and set whipstock as necessary to initiate medium radius curvature to facilitate drilling horizontally. Horizontal drilling shall be at a direction due North, due East or at a North-easterly direction from the vertical wellbore. The horizontal hole shall be terminated at a location no closer than 660 feet to any outside boundary of the spacing and proration unit.

Said location is approximately 20 miles Southwest of White City, New Mexico.

By copy of this letter to all parties shown on Exhibit A to the Amended Application, we are forwarding a copy of the Amended Application and notifying them by Certified Mail Return Receipt Requested that they have the right to appear at the hearing to make a statement to the Division, to present evidence and cross examine witnesses either in support of or in opposition to the Application. Those parties are directed to contact the Division or the Applicant's attorney to determine what additional rights they may have.

Very truly yours,

*/s/ RSM for SHC*

Sealy H. Cavin, Jr.

SHC:meh  
Enclosure

cc: George L. Scott, Jr. (w/encl.)  
Dan M. Leonard (w/encl.)  
John C. Byers (w/encl.)

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION

RECEIVED  
NOV 17 1989  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE  
APPLICATION OF STRATA PRODUCTION COMPANY  
FOR A HORIZONTAL DIRECTIONAL DRILLING  
PILOT PROJECT  
EDDY COUNTY, NEW MEXICO

COPY

CASE NO.:

A M E N D E D  
A P P L I C A T I O N

COMES NOW Strata Production Company, by and through its attorneys, Modrall, Sperling, Roehl, Harris & Sisk, P.A., and applies to the New Mexico Oil Conservation Division to initiate a horizontal directional drilling pilot project in the SE $\frac{1}{4}$  of Section 18, T26S, R25E, N.M.P.M., Eddy County, New Mexico forming a standard 160 acre gas spacing and proration unit in the Bone Spring Formation, by commencing its Yeso Hills Federal #1 Well at a surface location 1,780 feet FEL and 460 feet FSL of said Section 18. Applicant proposes to drill to a true vertical depth of approximately 4,900 feet in the Bone Spring Formation. Applicant intends to evaluate the vertical well by logging and coring to determine whether and in what direction to drill horizontally. If a decision is made to drill horizontally, the Applicant will plug back and set whipstock as necessary to initiate medium radius curvature to facilitate drilling horizontally of approximately 1,200 feet. Horizontal drilling shall be at a direction due North, due East or at a Northeasterly direction from the vertical wellbore. No part of the horizontal hole shall be closer than 660 feet

to any outside boundary of the spacing and proration unit. Said location is approximately 20 miles Southwest of White City, New Mexico. In support hereof Applicant will show:

1. Applicant proposes to drill its Yeso Hills Federal #1 Well at a surface location 1,780 feet FEL and 460 feet FSL of Section 18, T26S, R25E, N.M.P.M., to a total true vertical depth of approximately 4,900 feet in the Bone Spring Formation.

2. Applicant proposes to evaluate the vertical well by logging and coring to determine in what direction to drill horizontally.

3. If a decision is made by Applicant to drill horizontally, Applicant will plug back and set whipstock as necessary to initiate medium radius curvature to facilitate the drilling of a horizontal hole.

4. Applicant proposes that the horizontal drilling shall be at a direction due North, due East or at a Northeasterly direction from the vertical wellbore.

5. No part of the horizontal hole shall be closer than 600 feet to any outside boundary of the spacing and proration unit.

6. The spacing unit for the Yeso Hills Federal #1 Well is the SE $\frac{1}{4}$  of said Section 18.

7. Applicant has the right to drill the Yeso Hills Federal #1 Well by virtue of farmouts from A-H 1980

Program, Inc. and Bonneville Fuels Corporation covering various lands including the SE $\frac{1}{4}$  of Section 18.

8. Notice is being provided to the Offset Operators listed on Exhibit A hereto.

9. The proposed horizontal section of the wellbore will be located in the Bone Spring Formation.

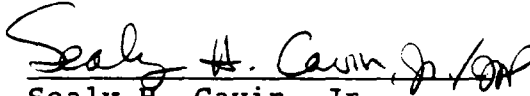
10. Applicant seeks approval of this Amended Application in order to determine if this type of wellbore and completion in the Bone Spring Formation will result in the recovery of substantially greater amounts of hydrocarbons from the Bone Spring Formation than would normally be recovered by a conventional well completion thereby improving ultimate recovery and preventing waste.

11. Applicant seeks approval of its proposed unorthodox surface location.

WHEREFORE, after notice and hearing, the Applicant requests that this Application be granted.

Respectfully submitted,

MODRALL, SPERLING, ROEHL,  
HARRIS & SISK, P.A.

By:   
Sealy H. Cavin, Jr.  
Attorneys for Applicant  
500 Fourth Street, N.W.  
Suite 1000  
P.O. Box 2168  
Albuquerque, NM 87103

0841w

EXHIBIT A TO STRATA PRODUCTION  
COMPANY AMENDED APPLICATION TO  
DRILL A HORIZONTAL WELL.

