

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

RECEIVED

APPLICATION OF CHEVRON U.S.A., INC.,  
FOR AUTHORITY TO INSTITUTE A  
WATERFLOOD PROJECT FOR THE  
ARROWHEAD GRAYBURG UNIT,  
LEA COUNTY, NEW MEXICO

OIL CONSERVATION DIVISION

CASE NO. 10260

A P P L I C A T I O N

CHEVRON U.S.A., INC. ("CHEVRON") hereby applies to the New Mexico Oil Conservation Division for an order authorizing Chevron to institute a waterflood project for the Arrowhead Grayburg Unit, Lea County, New Mexico, and in support of its application states:

1. Chevron U.S.A., Inc. is a Delaware corporation authorized to transact business in the State of New Mexico, and is engaged in the business of, among other things, producing and selling oil and gas.

2. The proposed area (the "Project Area") for which application is made is known as the Arrowhead Grayburg Unit and consists of 5922.26 acres, more or less, in Lea County, New Mexico, and is more particularly shown in Exhibit "A" attached hereto and incorporated herein by

reference. Chevron proposes to seek an order pursuant to the New Mexico Statutory Unitization Act providing for the unitized management, operation and further development of the Project Area.

3. By converting certain presently producing wells to water injection wells and by drilling new water injection wells, Chevron proposes to inject fluids into the producing interval which shall include the formations which extend from an upper limit being the top of the Grayburg formation or -150 feet subsea, whichever is shallower, to a lower limit being a depth of 1,500 feet below sea level. The top of the Grayburg formation for unitization purposes is defined as that point at 3,671 feet in the Chevron Harry Leonard (NCT-C) No. 20 well (located 660 feet from the North line and 990 feet from the West line of Section 36, T21S, R36E, Lea County, New Mexico) as recorded by the Gearhart Compensated Neutron Log measured from the Kelly Drive Bushing elevation of 3,532 feet and dated February 25, 1985, save and except the following: Southwest Eunice San Andres Pool in the SE/4 of Section 18, T22S, R37E, and N/2N/2 of Section 19, T22S, R37E, Lea County, New Mexico, the top of which, for unitization purposes, occurs at 3,804 feet below the Kelly Drive Bushing on the Dresser Atlas Compensated Density Neutron Log dated August 16, 1978 on the Zia (Exxon) New Mexico "M" No. 49 well which is located 2,610 feet from

the South line and 2,310 feet from the East line of Section 18, T22S, R37E, Lea County, New Mexico. A copy of the logs for said wells on said dates are attached hereto and incorporated herein by reference as Exhibit "B".

4. Also attached hereto and incorporated herein by reference as Exhibit No. "C" is a Well Status Map of the Arrowhead Grayburg Unit Area showing the location and current status of all wells and leases located within the project area as well as those that are located within a two mile radius of the Unit Area. It also shows the proposed injection wells within the Unit. Also attached hereto and incorporated herein by reference is Exhibit "D" which is a map of the Arrowhead Grayburg Unit which shows the proposed well numbering system and the proposed Unit injection wells. Regarding both Exhibit "C" and Exhibit "D" and attached hereto and incorporated herein by reference as Exhibit "E" is a computer printout relating current and proposed well data on each individual well within the Unit Area.

5. Diagrammatic sketches illustrating the wellbore configurations typical of the majority of the proposed injection wells and showing the manner in which the wells will be equipped for injection are attached hereto and incorporated herein by reference as Exhibit "F". All the available well logs of the proposed injection wells are currently on file with the Oil Conservation Division.

Attached hereto and incorporated herein by reference as Exhibit "G" is a list of those injection wells for which well logs are not available.

6. Well data sheets and schematic diagrams on all wells located within one-half mile radius of the proposed injection wells showing all casing strings, setting depths, sacks of cement used, cement tops, total depth, producing interval, well identification, and location are attached hereto and incorporated herein by reference as Exhibit "H". Included in this attachment are schematics of all plugged and abandoned wells located within a one-half mile radius of the proposed injection wells.

7. Initially, water to be used for injection for the waterflood project will come from the San Andres and Grayburg formations. As production increases, and the number of injection wells, it is expected that produced water will become the primary source of injected water supplemented by water from the San Andres formation.

8. Water is to be injected at a surface pressure not to exceed 0.2 psi per foot of depth to the top of the injection zone provided that surface pressure in excess of 0.2 psi per foot of depth to injection zone may be applied upon administrative approval of the Director of the Oil

Conservation Division after showing that such higher pressure will not result in fracturing of the confining strata.

9. Furthermore, filed with this application is Division Form C-108 with attachments, which is incorporated herein by reference as Exhibit "I".

10. A copy of this application has been sent to the parties entitled to notice as required by Division rules as set forth on Exhibit "J" attached hereto.

11. Approval of this application for the Arrowhead Grayburg Unit waterflood project will substantially increase recoverable reserves thereby preventing waste.

WHEREFORE, Chevron respectfully requests that this application be set for hearing before the Oil Conservation Division at the earliest practicable date and that the Division enter its order approving the waterflood project for the Arrowhead Grayburg Unit.

Respectfully submitted,

KELLAHIN, KELLAHIN & AUBREY

By: 

W. Thomas Kellahin  
Post Office Box 2265  
Santa Fe, New Mexico 87504  
(505) 982-4285

ATTORNEYS FOR CHEVRON U.S.A., INC.

