

LAW OFFICES

NEW MEXICO OIL CONSERVATION DIVISION

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90 AUG 22 AM 8 58

August 20, 1990

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

10108

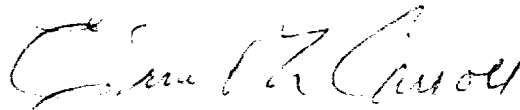
Dear Mr. LeMay:

Enclosed for filing, please find three copies of Application of Yates Petroleum Corporation for an Order Amending Special Rules and Regulations for the South Dagger Draw - Upper Pennsylvanian Associated Pool.

We ask that this case be set for hearing, after allowing twenty days for notice to offset operators, and that we be furnished with a copy of the docket for said hearing.

Very truly yours,

LOSEE, CARSON, HAAS & CARROLL, P.A.



Ernest L. Carroll

ELC:kth
Enclosures

cc w/encl: Kathy Porter, Yates Petroleum Corporation

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF YATES PETROLEUM CORPORATION)
FOR AN ORDER AMENDING SPECIAL)
RULES AND REGULATIONS FOR THE)
SOUTH DAGGER DRAW - UPPER)
PENNSYLVANIAN ASSOCIATED POOL)
_____)

CASE NO. 11168

APPLICATION

1. Applicant is the operator of the following wells, each of which is producing from the South Dagger Draw - Upper Pennsylvanian Associated Pool located in Eddy County, New Mexico:

<u>Well Name</u>	<u>Location</u>
✓ Hillview "AHE" Fed Com #2	1650' FNL & 1780' FEL S-23, T-20-S, R-24-E
Hillview "AHE" Fed Com #3	660' FSL & 1980' FWL S-23, T-20-S, R-24-E
Hillview "AHE" Fed Com #4	1980' FSL & 1980' FEL S-23, T-20-S, R-24-E
✓ Saguaro "AGS" Fed Com #1	1980' FSL & 660' FWL S-11, T-20-S, R-24-E
Sara "AHA" Com #1	1980' FSL & 660' FEL S-11, T-20-S, R-24-E
✓ John "AGU" #1	660' FNL & 1980' FWL S-14, T-20-S, R-24-E
✓ Carl "TP" Com #1	1980' FSL & 660' FEL S-22, T-20-S, R-24-E
✓ Saguaro "AGS" Fed Com #3	1980' FNL & 1980' FWL S-26, T-20-S, R-24-E
✓ Conoco "AGK" Fed #2	1980' FNL & 1980' FEL S-26, T-20-S, R-24-E

2. On January 17, 1977, the Commission, in Case No. 5813 and Order No. R-5353, set general rules applicable to all associated pools and Special Rules and Regulations for the South Dagger Draw - Upper Pennsylvanian Associated Pool. Order No. R-5353-A, dated March 15, 1977 made permanent the Special Rules and Regulations adopted in Order No. R-5353.

3. The Applicant seeks to amend the Special Rules numbered 2b, 6, and 22 to read as follows:

Rule 2b. Each well shall be located no nearer than 660 feet to the nearest side boundary of the tract, no nearer than 660 feet to the nearest end boundary of the tract, nor closer than 330 feet to any quarter, quarter section or subdivision inner boundary.

Rule 6. The limiting gas-oil ratio shall be 10,000 cubic feet of gas for each barrel of oil produced.

Rule 22. The special depth [allowable] for an oil well on a 320 acre tract shall be 700 barrels of oil per day.

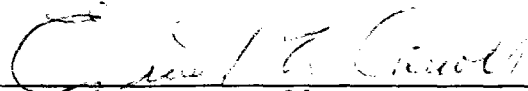
4. The approval of this application will afford Applicant the opportunity to produce its just and equitable share of gas and oil, and such amendment is feasible in accordance with good conservation practices, and will otherwise prevent waste, and protect correlative rights.

WHEREFORE, Applicant prays:

A. That this application be set for a hearing before an examiner, and that notice of said hearing be given as required by law.

B. That upon hearing, the Division enter its order amending the Special Rules and Regulations for the South Dagger Draw - Upper Pennsylvanian Associated Pool as regulated herein.