EXHIBIT A

OFFSET OPERATORS

RECEIVED  
NOV 17 1989  
OIL CONSERVATION DIVISION

1. AH - 1980 Program, Inc.  
1201 Louisiana, Suite 700  
Houston, Texas 77002-5681  
Attention: Henry Hansen, Senior Landman
2. Bonneville Fuels Corporation  
1600 Broadway, Suite 1110  
Denver, Colorado 80202  
Attention: L.D. Lillo, Senior Landman
3. El Paso Natural Gas Company  
c/o Meridian Oil Inc.  
21 Desta Drive  
Midland, Texas 79705  
Attention: Mario R. Moreno, Jr., Senior Landman

0841w



P 556 957 647

## RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to Attn: Henry Hansen	
AH-1980 Program, Inc.	
Street and No 1201 Louisiana, Suite 700	
P.O. State and ZIP Code Houston, TX 77002-5681	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$

U.S.G.P.O. 1989-234-555  
PS Form 3800, June 1985

11/20/89

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Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for rates and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge)  
2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:  
AH - 1980 Program, Inc.  
1201 Louisiana, Suite 700  
Houston, Texas 77002-5681

4. Article Number  
P 556 957 647

Type of Service:  
☐ Registered ☐ Insured  
☒ Certified ☐ COD  
☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee  
X

6. Signature - Agent  
X

7. Date of Delivery  
11/24/89

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-885 DOMESTIC RETURN RECEIPT

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Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for rates and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge)  
2. ☐ Restricted Delivery (Extra charge)

3. Article Addressed to:  
Bonneville Fuels Corporation  
1600 Broadway, Suite 1110  
Denver, Colorado 80202

4. Article Number  
P 556 957 648

Type of Service:  
☐ Registered ☐ Insured  
☒ Certified ☐ COD  
☐ Express Mail ☐ Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee  
X

6. Signature - Agent  
X

7. Date of Delivery  
NOV 22 1989

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1988 \* U.S.G.P.O. 1988-212-885 DOMESTIC RETURN RECEIPT

P 556 957 648

## RECEIPT FOR CERTIFIED MAIL

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NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to Attn: L.D. Lillo	
Bonneville Fuels Corp.	
Street and No 1600 Broadway, Suite 1110	
P.O. State and ZIP Code Denver, CO 80202	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$

U.S.G.P.O. 1989-234-555  
PS Form 3800, June 1985

11/20/89

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- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

RETURN  
TO ➡

Print Sender's name, address, and ZIP Code in the space below.  
Sealy H. Cavin, Jr., Esq.  
Modrall, Sperling, Roehl, Harris & Sisk, PA  
Post Office Box 2168  
Albuquerque, NM 87103

- STICK POSTAGE STAMPS TO ARTICLE TO COVER FIRST CLASS POSTAGE.  
CERTIFIED MAIL FEE, AND CHARGES FOR ANY SELECTED OPTIONAL SERVICES. (see front)**
1. If you want this receipt postmarked, stick the gummed stub to the right of the return address leaving the receipt attached and present the article at a post office service window or hand it to your rural carrier (no extra charge)
  2. If you do not want this receipt postmarked, stick the gummed stub to the right of the return address of the article, date, detach and retain the receipt, and mail the article
  3. If you want a return receipt, write the certified mail number and your name and address on a return receipt card, Form 3811, and attach it to the front of the article by means of the gummed ends if space permits. Otherwise, affix to back of article. Endorse front of article **RETURN RECEIPT REQUESTED** adjacent to the number
  4. If you want delivery restricted to the addressee, or to an authorized agent of the addressee, endorse **RESTRICTED DELIVERY** on the front of the article
  5. Enter fees for the services requested in the appropriate spaces on the front of this receipt. If return receipt is requested, check the applicable blocks in item 1 of Form 3811
  6. Save this receipt and present it if you make inquiry
- U.S.G.P.O. 1989 234-555

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PENALTY FOR PRIVATE  
USE, \$300

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- Complete items 1, 2, 3, and 4 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
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  4. If you want delivery restricted to the addressee, or to an authorized agent of the addressee, endorse **RESTRICTED DELIVERY** on the front of the article
  5. Enter fees for the services requested in the appropriate spaces on the front of this receipt. If return receipt is requested, check the applicable blocks in item 1 of Form 3811
  6. Save this receipt and present it if you make inquiry
- U.S.G.P.O. 1989 234-555

P 556 957 649

## RECEIPT FOR CERTIFIED MAIL

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NOT FOR INTERNATIONAL MAIL

(See Reverse)

U.S.G.P.O. 1989-234-555


PS Form 3800, June 1985

Sent to: Attn: Mario R. Moreno, Jr. El Paso Natural Gas Co.	
Street and No c/o Meridian Oil Inc. 21 Desta Drive	
P.O. State and ZIP Code Midland, TX 79705	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date  11/20/89	

