

Dockets Nos. 16-90 and 17-90 are tentatively set for June 13, 1990 and June 27, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 30, 1990**

**8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO**

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

**CASE 9937:** (Continued from May 16, 1990, Examiner Hearing.)

Application of Exxon Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Laguna Salado South Unit Agreement for an area comprising 7040 acres, more or less, of State, Federal and Fee lands in all or portions of Sections 10, 15, 16, 21, 22, 23, 26, 27, 28, 33, 34 and 35, Township 23 South, Range 29 East. This area is located approximately 7 miles east of Loving, New Mexico.

**CASE 9939:** (Continued and 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 Lots 4 through 7 and the NW/4 (W/2 equivalent) of Irregular Section 12, Township 22 South, Range 25 East, forming a non-standard 332.74-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 but is not necessarily limited to the Undesignated Catclaw Draw-Wolfcamp Gas Pool, Undesignated McKittrick Canyon-Upper Pennsylvanian Gas Pool, Undesignated Hackberry Hills-Canyon Gas Pool, Undesignated Happy Valley-Morrow Gas Pool and/or the Revelation-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard gas well location 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 12. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 7 miles west by south of Carlsbad, New Mexico.

**CASE 9945:** Application of Mobil Producing Texas and New Mexico, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its proposed Bridges State Well No. 601 to be drilled 1600 feet from the North line and 2600 feet from the West line (Unit F) of Section 25, Township 17 South, Range 34 East, to test both the Vacuum-Glorieta and Vacuum-Blinebry Pools. Said well is to be dedicated to an existing 40-acre oil spacing and proration unit for each zone comprising the SE/4 NW/4 of said Section 25. The Blinebry zone is presently dedicated to the applicant's Bridges State Well No. 11 located 1980 feet from the North and West lines and the Glorieta zone is presently dedicated to the applicant's Bridges State Well No. 111 located 2310 feet from the North line and 1860 feet from the West line of said Section 25. Said unit is located approximately 2 1/4 miles west-northwest of Buckeye, New Mexico.

**CASE 9946:** Application of Mobil Producing Texas and New Mexico, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its proposed Bridges State Well No. 602 to be drilled 1460 feet from the North line and 1260 feet from the West line (Unit E) of Section 25, Township 17 South, Range 34 East, to test both the Vacuum-Glorieta and Vacuum-Blinebry Pools. Said well is to be dedicated to an existing 40-acre oil spacing and proration unit for each zone comprising the SW/4 NW/4 of said Section 25. The Blinebry zone is presently dedicated to the applicant's Bridges State Well No. 13 located 1980 feet from the North line and 660 feet from the West line and the Glorieta zone is presently dedicated to the applicant's Bridges State Well No. 103 located 2310 feet from the North line and 660 feet from the West line of said Section 25. Said unit is located approximately 3/4 mile west-northwest of Buckeye, New Mexico.

**CASE 9925:** (Continued from May 2, 1990, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling and an unorthodox gas well location, 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 21, Township 18 South, Range 27 East, and in the following described manner: the N/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 presently includes but is not necessarily limited to the Undesignated Red Lake-Pennsylvanian Gas Pool, Undesignated Red Lake Atoka-Morrow Gas Pool, and Undesignated Scoggin Draw-Morrow Gas Pool); the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations developed on 160-acre spacing within said vertical extent; and the NE/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on statewide 40-acre oil spacing (which presently includes but is not necessarily limited to the Undesignated Artesia Queen-Grayburg-San Andres Pool, Undesignated East Dayton-Grayburg Pool and Undesignated Empire-Abo Pool). Said units are to be dedicated to a single well to be drilled at a location 660 feet from the North and East lines (Unit A) of said Section 21, being a standard location for zones spaced on 40 and 160 acres and unorthodox for zones spaced on 320 acres. 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 approximately 6.5 miles south by east of Riverside, New Mexico.

**CASE 9924:** (Continued from May 16, 1990, Examiner Hearing.)

Application of Strata Production Company to amend Division Order No. R-9097, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-9097, which authorized a horizontal directional drilling pilot project in the SE/4 of Section 18, Township 26 South, Range 25 East, being a standard 160-acre gas spacing and proration unit in the Bone Spring formation by expanding the prescribed area limiting the horizontal displacement of the proposed wellbore such that any portion thereof can be no closer than 330 feet from the North line, nor closer than 660 feet from the East and West lines, nor closer than 460 feet from the South line of said 160-acre tract. Said location is approximately 2.5 miles east of Mile Post No. 6 on U.S. Highway 62/180.

