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November 7, 1989

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OIL CONSERVATION DIVISION

William J. LeMay, Director  
Oil Conservation Division  
New Mexico Department of Energy,  
Minerals and Natural Resources  
State Land Office Building  
Santa Fe, New Mexico 87503

*Case 9834*

Re: In the Matter of the Application of Texaco Inc. for a Non-Standard Gas  
Proration Unit, Unorthodox Gas Well Location and Simultaneous Dedication,  
Lea County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is the above-referenced application of Texaco Inc. Texaco Inc. respectfully requests that this matter be placed on the docket for the Examiner hearings scheduled on November 29, 1989.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enclosure: Mr. Robert Hart  
Texaco Inc.

BEFORE THE  
OIL CONSERVATION DIVISION  
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF  
TEXACO INC. FOR A NON-STANDARD GAS  
PRORATION UNIT, UNORTHODOX GAS WELL  
LOCATIONS, AND SIMULTANEOUS  
DEDICATIONS, LEA COUNTY, NEW MEXICO.

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OIL CONSERVATION DIVISION

CASE NO. 9834

**APPLICATION**

TEXACO INC. hereby applies to the New Mexico Oil Conservation Division for approval of a non-standard gas proration unit in the Eumont Gas Pool, unorthodox gas well locations and simultaneous dedication, Lea County, New Mexico, and in support thereof states:

1. Applicant is the operator of two 160-acre non-standard gas proration units in the Eumont Gas Pool, Lea County, New Mexico.
2. One of these units is comprised of the E/2 SE/4, SW/4 SE/4, SE/4 SW/4 of Section 23, Township 19 South, Range 36 East, N.M.P.M., Lea County, New Mexico, which is dedicated to its William Weir No. 2 Well located 660 feet from the South line and 1980 feet from the West line of said Section 23.
3. The other unit is comprised of the W/2 NW/4 of Section 25 and the E/2 NE/4 of Section 26, both in Township 19 South, Range 36 East, N.M.P.M., Lea County, New Mexico which is dedicated to its William Weir No. 1 Well, located 1980 feet from the North line and 660 feet from the West line of said Section 25.


4. Applicant seeks to combine the above-referenced gas proration units thereby creating a 320-acre non-standard gas proration unit to be comprised of the above-described acreage in the Eumont Gas Pool, to be simultaneously dedicated to its William Weir Wells Nos. 1 and 2.

5. Granting the application will be in the best interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, Applicant respectfully requests that this matter be set for hearing before a duly appointed Examiner of the Oil Conservation Division on November 29, 1989, and that after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By:   
WILLIAM F. CARR

Post Office Box 2208  
Santa Fe, New Mexico 87504  
Telephone: (505) 988-4421

ATTORNEYS FOR TEXACO INC.

CASE 9829: (Continued from November 29, 1989, Examiner Hearing.)

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 9841: 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 9842: Application of Tahoe Energy Inc. for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authorization to deepen and recomplete into the Jalmat Gas Pool its existing King Foundation et al Well No. 1 located 2310 feet from the North line and 330 feet from the West line (Unit E) of Section 20, Township 24 South, Range 37 East, which is an unorthodox gas well location for said Jalmat Pool. Applicant also seeks to have said well simultaneously dedicated along with the W. H. Harrison "C" WN Well No. 3 located at a standard Jalmat gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 20 and the W. H. Harrison "C" WN Well No. 5 located at a previously approved unorthodox Jalmat gas well location (MSL-1328) 1700 feet from the South line and 1680 feet from the West line (Unit K) of said Section 20, to the existing 240-acre non-standard Jalmat gas spacing and proration unit comprising the NW/4 and N/2 SW/4 of said Section 20 (previously approved by R-2867), being approximately 6 miles north of Jal, New Mexico.

CASE 9812: (Continued from November 15, 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. 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 6.25 miles east-southeast of the Navajo Reservoir Dam.

CASE 9813: (Continued from November 15, 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.

[REDACTED] (Continued from November 29, 1989, Examiner Hearing.)

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 N) of said Section 23, respectively. Said unit is located approximately 4.5 miles south-southeast of Arkansas Junction, New Mexico.

CASE 9788: (Continued from November 29, 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.

Dockets Nos. 36-89 and 1-90 are tentatively set for December 27, 1989 and January 10, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 13, 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 9712:** (Continued from November 29, 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 29, 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 9839:** Application of Robert J. Mannes Oil & Gas Exploration for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the White Draw Unit Agreement for an area comprising 6680 acres, more or less of State and Federal lands in Townships 3 and 4 South, Ranges 27 and 28 East. Said area is located approximately 20 miles north of Elkins, New Mexico.

**CASE 9840:** Application of Merrion Oil and Gas Corporation for a unit agreement, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Papers Wash Corporative Unit Agreement for an area comprising 400 acres, more or less, of State, Federal and/or Indian Allotted Lands underlying the W/2 of Section 15 and the SE/4 NE/4 and NE/4 SE/4 of Section 16, both in Township 19 North, Range 5 West. This area is located approximately 22 miles northwest of San Luis, New Mexico.

**CASE 9828:** (Continued from November 29, 1989, Examiner Hearing.)

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 9838:** (Continued from November 29, 1989, Examiner Hearing.)

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.

**CASE 9799:** (Continued from November 29, 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 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 MCT-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 N) 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 Lindrith, 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.