COPY

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Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees and following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. ☐ Show to whom delivered, date, and addressee's address. (Extra charge)  
2. ☐ Restricted Delivery (Extra charge)

<b>3. Article Addressed to:</b> El Paso Natural Gas Company c/o Meridian Oil Inc. 21 Desta Drive Midland, Texas 79705 Attn: Mario R. Moreno Jr., Senior Landman	<b>4. Article Number</b> P 556 957 649 <b>Type of Service:</b> <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and <b>DATE DELIVERED</b> .
<b>5. Signature - Addressee</b> X	<b>6. Addressee's Address (ONLY if requested and fee paid)</b>
<b>6. Signature - Agent</b> X 	
<b>7. Date of Delivery</b>	

PS Form 3811, Mar. 1985

\* U.S.G.P.O. 1985-212-885

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CERTIFIED MAIL FEE AND CHARGES FOR ANY SELECTED OPTIONAL SERVICES (see front)**

1. If you want this receipt postmarked, stick the gummed stub to the right of the return address leaving the receipt attached. If you do not want this receipt postmarked, stick the gummed stub to the right of the return address of the article at a post office service window or hand it to your rural carrier (no extra charge).
2. If you do not want this receipt postmarked, stick the gummed stub to the right of the return address of the article, date, detach and retain the receipt, and mail the article.
3. If you want a return receipt, write the certified mail number and your name and address on a return receipt card (Form 3811), and attach it to the front of the article by means of the gummed ends if space permits. Otherwise, affix to back of article. Endorse front of article **RETURN RECEIPT REQUESTED** adjacent to the number.
4. If you want delivery restricted to the addressee, or to an authorized agent of the addressee, endorse **RESTRICTED DELIVERY** on the front of the article.
5. Enter fees for the services requested in the appropriate spaces on the front of this receipt. If return receipt is requested, check the applicable blocks in item 1 of Form 3811.
6. Save this receipt and present it if you make inquiry.

U S G P O 1989-234-555

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**PENALTY FOR PRIVATE  
USE, \$300**

**RETURN  
TO** ➡

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Sealy H. Cavin, Jr., Esq.  
Modrall, Sperling, Roehl, Harris & Sisk, PA  
Post Office Box 2168  
Albuquerque, NM 87103

- 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.

35-89 and 36-89 are tentatively set for December 13 and December 27, 1989. Applications for hearing must be filed at least 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 31, 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-Blinbry 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 recompleting 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.

(Readadvertised)

Application of Strata Production Company for an unorthodox gas well location, 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 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 an unorthodox surface location 460 feet from the South line and 1780 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 is cannot be any closer than 660 feet from the North, East, or West lines of the subject proration unit nor closer than 460 feet from the South line of said unit. Said location is approximately 2.5 miles east of Mile Post No. 6 on U.S. Highway 62/180.

**CASE 9843:** Application of Northwest Pipeline Corporation 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 325.68-acre, more or less, non-standard gas spacing and proration unit in the Basin Fruitland Coal (Gas) Pool comprising Lots 8 and 9 and the SE/4 SE/4 of Section 7, Lots 5, 6, and 7, the NE/4 NE/4, and the S/2 NE/4 of Section 18, and all of Tract 55 being in said Sections 7 and 18 as recorded on the Federal Survey Plat approved November 13, 1917, all in Township 31 North, Range 7 West. Said unit is to be dedicated to the proposed San Juan 32-7 Unit Well No. 201 to be drilled at an unorthodox coal gas well location 500 feet from the South line and 880 feet from the East line (Unit P) of said Section 7, being located approximately 7.5 miles north of the Navajo Reservoir Dam.

**CASE 9796:** (Continued from November 29, 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 9827:** (Continued from November 29, 1989, 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 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 9844:** In the matter of the hearing called by the Oil Conservation Division on its own motion for an order extending certain pools in Rio Arriba, San Juan, and Sandoval Counties, New Mexico.

- (a) EXTEND the South Bisti-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 10 WEST, NMPM  
Section 5: SW/4  
Section 6: E/2 NW/4  
Section 6: E/2 SE/4  
Section 9: E/2 SW/4

- (b) EXTEND the Counselors Gallup-Dakota Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 6 WEST, NMPM  
Section 7: SE/4  
Section 18: NE/4

- (c) EXTEND the Escrito-Gallup Oil Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM  
Section 31: E/2 E/2

- (d) EXTEND the Gavilan-Mancos Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM  
Section 2: All

- (e) EXTEND the Lybrook-Gallup Oil Pool in Rio Arriba, Sandoval and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 6 WEST, NMPM  
Section 6: E/2 NW/4

TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM  
Section 16: SE/4 SE/4  
Section 21: NE/4 NE/4  
Section 22: N/2 NW/4