EXHIBIT "A"

T21S, R36E

Section 25: All  
Section 26: SE/4SE/4  
Section 35: E/2; E/2SW/4; SW/4SW/4; SE/4NW/4  
Section 36: All

T22S, R36E

Section 1: All  
Section 2: All  
Section 11: NE/4NW/4; NE/4; NE/4SE/4  
Section 12: All  
Section 13: E/2; E/2NW/4; NW/4NW/4; NE/4SW/4  
Section 24: NE/4NE/4

T22S, R37E

Section 6: W/2NW/4; SW/4  
Section 7: W/2; S/2SE/4; NW/4SE/4  
Section 18: All  
Section 19: N/2N/2

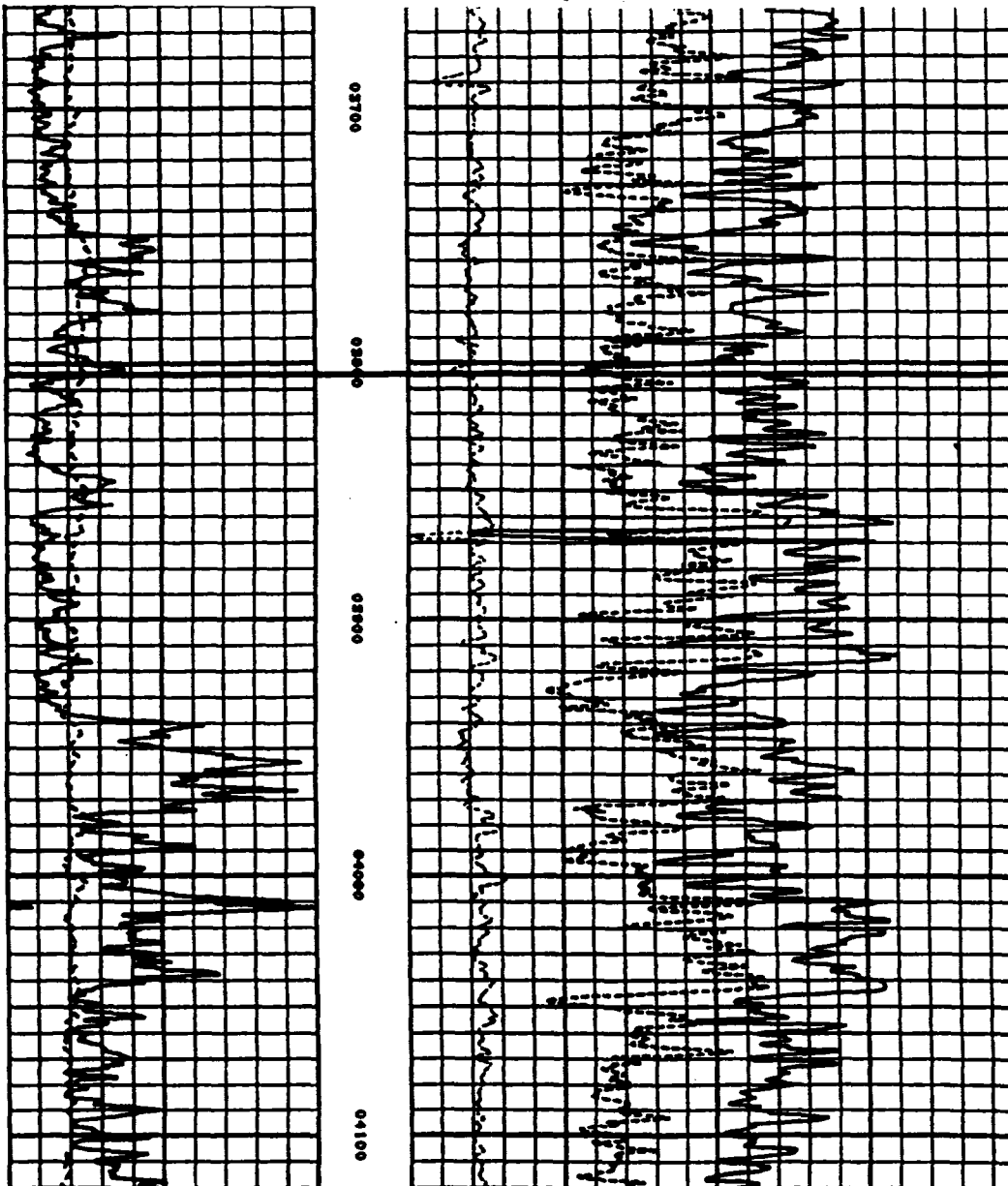
# TYPE LOG

## Southwest Eunice - San Andres Pool

Exxon New Mexico State 'M' # 49

Section 18, T-22-S, R-37-E

Lea County, New Mexico



**T/SAN ANDRES**

MD = 3804'

(-377'SS)

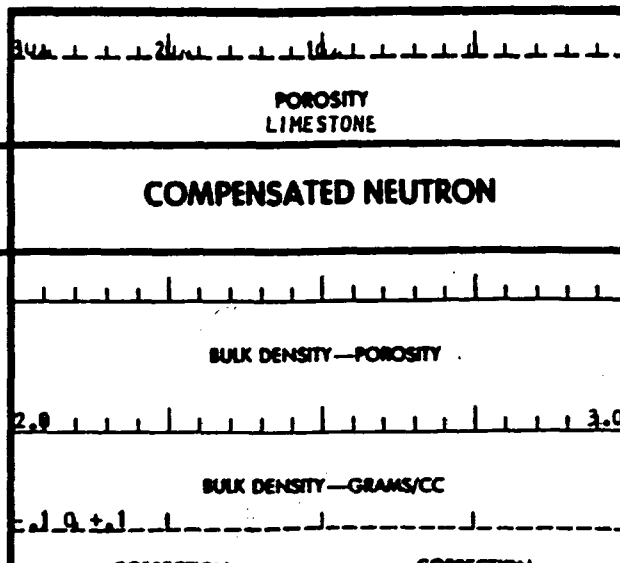
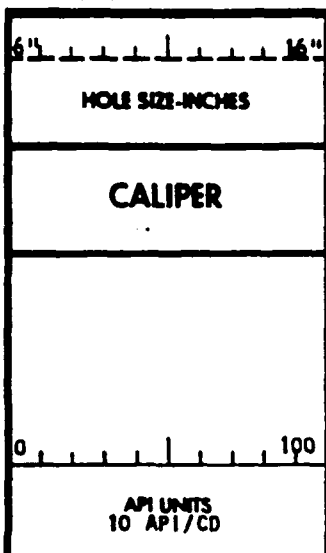