C. And for such other relief as may be just in the premises.



Ernest L. Carroll
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P.O. Drawer 239
Artesia, New Mexico 88211-0239
(505)746-3508

Attorneys for Applicant, Yates
Petroleum Corporation

CORRAL CANYON - DELAMARE WEST continued:

Invent:	F	15-11-28	M
	F	15-11-28	M
	E	21-11-28	M
	C	21-11-28	M
	J	15-11-28	M
	J	15-11-28	M

SOUTH GULFBEA BLUFF - BONE SPRING continued:

PARLER & PASLEY PETROLEUM CO.	2 P	28-23-28	M	4143
Parque Farms 27 Bdry. 2	(14)			
Parque Farms 27 Bdry. 1	(14)			
Parque Farms 27 Bdry. 1	(2)			
Parque Farms Bdry. 5	(18)			
Parque Farms Bdry. 6	(8)			

DIASER DRUM UPPER PENN. NORTH continued:

TEXACO PROD., INC.	10 N	13-19-24	M	8150
Top Allowable 80	1 F	2-20-24	M	10480
Top Castinhead Gas Limit 150 MCF	1 P	3-20-24	M	3735
Top Castinhead Gas Limit 150 MCF	1 N	3-20-24	M	3735
Top Castinhead Gas Limit 150 MCF	1 K	3-20-24	M	5950
Top Castinhead Gas Limit 150 MCF	2 L	25-19-24	M	

DIASER DRUM UPPER PENN. SOUTH continued:

DIASER DRUM UPPER PENN. ASSOC.	2 G	23-20-24	M	19522
Specing 011 318	1 I	22-20-24	M	86818
Top Allowable 267	1 C	16-20-24	M	2351
Top Gas Allowable MCF 011 - 2138	1 L	11-20-24	M	2333

DIASER DRUM UPPER PENN. WEST continued:

DIASER DRUM UPPER PENN. WEST	60R	Limit 2,000	
Top Allowable 80			
Top Castinhead Gas Limit 150 MCF			
JFB ENTERPRISE	1 E	19-23-28	SI
NM Oil State	2 D		SI

CORRAL CANYON - DELAMARE WEST continued:

DETTIS, BOYAL & STOVALL	2 P	15-25-28	M
Letnam Federal			
SOUTH DRUM - BONE SPRING	60R	Limit 2,000	
Top Allowable 107			
Top Castinhead Gas Limit 214 MCF			
TEXACO PROD., INC.	1 F	2-24-31	M
Todd 2 State			
CONVOYE - QUEEN	60R	Limit 2,000	
Top Allowable 80			
Top Castinhead Gas Limit 180 MCF			
NO TEST REQUIRED			
MOUNTAIN STATES PETROLEUM CORP.	1 A	20-11-27	M
DELABE FEDERAL	1 P	17-11-27	M
DELABE FEDERAL	1 P	16-11-27	M
Hanson A State	2,100		
Hanson B State	1 M		
Hanson A State	2 O	16-11-27	M
Honolulu State	1.5 D	15-11-27	M
	2 C	14-11-27	M
	3 E		
	4 H		
	8 J		
	1 D	21-11-27	M
	2 C		
	1 B		
Levick A State	2 A		
	1,100		
	2,101		
	3 K		
	4 F		
	1 G		
Levick D State	2 H		
	3 B		
	4 A	15-11-27	M
	1,2	10-11-27	M
	4 M		
	8 K	10-11-27	M
	2 K	11-11-27	M
	3 P	10-11-27	M
	4 O		
NM A State			
McAlister State	4 A		
	1,2	10-11-27	M
	4 M		
	8 K	10-11-27	M
	2 K	11-11-27	M
	3 P	10-11-27	M
	4 O		
SLATION OIL CORP.	1 D	22-11-27	SI
Pan Am A State			

SOUTH GULFBEA BLUFF - BONE SPRING continued:

PARLER & PASLEY PETROLEUM CO.	2 B	27-23-28	M	4143
Parque Farms 27 Bdry. 2	(14)			
Parque Farms 27 Bdry. 1	(14)			
Parque Farms 27 Bdry. 1	(2)			
Parque Farms Bdry. 5	(18)			
Parque Farms Bdry. 6	(8)			
RE OPERATING COMPANY	3 H	11-23-28	M	162500
Ampco Fed. (1)	6 E	24-23-28	M	91215
S. Calpha Bluff Unit	7 B	14-23-28	M	5425
	1 C	11-23-28	M	99500
Druze (2)				
MILTON MESSLES	1 F	27-23-28	M	4428
Flyer (17)				
Flyer (156)	2 D		M	1488
RAY MESTALL	1 O	24-23-28	M	4407
Buchanon (17)				
SOUTH GULFBEA BLUFF - DELAMARE	1 J	24-23-28	M	7320
Top Allowable 142				
Top Castinhead Gas Limit 244 MCF				
BRIDGE OIL COMPANY, L.P.				
Grantley 8 Oil Com	(35)			
DIASER DRUM UPPER PENN. NORTH	8 P	18-19-25	M	2113
160 Acre Specing	8 Q	18-19-25	M	1844
Special Depth Brackler Allowable 350	1 D	30-18-25	M	1800
Top Castinhead Gas Limit 2,500 MCF				
CONOCO, INC.	4 L	19-19-25	M	2001
Barbara Fed. Com.	(177)			
	(284)			
Barbara Fed. Com	5 B	30-19-25	M	12185
	8 J		M	5371
Barbara Fed. Com	2 N	30-19-24	M	2600
Barbara Fed. Com	(280)			
	1 M	18-19-25	M	1700
Lodewich A	(220)			
Barbara Fed. Com	1 C		M	2853
Barbara Factor: 1.018				
TEXACO PROD., INC.	1 P	24-19-24	M	5832
/40.0 Federal 24	(350)			
/47	(148)			
0.0 Federal 25	1 H	25-19-24	M	1231
(115)				
/47 E: 24 Federal	1 H	24-19-24	M	1405
(180)				
/47	2 A		M	1811