- CASE 9947: Application of Texaco Inc. for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Paddock formation comprising the SE/4 SE/4 (Unit P) of Section 35, Township 24 South, Range 37 East, and for the promulgation of special rules and regulations therefor including a provision for a gas-oil ratio limitation of 6,000 cubic feet of gas per barrel of oil. Said area is located approximately 5.5 miles northeast of Jal, New Mexico.
- CASE 9948: Application of Chevron U.S.A., Inc. for a non-standard gas proration unit and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a non-standard 240-acre gas spacing and proration unit in the Eumont Gas Pool comprising the NE/4 and N/2 NW/4 of Section 34, Township 19 South, Range 36 East, said unit to be dedicated to its J. W. Smith Well No. 7 to be drilled at an unorthodox location 1900 feet from the North line and 660 feet from the East line (Unit H) of said Section 34. Said unit is located approximately 3 miles northwest of Monument, New Mexico.
- CASE 9949: Application of Chevron U.S.A., Inc. for a non-standard gas proration unit, unorthodox gas well locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a non-standard 400-acre gas spacing and proration unit comprising Lots 11 through 14 of Section 5 and Lots 15 and 16 and the SE/4 of Section 6, all in Township 21 South, Range 36 East, Eumont Gas Pool, said unit to be simultaneously dedicated to a well to be drilled at an unorthodox location 1175 feet from the South line and 1375 feet from the East line (Unit W) of said Section 6, to its Orcutt (NCT-A) Well No. 1 located at an unorthodox location 3200 feet from the North line and 1980 feet from the West line (Unit K) of said Section 5, and to its Graham State (NCT-E) Well No. 2 located at an orthodox location 1980 feet from the South and East lines (Unit R) of said Section 6. Said unit is located approximately 2.25 miles west by north of Oil Center, New Mexico.
- CASE 9950: Application of Meridian Oil, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp to the base of the Morrow formation underlying the E/2 of Section 17, Township 18 South, Range 31 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing (which presently includes but is not necessarily limited to the Undesignated North Shugart-Atoka Gas Pool and the Undesignated North Shugart-Morrow Gas Pool). Said unit is to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5 miles south of the junction of U.S. Highway 82 and State Highway No. 3/South.
- CASE 9951: Application of Pennzoil Exploration and Production Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 2310 feet from the South line and 900 feet from the West line (Unit L) of Section 16, Township 16 South, Range 37 East, Northeast Lovington-Pennsylvanian Pool, the N/2 SW/4 of said Section 16 to be dedicated to the well forming a standard 80-acre oil spacing and proration unit for said pool. The proposed unit is located approximately 5.25 miles east-southeast of Lovington, New Mexico.
- CASE 9952: Application of Oxy USA, Inc. for an unorthodox gas well location and a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 327.27-acre non-standard gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing from the top of the Wolfcamp formation to the base of the Morrow formation (which includes the Undesignated Bandana Point-Strawn Gas Pool and the Undesignated East Hess-Morrow Gas Pool) comprising Lots 1 and 2, the NE/4, and the S/2 SE/4 (E/2 equivalent) of Section 34, Township 23 South, Range 23 East. Said unit is to be dedicated to its Federal "AK" Well No. 1 to be drilled at an unorthodox gas well location 660 feet from the North line and 1450 feet from the East line (Unit B) of said Section 34, which is approximately 2.5 miles south-southeast of the junction of State Highway No. 137 and County Road 409 to Sitting Bull Falls.
- CASE 9953: Application of Oryx Energy 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 Morrow formation underlying the following described acreage in Section 24, Township 17 South, Range 35 East, and in the following described manner: the W/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 presently includes but is not necessarily limited to the Undesignated South Shoe Bar-Atoka Gas Pool); the NW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations developed on 160-acre spacing within said vertical extent; and the SE/4 NW/4 to form standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on statewide 40-acre oil spacing (which presently includes but is not necessarily limited to the Undesignated Vacuum-Abo Reef Pool, the Vacuum Grayburg-San Andres Pool, and the Undesignated Vacuum-Glorieta Pool). Said units are to be dedicated to a single well to be drilled at a standard location in the SE/4 NW/4 (Unit F) of said Section 24. Also to be considered will be the cost 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. This area is located approximately 5.5 miles east by north of Buckeye, New Mexico.