Exhibit B-1

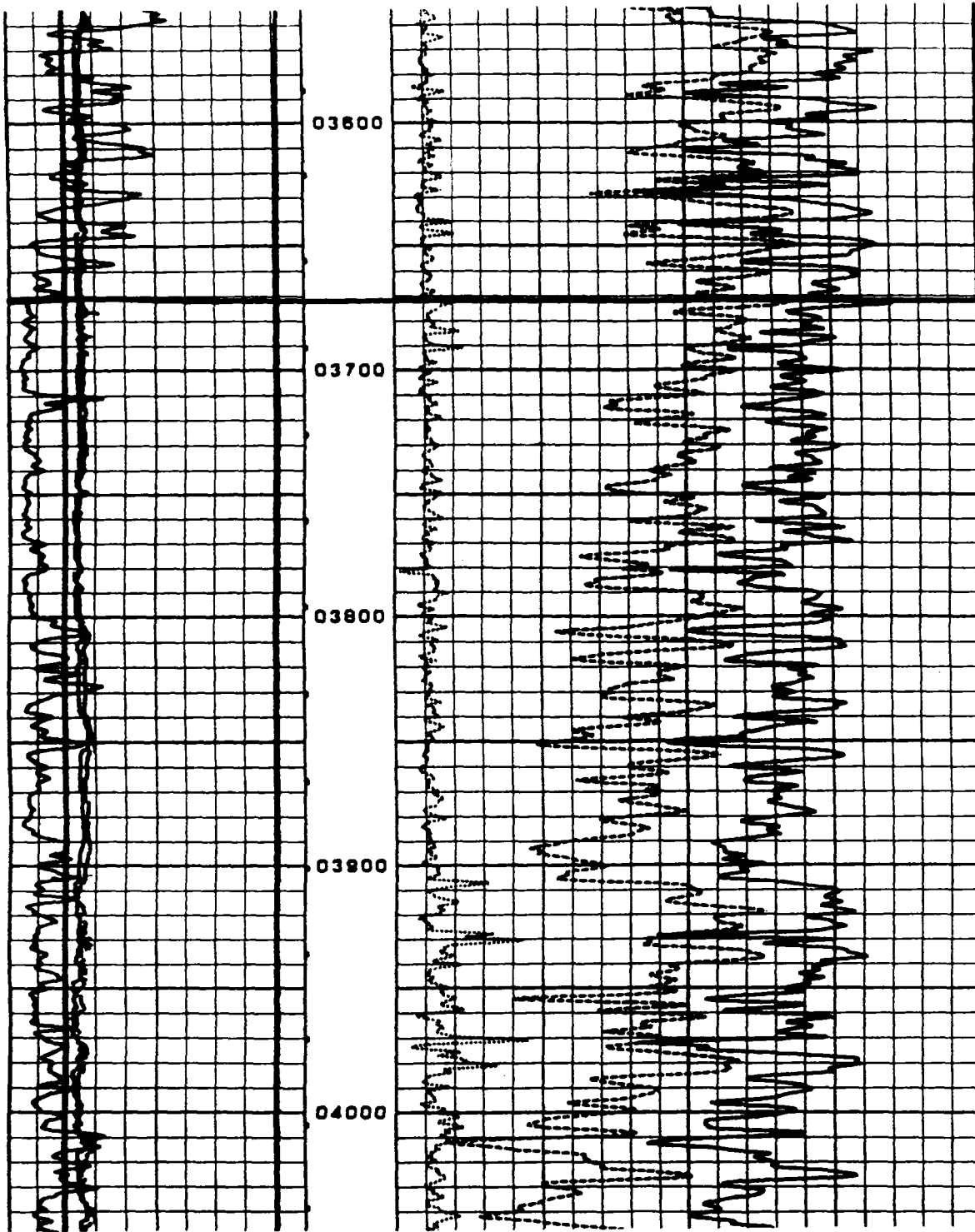
# TYPE LOG

## Arrowhead Grayburg

Chevron (Gulf) Harry Leonard (NCT-C) # 20

Section 36, T-21-S, R-36-E

Lea County, New Mexico



**T/GRAYBURG**

MD = 3671'

