

Dockets Nos. 4-90 and 5-90 are tentatively set for February 7, 1990 and February 21, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 24, 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 9852:** 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 following described acreage in Section 24, Township 21 South, Range 27 East, and in the following manner: the S/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent (which includes but is not necessarily limited to the Undesignated East Carlsbad-Wolfcamp Gas Pool, Undesignated East Carlsbad-Strawn Gas Pool, Undesignated Bass-Morrow Gas Pool, Undesignated Burton Flats-Morrow Gas Pool, and Undesignated East Carlsbad-Morrow Gas Pool); the SW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations developed on 160-acre spacing; and the SE/4 SW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations developed on statewide 40-acre spacing (which includes but is not necessarily limited to the Undesignated Fenton Draw-Strawn Pool). All of the above-described units are to be dedicated to a well to be drilled at a standard location in the SE/4 SW/4 (Unit N) of said Section 24. 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 area is located at Mile Post No. 41 on U.S. Highway 62/180.
- CASE 9853:** 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 9854:** 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 9846:** (Continued from January 10, 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 9855:** 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:** 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.

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 0) 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 9858:

Application of Bannon Energy Incorporated for an unorthodox oil well location and simultaneous dedication, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its Federal "8" Well No. 2 to be drilled 351 feet from the South line and 2171 feet from the East line (Unit 0) of Section 8, Township 23 North, Range 6 West, Counselors-Gallup Oil Pool, said well to be simultaneously dedicated with the Federal "8" Well No. 1, located at a previously approved unorthodox oil well location (NSL-2696) 2173 feet from the South line and 495 feet from the East line (Unit 1) of said Section 8, to the existing standard 160-acre oil spacing and proration unit for said pool comprising the SE/4 of said Section 8. Said unit is located approximately 2.5 miles northwest of Counselors, New Mexico.

**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

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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.