DIASER DRUM UPPER PENN. NORTH continued:

TEXACO PROD., INC.	2 X	25-19-24	M
/Moden 60 Fed. (5)	3 F	24-19-24	M
(11)	4 G	35-19-24	M
Rosa EG Fed. Com	5 N	24-29-24	M
(183)	1 K	20-19-25	M
ROY AET	1 M	8-19-25	M
State CO Com	2 G	36-19-24	M
()	4 F		M
()			M
DIASER DRUM UPPER PENN. ASSOC.	2 X	25-19-24	M
Specing 011 318	3 F	24-19-24	M
Top Allowable 267	4 G	35-19-24	M
Top Gas Allowable MCF 011 - 2138	5 N	24-29-24	M
CONOCO, INC.	1 K	20-19-25	M
Penny Federal	1 M	8-19-25	M
Preston Federal (5)	2 G	23-20-24	M
(3)	1 L	35-20-24	M
/VALES PET. CORP.	1 I	22-20-24	M
/Carl 1P Com. (43)	1 C	16-20-24	M
/John Adu ()	1 L	11-20-24	M
/Saguero ACS Fed. Com (80)			M

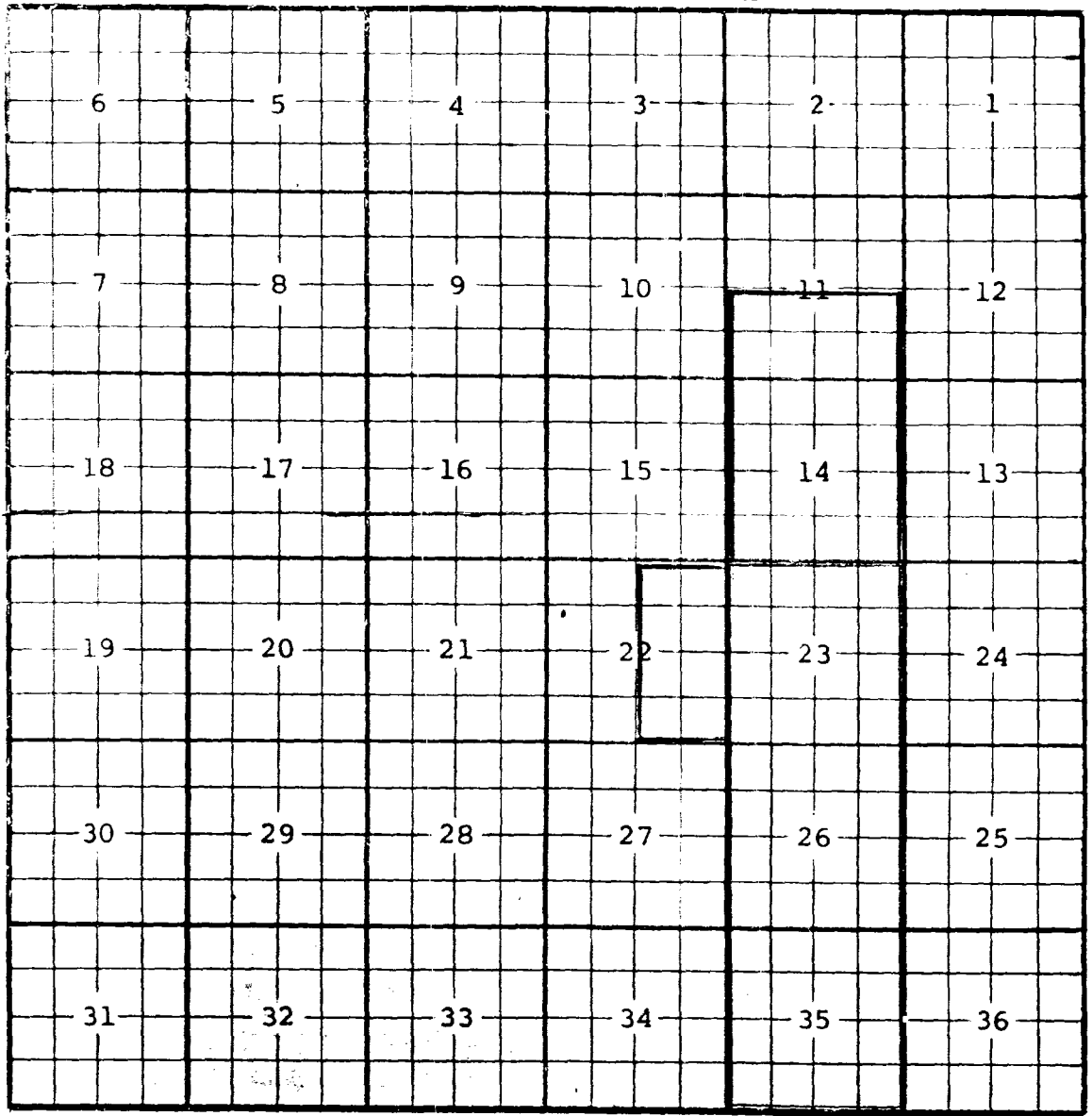
DIASER DRUM UPPER PENN. WEST continued:

DIASER DRUM UPPER PENN. WEST	60R	Limit 2,000	
Top Allowable 80			
Top Castinhead Gas Limit 150 MCF			
JFB ENTERPRISE	1 E	19-23-28	SI
NM Oil State	2 D		SI

July - Done
oil - done

COUNTY Eddy POOL South Dagger Draw - Upper Pennsylvanian, Assoc.

TOWNSHIP 20 South RANGE 24 East NMFM



Description: All Sec. 23, 26 & 35 (R-4637, 10-1-73) EXT: E/2 SEC 22
(R-9134, 4-1-90) EXT: S/2 SEC 11, All SEC 14 (R-9171, 6-1-90)

Blank lined area for additional notes or signatures.

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 3, 1992
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 10569: (Continued from November 19, 1992, Examiner Hearing.) (This Case Will Be Dismissed.)

Application of Hallwood Petroleum Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool, underlying the E/2 of Section 35, Township 32 South, Range 13 West, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard location in the NE/4 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 operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1.5 miles northeast of La Plata, New Mexico.

CASE 10613: Application of WJC Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above styled cause, seeks authority to dispose of produced salt water into the San Andres and Bone Spring formations through an open hole interval at a depth of 5000 feet to 8360 feet, using its J.G. Cox Well No. 1 located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 13, Township 17 South, Range 38 East. This location is approximately 1 mile east of Knowles, NM.

CASE 10614: Application of WJC Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above styled cause, seeks authority to dispose of produced salt water into the lower Devonian and Ellenberger formations through an open hole interval at a depth of 12,337 feet to 14,209 feet, using its D.F. Willhoit Well No. 2, located 660 feet from the South and West lines, (Unit M), Section 18, Township 17 South, Range 39 East. This location is approximately 2 miles east-southeast of Knowles, NM.

CASE 10600: (Continued from November 19, 1992, Examiner Hearing.)

Application of BK Petroleum, Inc. for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Gallegos Gallup Associated Pool through the perforated interval from approximately 4850 feet to 5028 feet in its Nelson Well No. 1 located 990 feet from the North line and 1090 feet from the East line (Unit A) of Section 8, Township 26 North, Range 12 West, which is approximately 16 miles south by east of Farmington, New Mexico.

CASE 10615: Application of Pro New Mexico, Inc. for a non-standard gas proration unit or, in the alternative, for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to RULE 4 of the Special Rules and Regulations for the Basin-Fruitland Coal (Gas) Pool, as promulgated by Division Order No. R-8768, as amended, approving the creation of a non-standard 160-acre gas spacing and proration unit that incorporates the SW/4 of Section 5, Township 25 North, Range 11 West; **OR, IN THE ALTERNATIVE**, the applicant seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying Lots 3 and 4, the S/2 NW/4, and SW/4 (W/2 equivalent) of said Section 5 forming a standard 320.48-acre gas spacing and proration unit for said pool. In either instance a well to be drilled at a standard coal gas well location 1845 feet from the South line and 1835 feet from the West line (Unit K) of said Section 5 is to be dedicated to the resulting gas spacing and proration unit. Also to be considered, if a compulsory pooling order is sought, 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 the operator of the well and a charge for risk involved in drilling said well. The area involved in this matter is located approximately 2 miles south-southwest of the Bureau of Indian Affairs Huerfano Community School.