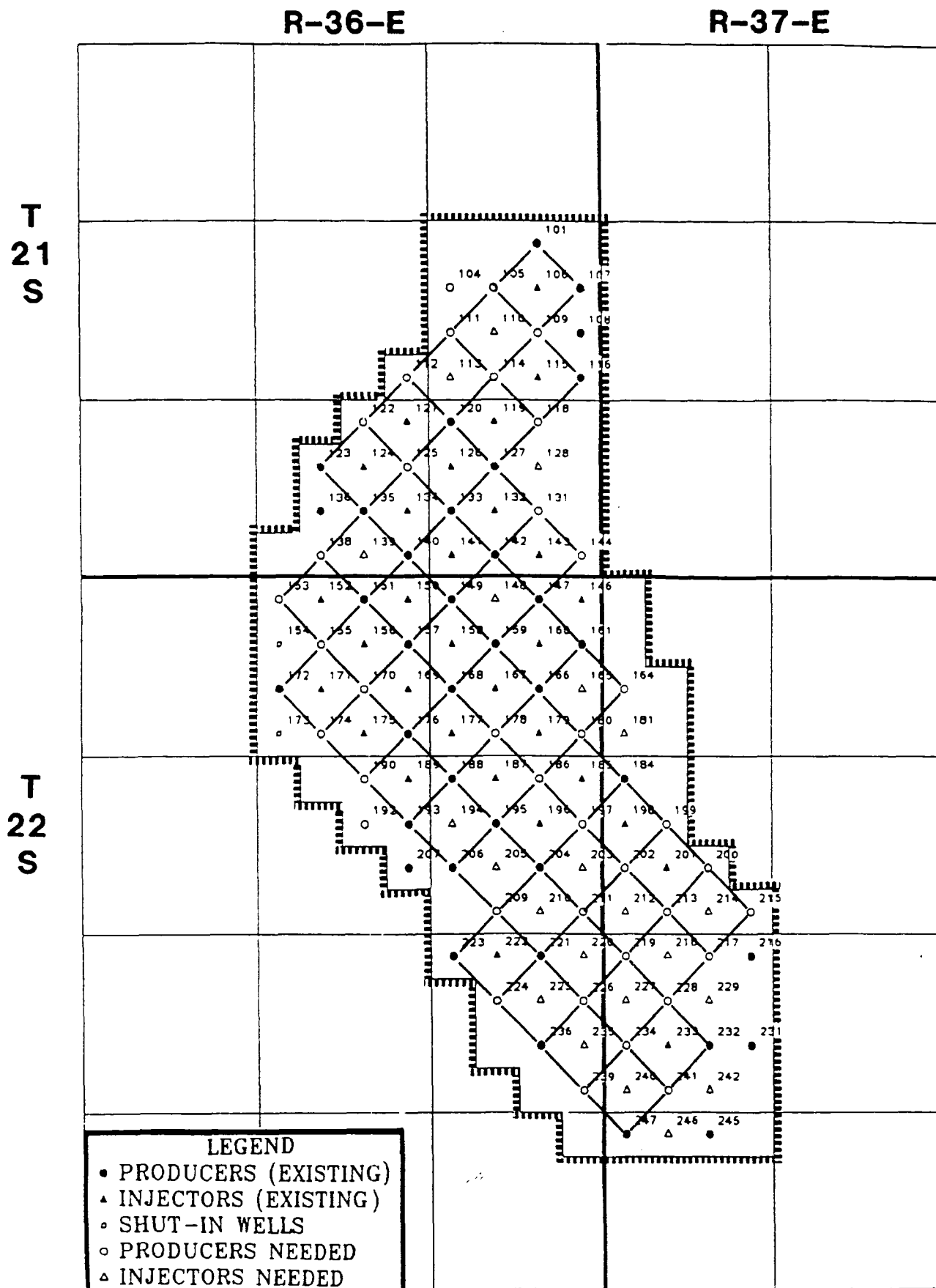
(-139'SS)

8	BIT SIZE	18
150	GR API	300
8	Y - CAL	18
8	X - CAL	18
0	GR API	150

-0.05	ΔP	0.45
70	φ (CNS)	30
30	φ (CNS)	-10
2	P (B)	3

# Proposed Arrowhead Grayburg Unit

## Proposed Injection Pattern and Well Numbering Scheme



AGU C-108  
FEDERAL AND STATE AGENCIES

UNITED STATES DEPT OF INTERIOR  
BUREAU OF LAND MANAGEMENT  
ROSWELL DISTRICT OFFICE  
ATTN MR ARMONDO LOPEZ  
P O BOX 1397  
ROSWELL NEW MEXICO 88201

STATE OF NEW MEXICO  
COMMISSIONER OF PUBLIC LANDS  
ATTN MR FLOYD PRONDO  
P O BOX 1148  
SANTA FE NEW MEXICO 87504

STATE OF NEW MEXICO  
DEPARTMENT OF ENERGY AND MINERALS  
OIL CONSERVATION DIVISION DISTRICT 1  
ATTN MR JERRY SEXTON  
P O BOX 1980  
HOBBS NEW MEXICO 88240

UNITED STATES DEPT OF INTERIOR  
BUREAU OF LAND MANAGEMENT  
ROSWELL DISTRICT OFFICE  
ATTN MR ARMONDO LOPEZ  
P O BOX 1397  
ROSWELL NEW MEXICO 88201

COMMISSIONER OF PUBLIC LANDS  
ATTN MR FLOYD PRONDO  
P O BOX 1148  
SANTA FE NEW MEXICO 87504

DORIS B NEAL/GEORGE D  
LOUIS B DIGGLES/ALFRED E  
10055 OLYMPIA ST  
HOUSTON TX 77042

C B BROWNLEE/EARLENE  
C/O GEORGE W BROWNLEE/EDGIE B  
DORIS B NEAL/GEORGE D  
LOUIS B DIGGLES/ALFRED E  
10055 OLYMPIA ST  
HOUSTON TX 77042