CASE 10108: (Reopened) (Continued from November 5, 1992, Examiner Hearing.)

In the matter of Case 10108 being reopened pursuant to the provisions of Division Order No. R-5353-L, as amended, which order amended the special rules and regulations for the South Dagger Draw-Upper Pennsylvanian Associated Pool in Eddy County. Operators in said pool may appear and show cause why the amended temporary special rules and regulations for said South Dagger Draw-Upper Pennsylvanian Associated Pool should not be rescinded.

CASE 10616: Application of SG Interests I, Ltd. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the S/2 of Section 20, Township 28 North, Range 8 West, forming a standard 320.00-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard coal gas well location in the SW/4 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, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 9 miles southeast by east of Blanco, New Mexico.

CASE 10607: (Continued from November 19, 1992, Examiner Hearing.) (This Case Will Be Dismissed.)

Application of SG Interests I, 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 in the Basin-Fruitland Coal Gas Pool underlying Lots 1, 5, 6, 7, 8 and 9, the W/2 NE/4, E/2 NW/4, NE/4 SW/4 and NW/4 SE/4 (N/2 and N/2 S/2 equivalents) of Section 19, Township 29 North, Range 9 West, forming a non-standard 409.34-acre, more or less, gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard coal gas well location in the NE/4 equivalent of said Section 19. 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1 mile southeast of Blanco, New Mexico.

CASE 10608: (Continued from November 19, 1992, Examiner Hearing.) (This Case Will Be Dismissed.)

Application of SG Interests I, Ltd. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the W/2 of Section 28, Township 29 North, Range 10 West, forming a standard 320.00-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard coal gas well location in the SW/4 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5 miles east by south of Bloomfield, New Mexico.

CASE 10609: (Continued from November 19, 1992, Examiner Hearing.)

Application of SG Interests I, Ltd. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the N/2 of Section 24, Township 29 North, Range 10 West, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to its Archunde 29-10-24 Well No. 1 which was recently drilled at a previously approved unorthodox coal gas well location 1030 feet from the North line and 640 feet from the East line (Unit A) of said Section 24 (Division Administrative Order NSL-3173). 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately one-half mile south of Blanco, New Mexico.

CASE 10610: (Continued from November 19, 1992, Examiner Hearing.)

Application of SG Interests I, Ltd. for compulsory pooling and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the S/2 of Section 21, Township 29 North, Range 10 West, forming a standard 320.00-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at an unorthodox coal gas well location 1165 feet from the South line and 645 feet from the West line (Unit M) of said Section 21. 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5 miles east of Bloomfield, New Mexico.

CASE 10577: (Continued from November 19, 1992, Examiner Hearing.) (This Case Will Be Dismissed.)

Application of SG Interests I, Ltd. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 2, Township 29 North, Range 9 West, forming a standard 324.00-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard coal gas well location in the NE/4 SW/4 (Unit G) of said Section 2. 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 the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1 mile east-northeast of Turley, New Mexico.

Dockets Nos. 39-92 and 40-92 are tentatively set for November 19, 1992 and December 3, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 5, 1992
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 10592: Application of Collins & Ware, Inc. 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 S/2 of Section 6, Township 20 South, Range 34 East, forming a standard 320-acre spacing and proration unit for any and all formations spaced on 320 acres within said vertical extent which presently includes but is not necessarily limited to the Quail Ridge-Morrow Gas Pool and the Undesignated Teas-Pennsylvanian 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 costs 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 14 miles west-southwest of Monument, New Mexico.

CASE 10593: Application of Amoco Production Company for acreage rededication and 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 820 feet from the North line and 1820 feet from the West line (Unit C) of Section 25, Township 32 North, Range 11 West. Said well is to be completed in the Basin-Fruitland Coal Gas Pool as a replacement well to the Fields "A" Well No. 21 located in the SW/4 of Section 25, which is currently dedicated to a standard 320-acre spacing and proration unit comprising the S/2 of Section 25. The applicant further seeks authority to re-align its existing proration unit so as to dedicate the W/2 of Section 25, forming a standard 320-acre gas spacing and proration unit, to the proposed replacement well. Said unit is located approximately 9.5 miles north-northeast of Aztec, New Mexico.

CASE 10575: (Continued from October 29, 1992, Examiner Hearing.)

Application of Klabzuba Operating Company for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 1847 feet from the North line and 1310 feet from the East line (Unit H) of Section 13, Township 10 South, Range 27 East, Race Track-Devonian Pool. The SE/4 NE/4 of said Section 13 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said unit is located approximately 1.5 miles north by west of U.S. Highway 380 at milepost 178.

CASE 10108: (Reopened. This case will be continued to December 3, 1992.)

In the matter of Case 10108 being reopened pursuant to the provisions of Division Order No. R-5353-L, as amended, which order amended the special rules and regulations for the South Dagger Draw-Upper Pennsylvanian Associated Pool in Eddy County. Operators in said pool may appear and show cause why the amended temporary special rules and regulations for said South Dagger Draw-Upper Pennsylvanian Associated Pool should not be rescinded.

CASE 10569: (Continued from October 15, 1992, Examiner Hearing.)

Application of Hallwood Petroleum Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool, underlying the E/2 of Section 35, Township 32 South, Range 13 West, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard location in the NE/4 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 operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1.5 miles northeast of La Plata, New Mexico.

CASE 10594: Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, an unorthodox well location, and special project oil allowable, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Undesignated Northeast Ojito Gallup-Dakota Oil Pool underlying the N/2 of Section 23, Township 26 North, Range 3 West, thereby creating a non-standard 320-acre spacing and proration unit for said pool. The applicant proposes to drill its Jicarilla "99" Well No. 17 from an unorthodox surface location 330 feet from the North line and 745 feet from the West line (Unit D) of said Section 23, kick off from vertical in a southeasterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the pilot project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to either the north or south boundary, nor closer than 790 feet to the east or west boundary of the spacing unit, and for a special project allowable. Said project area is located approximately 12 miles northwest of Lindrith, New Mexico.

CASE 10555: (Continued from October 15, 1992, Examiner Hearing.)

Application of Meridian Oil Inc. for amendment of Division Order No. R-8170, as amended, to establish a minimum gas allowable in the Justis (Glorieta) Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend the "General Rules For the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Justis (Glorieta) Gas Pool" as promulgated by Division Order No. R-8170, as amended, to provide for a minimum natural gas allowable for the Justis (Glorieta) Gas Pool for a three-year period of time equal to 600 MCF of gas per day for an Acreage Factor of 1.00 or 1,200 MCF of gas per day for a standard Justis 320-acre gas spacing and proration unit. The current pool boundaries include portions of Townships 24 and 25 South, Range 37 East, which is located approximately 4 miles east of Jal, New Mexico.

CASE 10595: **Application of Southland Royalty Company for a high angle/horizontal directional drilling pilot project, special operating rules therefor, and an unorthodox oil well location, Rio Arriba County, New Mexico.** Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Gavilan-Mancos Oil Pool underlying all of Section 16, Township 26 North, Range 2 West, being a standard 640-acre spacing and proration unit for said pool. The applicant proposes to re-enter its Tapacitos Well No. 3 located at an unorthodox surface location 1540 feet from the North line and 995 feet from the East line (Unit H) of said Section 16, kick off from vertical in an estimated westerly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the pilot project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 790 feet from the outer boundary of the spacing unit. Said project area is located approximately 12.5 miles north of Lindrith, New Mexico.

CASE 10596: **Application of Conoco, Inc. for downhole commingling, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval to commingle production from the Blinbery Oil and Gas Pool and the Warren-Tubb Gas Pool within the wellbore of its Warren Unit Well No. 98 located 660 feet from the North and East lines (Unit A) of Section 28, Township 20 South, Range 38 East. The NE/4 NE/4 of said Section 28, forming a standard 40-acre spacing and proration unit for both zones, is to be dedicated to said well. Said unit is located approximately 5.5 miles Southwest of Nadine, New Mexico.

CASE 10597: (This case will be dismissed.)

Application of Conoco, Inc. 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 proposed FC Flaherty Com Well No. 1-R to be located 800 feet from the North line and 1820 feet from the West line (Unit C) of Section 6, Township 31 North, Range 10 West. Said well is to be completed in the Basin-Fruitland Coal Gas Pool as a replacement well to the FC Flaherty Com Well No. 1 located in the SW/4 of said Section 6. The existing and previously approved 307.54-acre non-standard spacing and proration unit comprising the W/2 of Section 6 shall be dedicated to said well. Said unit is located approximately 8 miles north-northeast of Aztec, New Mexico.

CASE 10591: (Continued from October 29, 1992, Examiner Hearing.)

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

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Avalon-Bone Spring Pool. The discovery well is the Abo Petroleum Corporation Lario Federal Well No. 1 located in Unit F of Section 20, Township 20 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM

Section 20: NW/4

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the North Black River-Wolfcamp Pool. The discovery well is the BTA Oil Producers Crystal 9105 JV-P Well No. 1 located in Unit O of Section 4, Township 24 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM

Section 4: SE/4

- (c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Upper Pennsylvanian production and designated as the East Dagger Draw-Upper Pennsylvanian Pool. The discovery well is the Nearburg Production Company South Boyd Well No. 1 located in Unit F of Section 27, Township 19 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM

Section 27: NW/4

CASE 10067: (Continued from September 19, 1990, Examiner Hearing.)