NORTHERN NATURAL GAS CO  
ONE PETROLEUM CENTER BLDG 6  
3300 NORTH A ST SUITE 205  
MIDLAND TX 79705

CITY OF EUNICE  
BOX 147  
EUNICE NEW MEXICO 88231

EL PASO NATURAL GAS CO  
TWO PETROLEUM CENTER SUITE 200  
NORTH A AT WADLEY  
MIDLAND TX 79701

AMOCO PRODUCTION CO  
501 WEST LAKE BLVD  
HOUSTON TX 77253

COMMERCE BANK OF KANSAS CITY N.A.  
TRUSTEE LINWOOD TRUST SECURITIES TRUST  
BOX 419248  
KANSAS CITY MO 64141

MAIN STREET HOLDING COMPANY  
PRICE BLDG  
2 WEST 39TH STREET  
KANSAS CITY MO 64141

MACK W WOOLDRIDGE  
P O DRAWER 1846  
ALBANY TX 76430

CHARLES H PRICE AGENT  
NYMEYER PROPERTY  
ONE W ARMOUR BLVD  
KANSAS CITY MO 64111

VIRGINIA OGDEN PRICE  
C/O CHARLES H PRICE AGENT  
NYMEYER PROPERTY  
ONE W ARMOUR BLVD  
KANSAS CITY MO 64111

HARRY F MONTGOMERY  
C/O CHARLES H PRICE AGENT  
NYMEYER PROPERTY  
ONE W ARMOUR BLVD  
KANSAS CITY MO 64111

DAVID E PRICE  
C/O CHARLES H PRICE AGENT  
NYMEYER PROPERTY  
ONE W ARMOUR BLVD  
KANSAS CITY MO 64111

EDWARD C PRICE  
C/O CHARLES H PRICE AGENT  
NYMEYER PROPERTY  
ONE W ARMOUR BLVD  
KANSAS CITY MO 64111

BYRDE S PRICE  
C/O CHARLES H PRICE AGENT  
NYMEYER PROPERTY  
ONE W ARMOUR BLVD  
KANSAS CITY MO 64111

MAPLE DUNBAR EARP  
C/O CHARLES H PRICE AGENT  
NYMEYER PROPERTY  
ONE W ARMOUR BLVD  
KANSAS CITY MO 64111

COLONIAL SECURITIES CO  
STATE STREET BANK  
QUINCY IL 62301

NCNB FT WORTH, TRUSTEE FOR  
THE ESTATE OF MILLARD DECK DEC  
P O BOX 811234  
DALLAS TX 75381

PSP/01208.09

AGU-C108  
SURFACE OWNERS

AGU C-108  
OFFSET OPERATORS

JACK MARKHAM  
1500 BROADWAY  
SUITE 1212  
LUBBOCK TEXAS 79401

DALLAS MCCASLAND  
BOX 206  
EUNICE, NEW MEXICO 88231

TAHOE ENERGY  
3909 W INDUSTRIAL  
MIDLAND TEXAS 79703

TEXACO PRODUCING COMPANY  
BOX 3109  
MIDLAND TEXAS 79702

ZIA ENERGY  
BOX 2219  
HOBBS NEW MEXICO 88240

*Case file  
10/1/61  
this energy  
thru  
10/1/61*

Abby Corporation  
P. O. Box 1629  
Grand Junction, CO 81502  
WI 1

American Exploration Co.  
2100 Republic Bank  
700 Louisiana  
Houston, Texas 77002  
Attn: Bill Hayes

Amerada Hess Corporation  
Box 2040  
Tulsa, OK 74102  
Attn: J. C. Hefley  
WI 3

Amoco Production Co.  
Box 3092  
Houston, TX 77253  
Attn: J. C. Allen  
WI 4

Arco Oil and Gas Company  
Box 1610  
Midland, TX 79702  
Attn: R. D. Johnston

Gregory J. Brose  
6100 Beckworth Court  
Parker CO 80134  
WI 6

John R. Brose  
3000 Claydesta Nat. Bank  
Midland, Texas 79705  
WI 7

Thomas A. & Sharon P. Brose  
3 Colonial Court  
Lufkin, Texas 75901  
WI 8

Trust U/D Donaldson Brown  
c/o Broventure Co., Inc.  
16 West Madison Street  
Baltimore, MD 21201  
Attn: Donald Hughes

John R. Bryant  
911 West Silver  
Hobbs, NM 88240  
WI 10

Andrew B. Burleson  
2823 Cimmaron Dr.  
Midland, TX 79705  
WI 11

James E. Burr  
3803 Wedgewood CT.  
Midland, TX 79707-4705  
WI 12

Chevron U.S.A. Inc  
P. O. Box 1150  
Midland, TX 79702  
Attn: R. C. Anderson  
WI 13

Conoco, Inc.  
10 Desta Dr.  
Midland, TX 79705  
Attn: Jerry Hoover  
WI 14

Larry A. Cress  
3702 Bermuda Court  
Midland, TX 79707  
WI 15

DASCO Energy Corp.  
Drawer 2545  
Hobbs, NM 88240  
WI 16

El Paso Natural Gas Co.  
One Petroleum Center  
Midland, TX 79701  
WI 18

ENRON  
P. O. Box 2267  
Midland, TX 79702  
WI 19

Exxon Company  
P. O. Box 1700  
Midland, TX 79702  
Attn: R. R. Hickman  
WI 20

Barbara Hannifin  
P. O. Box 182  
Roswell, NM 88201  
WI 22

Kim D. Jones  
4000 Dyer Circle  
Midland, TX 79705  
WI 23

Randy M. Kidwell  
4204 Crestrige  
Midland, TX 79707-2732  
WI 24

L. Paul Latham  
6500 Claydesta National Bank  
Midland, TX 79705  
WI 25

Marathon Oil Company  
P. O. Box 552  
Midland, TX 79702  
Attn: R. F. Unger  
WI 26

G. T. McAlpin  
P. O. Box 49  
Cuero, TX 77954-0049  
WI 27

Lora B. McAlpin  
900 Ethel Blvd  
Bryan, TX 77802-1707  
WI 28

McBride Oil & Gas  
Hanson McBride Petroleum Co.  
P. O. Box 1515  
Roswell, NM 88201  
WI 29

Meridian Oil Producing  
21 Desta Drive  
Midland, TX 79705  
Attn: Dennis Sledge  
WI 30

The Moore Trust  
P. O. Box 1733  
Midland, TX 79702  
WI 31

Thomas H. Moore  
#3 Cambridge Court  
Midland, TX 79705  
WI 32

David Mussett  
Marion Mussett  
214 W. Texas Avenue Suite 604  
Midland, TX 79701  
WI 33

Larry Nermyr  
HC-37 Box 4106  
Sidney, MT 59270  
WI 34

Nuevo Seis, Inc.  
P. O. Box 182  
Roswell, NM 88202-1515  
WI 35

OXY, U.S.A.  
P. O. Box 50250  
Midland, TX 79710  
Attn: Robert D. Hunt  
WI 36

Para Mia  
Borrego Properties, Inc.  
P. O. Box 2541  
Midland, TX 79702  
WI 37

Aubrey C. Price  
700 Meadowpark Dr.  
Midland, TX  
WI 38

W. Scott Ramsey  
1302 Lawson  
Midland, TX 79701  
WI 39

Hal J. Rasmussen  
Operating Inc.  
6 Desta Drive Suite 5850  
Midland, TX 79705  
Attn: Hal Rasmussen

Bernard G. Scott  
3002 Goddard Place  
Midland, TX 79705  
WI 41

Ruth Sutton  
2826 Moss Avenue  
Midland, TX 79705  
WI 42

Burton Veteto  
607 Abo  
Hobbs, NM 88240  
WI 43

Mary F. Walsh  
c/o Walsh & Watts  
1111 Seventh Street  
Wichita Falls, TX 76301  
WI 44

Belco Development Company  
Lock Box 70  
500 N. Ackard Street  
Dallas, TX 75201-3394

Gary C. Burnett, Trustee of  
Jefferson W. Gataga and  
Chicora M. Williams Trusts  
P. O. Box 10909  
Midland, TX 79702

The Williams Partnership  
6 Desta Drive Suite 5800  
Midland, TX 79705  
WI 48

James W. Winkel  
2101 Woodlawn  
Midland, TX 79701  
WI 49

Celia A. Zinn  
2603 Hughes  
Midland, TX 79705  
WI 50

PSP01116.17/mc

**KELLAHIN, KELLAHIN AND AUBREY**

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

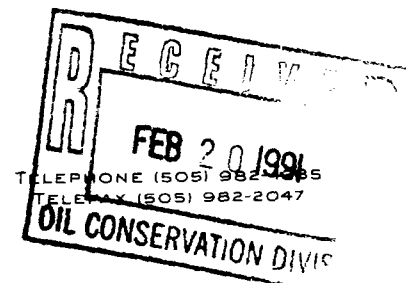
POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN  
KAREN AUBREY

CANDACE HAMANN CALLAHAN

JASON KELLAHIN  
OF COUNSEL



February 20, 1991

Mr. Michael E. Stogner  
Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87504

*Case No.*  
*10260*

Re: Chevron U.S.A., Inc.  
Arrowhead Grayburg Pool  
Nomenclature Case

Dear Mr. Stogner:

On February 11, 1991, on behalf of Chevron U.S.A., Inc., I filed the referenced application which has been set for hearing on March 7, 1991.

Since filing, the OCD District Office has suggested certain minor changes in the nomenclature. I have enclosed a First Amended Application to conform to those suggestions. On a second copy of the Amended application, I have highlighted in yellow the changes between the two applications.

It appears to me that the changes are not sufficient to require readvertisement nor supplemental notice to any potential party. I would think that any party already on notice of these three cases including this nomenclature case would appear or not appear based upon the substance of the cases and not on these changes in nomenclature.

Mr. Michael E. Stogner  
February 20, 1991  
Page 2

Accordingly, unless the Division directs otherwise, we consider the existing notice to be adequate and will not undertake the expense of a supplemental notice.

Best regards,



W. Thomas Kellahin

WTK/tic  
Enclosures

cc: Bryan Cotner  
Chevron U.S.A., Inc.  
Post Office Box 1150  
Midland, Texas 79702

COPY

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

IN THE MATTER OF THE HEARING CALLED BY  
THE OIL CONSERVATION DIVISION FOR THE  
PURPOSE OF CONSIDERING:

CASE NO. 10260

APPLICATION OF CHEVRON U.S.A., INC.,  
FOR POOL EXPANSION AND POOL CONTRACTION,  
LEA COUNTY, NEW MEXICO

FIRST AMENDED  
A P P L I C A T I O N

CHEVRON U.S.A., INC., by and through its attorneys,  
KELLAHIN, KELLAHIN & AUBREY, hereby applies to the New  
Mexico Oil Conservation Division for pool expansion and pool  
contraction, Lea County, New Mexico as follows:

1. Chevron as operator of the Arrowhead Grayburg  
Unit, seeks the expansion of the Arrowhead Grayburg Pool to  
include the vertical limit described as the top of the  
Grayburg formation or -150 feet below sea level, whichever  
is shallower, to -1500 feet below sea level for the  
following described in Exhibit "A", except for the NW/4NW/4  
of Section 17, the SE/4 of Section 18 and the N/2N/2 of

Section 19 in T22S, R37E and the NE/4NE/4 of Section 14, T22S, R36E which shall have a lower vertical limit as being the top of the San Andres formation.

2. Various portions of both the vertical and horizontal limits of the proposed amended Arrowhead Grayburg Pool are currently dedicated to existing pools as shown on Exhibit "B".

3. The expansion and contraction of the Arrowhead Grayburg Pool and the corresponding contraction of portions of certain existing pools is necessary to permit the applicant to successfully carry out secondary recovery operations within the full oil column underlying said unit and said unit area.

4. In order to provide for the adjustment of the Arrowhead Grayburg Pool the following changes are requested to existing pools:

(a) Contract and expand horizontal limits of Arrowhead Grayburg Pool to include the unit area and the NE/4NE/4 of Section 14, T22S, R36E and the NW/4NW/4 of Section 17, T22S, R37E by:

(1) Adding:

T21S, R36E  
Section 25: E/2  
Section 36: NE/4NE/4

T22S, R37E  
Section 18: SE/4  
Section 19: N/2N/2

(2) Deleting:

T21S, R36E  
Section 26: W/2; NE/4; W/2SE/4;  
NE/4SE/4  
Section 34: E/2  
Section 35: N/2NW/4; SW/4NW/4; NW/4SW/4

T22S, R36E  
Section 3: E/2  
Section 11: W/2NW/4; SE/4NW/4; W/2SE/4;  
SE/4SE/4  
Section 13: S/2SW/4; NW/4SW/4; SW/4NW/4  
Section 14: SE/4; W/2NE/4; SE/4NE/4  
Section 24: S/2; NW/4; NW/4NE/4;  
S/2NE/4

T22S, R37E  
Section 7: NE/4SE/4  
Section 6: E/2NW/4

(b) Contract horizontal limits of Langlie Mattix  
Pool by deleting the following acreage from that pool:

T22S, R37E  
Section 19: N/2N/2  
Section 18: SE/4

(c) Contract horizontal limits of Penrose Skelly  
Pool by deleting following acreage from that pool:

T21S, R36E  
Section 25: NE/4; E/2SE/4

(d) Contract lower vertical limits of Eumont Pool (Yates-Seven Rivers, Queen) from the top of the Grayburg or -150 feet below sea level, whichever is shallower, in the following areas:

T21S, R36E

Section 25: All  
Section 26: SE/4SE/4  
Section 35: E/2; SE/4NW/4; E/2SW/4; SW/4SW/4  
Section 36: All

T22S, R36E

Sections 1 & 2: All  
Section 12: All  
Section 13: E/2; N/2NW/4; SE/4NW/4;  
NE/4SW/4

T22S, R37E

Section 6: W/2W/2; E/2SW/4  
Section 7: W/2; W/2SE/4; SE/4SE/4  
Section 18: All

5. Notice of this Application has been sent in accordance with Division notice rules as set forth on Exhibit "C" attached hereto.