Application of Bird Creek Resources, 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 Delaware formation or to a depth of 6,250 feet, whichever is deeper, underlying the SW/4 SE/4 of Section 15, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit for either the Undesignated East Loving-Delaware Pool or Undesignated South Loving-Delaware 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 1.5 miles northeast of Loving, New Mexico.

CASE 10091: (Continued from September 19, 1990, Examiner Hearing.)

Application of Bird Creek Resources, 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 Delaware formation or to a depth of 6250 feet, whichever is deeper, underlying the NW/4 SE/4 (Unit J) of Section 15, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 40-acre oil spacing, which presently includes but is not necessarily limited to the Undesignated Loving-Cherry Canyon Pool and Undesignated East Loving-Delaware Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2 miles east-northeast of Loving, New Mexico.

CASE 10105: Application of Anadarko Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Pennsylvanian formation, or to a depth of 11,500 feet, whichever is deeper, underlying the W/2 of Section 28, Township 17 South, Range 30 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320 acres within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Loco Hills-Atoka Gas Pool, Undesignated Cedar Lake-Morrow Gas Pool, Undesignated Loco Hills-Morrow Gas Pool, and Undesignated South Loco Hills-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 approximately 1 mile south of Loco Hills, New Mexico.

CASE 10106: Application of Conoco, Inc. for a salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation through the perforated interval from approximately 4547 feet to 5092 feet in its SEMU Penn. Well No. 9, located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 23, Township 20 South, Range 37 East, Undesignated Eunice Monument Grayburg-San Andres Pool. Said well is located approximately 9.5 miles south of the Hobbs-Lea County Airport.

CASE 10107: Application of Conoco, Inc. for a salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation through the perforated interval from approximately 4160 feet to 5020 feet in its SEMU Drinkard Weir Well No. 95, located 2130 feet from the South line and 1980 feet from the East line (Unit J) of Section 23, Township 20 South, Range 37 East, Undesignated Eunice Monument Grayburg-San Andres Pool. Said well is located approximately 9.5 miles south of the Hobbs-Lea County Airport.

CASE 10066: (Continued from September 19, 1990, Examiner Hearing.)

Application of Matador Petroleum 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 Morrow formation or to a depth of 13,600 feet, whichever is deeper, underlying the following described acreage in Section 5, Township 20 South, Range 34 East, and in the following manner: Lots 3 and 4, the S/2 NW/4, and SW/4 (W/2 equivalent) to form a standard 320-acre, more or less, 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 Quail Ridge-Morrow Gas Pool); Lots 3 and 4 and the S/2 NW/4 (NW/4 equivalent) to form a standard 160-acre, more or less, gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and the SW/4 NW/4 to form 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 presently includes but is not necessarily limited to the Undesignated South Quail Ridge-Bone Spring Pool). Said units are to be dedicated to a single 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 underlies the area underneath Mile Marker No. 77 on U.S. Highway 62/180.

CASE 10108: Application of Yates Petroleum Corporation to amend the special pool rules for the South Dagger Draw-Upper Pennsylvanian Associated Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a revision of the special rules and regulations for the South Dagger Draw-Upper Pennsylvanian Associated Pool, as promulgated by Division Order No. R-5353, as amended, to provide that each well, oil or gas, shall be located no closer than 660 feet to the outer boundary of the proration unit, nor closer than 330 feet to any quarter-quarter section or subdivision inner boundary, to increase the limiting gas-oil ratio to 10,000 cubic feet of gas for each barrel of oil, and for a special depth bracket oil allowable for oil wells on a 320-acre proration unit of 700 barrels of oil per day. Said pool comprises either all or portions of Sections 11, 14, 22, 23, 26, and 35, Township 20 South, Range 24 East, which is approximately 8 miles west-southwest of Seven Rivers, New Mexico.

Dockets Nos. 29-90 and 30-90 are tentatively set for October 17, 1990 and October 31, 1990. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 3, 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 Jim Morrow, Examiner, or David R. Catanach or Michael E. Stogner, Alternate Examiners:

CASE 10102: Application of Sage Energy Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the North Vacuum (Abo) North Unit Agreement for an area comprising 1763 acres, more or less, of State lands in all or portions of Sections 35 and 36, Township 16 South, Range 34 East, and Sections 1, 2, and 12, Township 17 South, Range 34 East. This area is located approximately 4 miles north by west of Buckeye, New Mexico.

CASE 10103: Application of Sage Energy Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its proposed North Vacuum (Abo) North Unit located in all or portions of Sections 35 and 36, Township 16 South, Range 24 East and Sections 1, 2, and 12, Township 17 South, Range 34 East, by the injection of water into the North Vacuum-Abo Pool through 19 certain wells to be converted as injection wells. Said area is located approximately 4 miles north by west of Buckeye, New Mexico.

CASE 10083: (Continued from September 19, 1990, Examiner Hearing.)

Application of Mesa Operating Limited Partnership for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 1, 2, 3, 4, and 5, the S/2 SW/4 and the NE/4 SE/4 (S/2 equivalent) of Section 32, Township 31 North, Range 9 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to its proposed "F.C." State Com Well No. 25 to be drilled at a standard coal gas well location in the SW/4 equivalent of said Section 32. 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 10.5 miles east by north of Aztec, New Mexico.

CASE 10104: Application of BASF Corporation for amendment of Division Order No. R-9255, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-9255, which order authorized a horizontal directional drilling pilot project in the Undesignated Verde-Gallup Oil Pool underlying the S/2 SW/4 of Section 28, Township 31 North, Range 14 West, as projected into the unsurveyed Ute Mountain Indian Reservation, by moving the surface location of its proposed Ute Mt. Tribal "28" Well No. 14 to an unorthodox oil well location 1284 feet from the South line and 1112 feet from the West line (Unit M) of said Section 28. Said project area is located approximately 12 miles northwest by north of Farmington, New Mexico. IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

CASE 10099: (Continued from September 19, 1990, Examiner Hearing.)

Application of Samuel Gary Jr. and Associates, Inc. for a horizontal directional drilling pilot project and special operating rules therefor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a horizontal directional drilling pilot project in the W/2 of Section 11, Township 20 North, Range 3 West, forming a standard 320-acre oil spacing and proration unit in the Rio Puerco-Mancos Oil Pool. The applicant proposes to commence a well to be located on the surface 934 feet from the South line and 1975 feet from the West line (Unit M) of said Section 11, drill vertically and kick-off in a north-westerly direction, build angle to approximately 90 degrees, and drill horizontally in the Mancos formation. Applicant further requests that special operating provisions be established for said project area including the designation of a prescribed area limiting the horizontal extent of said wellbore such that it can be no closer than 660 feet to the outer boundary of said spacing unit. Said project area is located approximately 6.5 miles south of New Mexico State Highway No. 44 at Mile Post 76.

CASE 10100: (Continued from September 19, 1990, Examiner Hearing.)

Application of Samuel Gary Jr. and Associates, Inc. for a gas reinjection/pressure maintenance project and special rules therefor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a gas reinjection/pressure maintenance project in its San Isidro (Shallow) Unit Area located in Townships 20 and 21 North, Ranges 2 and 3 West, by the injection of gas into the Rio Puerco-Mancos Oil Pool through the open hole interval from approximately 3793 feet to 4188 feet in its San Isidro 11 Well No. 16 located 660 feet from the South line and 630 feet from the East line (Unit P) of Section 11, Township 20 South, Range 3 West. Applicant further seeks the promulgation of special rules for the operation of said project, including provisions for administrative authorization of horizontal/high angle wellbores, the formation of oversized proration units to accommodate such wellbores, and assignment of special allowables to wells in the project area. Said area is located approximately 5 to 13 miles west-southwest of Cuba, New Mexico.

CASE 10069: (Readvertised)

Application of Pacific Enterprises Oil Company (USA) to limit the rules governing the Fren-Pennsylvanian Gas Pool to its present horizontal boundary, or, in the alternative, to establish 320-acre spacing for said pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to limit the Rules and Regulations governing the Fren-Pennsylvanian Gas Pool to its present horizontal boundary comprising the SW/4 of Section 15, the E/2 of Section 21, and the NW/4 of Section 22, all in Township 17 South, Range 31 East. Said pool was established in 1956 at which time statewide spacing for wells to this depth was 160 acres; these provisions are still applicable for the pool at this time. Further, the applicant requests that all wells drilled to the Pennsylvanian formation within one mile of the above-described area be exempt from the provisions of General Rule 104.A and be governed by the current Statewide Rules. IN THE ALTERNATIVE, the applicant seeks 320-acre spacing for said pool whereby the current General Rules regarding spacing (Rule 104) would be applicable. IN THE ABSENCE OF EVIDENCE TO THE CONTRARY, 320-ACRE SPACING WILL BE ESTABLISHED FOR THE SUBJECT POOL. Said pool is located approximately 7 miles east of Loco Hills, New Mexico.