Respectfully submitted,

KELLAHIN, KELLAHIN & AUBREY

By: \_\_\_\_\_  
W. Thomas Kellahin  
Post Office Box 2265  
Santa Fe, New Mexico 87504  
(505) 982-4285

ATTORNEYS FOR CHEVRON U.S.A., INC.

EXHIBIT "A"

T21S, R36E

Section 25: All  
Section 26: SE/4SE/4  
Section 35: E/2; E/2SW/4; SW/4SW/4; SE/4NW/4  
Section 36: All

T22S, R36E

Section 1: All  
Section 2: All  
Section 11: NE/4NW/4; NE/4; NE/4SE/4  
Section 12: All  
Section 13: E/2; E/2NW/4; NW/4NW/4; NE/4SW/4  
Section 14: NE/4NE/4  
Section 24: NE/4NE/4

T22S, R37E

Section 6: W/2NW/4; SW/4  
Section 7: W/2; S/2SE/4; NW/4SE/4  
Section 17: NW/4NW/4  
Section 18: All  
Section 19: N/2N/2

# POOL LIMITS ARROWHEAD STUDY AREA

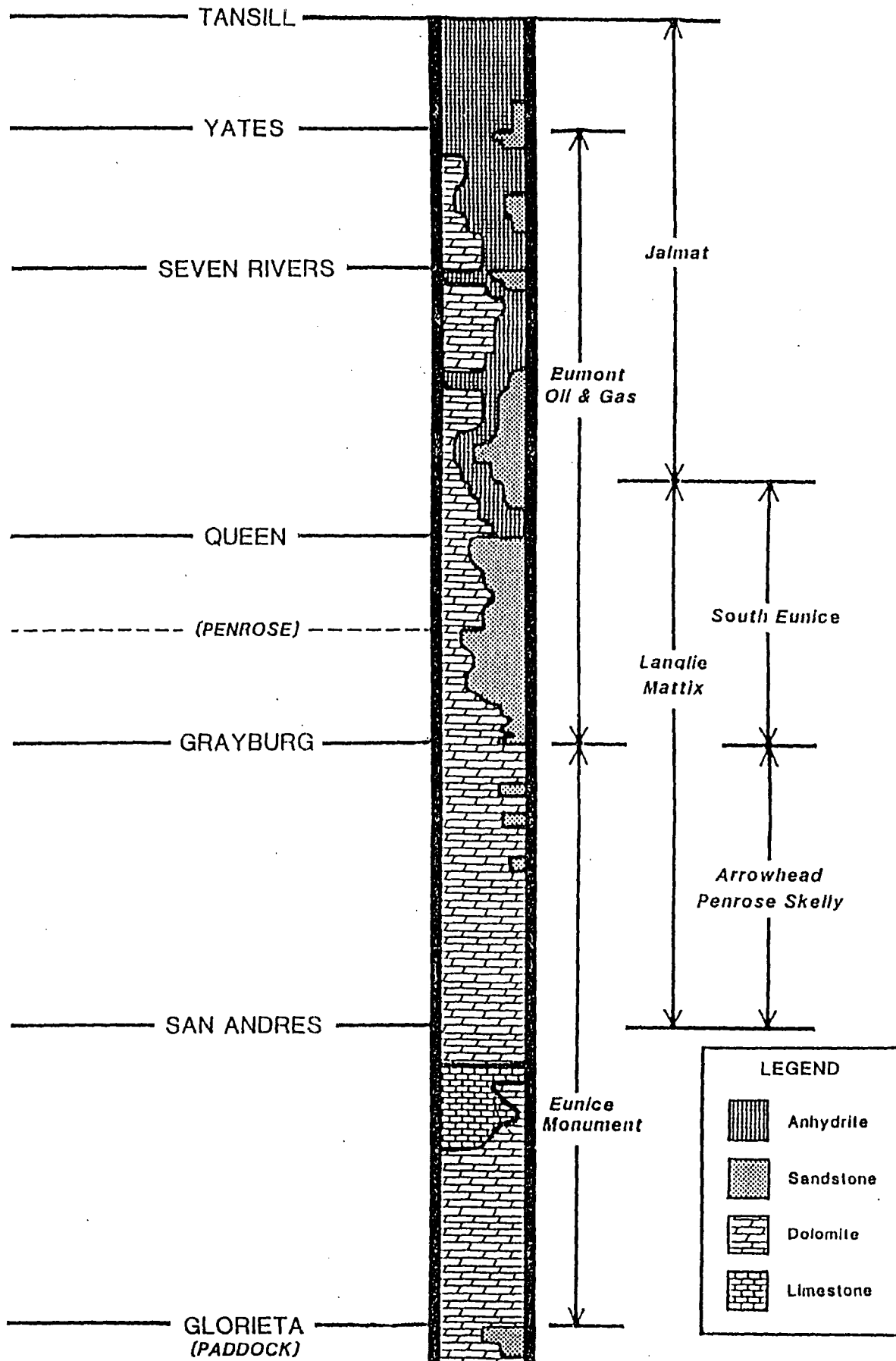


Fig. 5

EXHIBIT "B"


CASE 10202: (Continued from February 7, 1991, Examiner Hearing.)

Application of Seay Exploration, 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 Abo formation underlying the following described acreage and in the following manner: Lots 1 and 2 and the S/2 NE/4 (NE/4 equivalent) of Section 6, Township 20 South, Range 39 East, forming a 160.12-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 160-acre spacing, which presently includes but is not necessarily limited to the House-Yates Seven Rivers Gas Pool and the SW/4 NE/4 of said Section 6 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 spacing, which presently includes but is not necessarily limited to the House-San Andres, Undesignated House-Blinebry and House-Drinkard Pools. Said units are to be dedicated to a single well to be drilled at a standard location in the SW/4 NE/4 (Unit G) of said Section 6. 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 3 miles east-southeast of the community of Nadine, New Mexico.

CASE 10257: Application of Nearburg Producing Company for compulsory pooling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated North Osudo-Morrow Gas Pool underlying all of irregular Section 19, Township 19 South, Range 36 East, forming a non-standard 629.62-acre gas spacing and proration unit for said pool, 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 8 miles west by north of Monument, New Mexico.

CASE 10258: Application of Nearburg Producing 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 N/2 of Section 23, Township 20 South, Range 34 East, forming a standard 320-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 Laguna Valley-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 4.5 miles south of U.S. Highway 62/180 at Mile Marker No. 80.5.

CASE 10259: Application of Chevron U.S.A., Inc. for statutory unitization, Lea 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 Grayburg and San Andres formations, more or less, underlying 5922.26 acres, more or less, of Federal, State, and Fee lands comprising portions of Townships 21 and 22 South, Ranges 36 and 37 East. Said unit is to be designated the Arrowhead Grayburg (San Andres) 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. Said Unit Area is located 3 to 5 miles west of Eunice, New Mexico.

 Application of Chevron U.S.A., Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its proposed Arrowhead Grayburg (San Andres) Unit Area (Division Case No. 10259) located in portions of Townships 21 and 22 South, Ranges 36 and 37 East, by the injection of water into the unitized interval which includes the Grayburg and San Andres formations, more or less, through 50 certain wells to either be drilled, recompleted or converted from producing to water injection wells. Said project area is located 3 to 5 miles west of Eunice, New Mexico.

CASE 10261: Application of Chevron U.S.A., Inc. for pool extensions and contractions, Lea County, New Mexico. Applicant, in the above-styled cause, in conjunction with its Arrowhead Grayburg (San Andres) Unit and waterflood project (Division Cases Nos. 10259 and 10260), applicant seeks to contract and extend the horizontal and/or vertical limits of the Arrowhead-Grayburg, Penrose-Skelly, Langlie-Mattix, and Eumont Gas Pools in portions of Townships 21 and 22 South, Ranges 36 and 37 East, which is 3 to 5 miles west of Eunice, New Mexico.

CASE 10236: (Continued from February 7, 1991, Examiner Hearing.)

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 50 feet below the base of the Queen formation to 50 feet below the base of the Delaware formation underlying the NW/4 SE/4 (Unit J) of Section 12, Township 18 South, Range 31 East, 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 East Shugart-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 2.75 miles south by west of New Mexico State Highway No. 529 at the Lea/Eddy County line.

Dockets Nos. 8-91 and 9-91 are tentatively set for March 21, 1991 and April 4, 1991. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - MARCH 7, 1991

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 Michael E. Stogner, or David R. Catanach, Alternate Examiners:

CASE 10141: (Continued from February 7, 1991, Examiner Hearing.)

Application of Samuel Gary Jr. and Associates, Inc. for a gas reinjection/pressure maintenance project, 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 openhole 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 West line (Unit P) of Section 11, Township 20 North, Range 3 West. Said project area is located approximately 5 to 13 miles west-southwest of Cuba, New Mexico.

CASE 10233: (Continued from February 7, 1991, Examiner Hearing.)

Application of Mobil Exploration & Producing Company for approval of salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the South Vacuum Devonian Pool, in the open hole interval from approximately 11,800 feet to 13,970 feet in its State Section 27 Well No. 1 located 660 feet from the North line and 1983 feet from the East line (Unit B) of Section 27, Township 18 South, Range 35 East. Said well is located approximately 5 miles east of the old Hobbs Army Air Corps Auxiliary Airfield No. 4.

CASE 10255: Application of Mobil Exploration & Producing U.S. Inc. for an unorthodox oil well location and a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location in the Undesignated West Lindrith Gallup-Dakota Oil Pool for its Lindrith "B" Unit Well No. 78 to be drilled 2030 feet from the South line and 143 feet from the West line (Unit L) of Section 6, Township 24 North, Range 2 West, Lots 6 and 7 and the E/2 SW/4 (SW/4 equivalent) of said Section 6 to be dedicated to said well forming a non-standard 151.34-acre oil spacing and proration unit for said pool. Said unit is located approximately 3.5 miles northwest of Lindrith, New Mexico.

CASE 10241: (Readvertised)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Undesignated West Dagger Draw-Morrow Gas Pool to be drilled 560 feet from the South and East lines (Unit P) of Section 9, Township 20 South, Range 24 East, the E/2 of said Section 9 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 10 miles west of Seven Rivers, New Mexico.

CASE 10234: (Continued from February 7, 1991, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Ordovician formation underlying the following described acreage in Section 29, Township 9 South, Range 26 East, and in the following 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 Foor Ranch-PrePermian Gas Pool and Undesignated East Bitter Lakes-Wolfcamp Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the South Pecos Slope-Abo Gas Pool; and the SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations developed on 40-acre oil spacing within said vertical extent. Said units are to be dedicated to a single well to be drilled 1980 feet from the North line and 2310 feet from the East line (Unit G) of said Section 29, which is a standard oil and gas well location for zones spaced on 320 acres and 40 acres but is an unorthodox gas well location for zones spaced on 160 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 unit is located approximately 7 miles north of Mile Marker No. 167 on U.S. Highway 380.

CASE 10256: Application of LBO New Mexico, 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 Mississippian formation or to a depth of 11,200 feet, whichever is deeper, underlying the following described acreage in Section 9, Township 11 South, Range 33 East and in the following manner: the S/2 forming 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; the W/2 SW/4 forming a standard 80-acre oil spacing and proration unit in the North Bagley-Permian Pennsylvanian Pool; and the NW/4 SW/4 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 spacing. Said units are to be dedicated to a single well to be drilled 1980 feet from the South line and 660 feet from the West line (Unit L) of said Section 9 being a standard oil well location but an unorthodox gas well location. 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 east by south of Caprock, New Mexico.