

EXAMINER HEARING - THURSDAY - SEPTEMBER 17, 1992

**CASE 10551:** **Application of Basin Minerals, Ltd. for surface commingling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks an exception to Division General Rule 303A for the surface commingling of production from three certain gas wells completed in the Blanco-Pictured Cliffs Pool and/or Blanco-Mesaverde Pool in the Atlantic "A" LS Lease located in the N/2 of Section 26, Township 31 North, Range 10 West, which is located approximately 5 miles south-southeast of Cedar Hill, New Mexico.

**CASE 10552:** **Application of ARCO Oil and Gas Company for pool creation and contraction and, if applicable, pool extensions and/or redesignations, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Blinebry, Tubb and Drinkard formations underlying all or portions of Sections 11 through 14, 23 through 26, 35 and 36, Township 25 South, Range 37 East, portions of Sections 19, 30, and 31, Township 25 South, Range 38 East, and a portion of Section 1, Township 26 South, Range 37 East. Further, the applicant seeks the concomitant contraction of the Justis-Blinebry Pool and the Justis Tubb-Drinkard Pool in the above-described area and, if applicable, the extension and/or redesignation of portions of the Justis-Blinebry and Justis Tubb-Drinkard Pools that may become severed due to the proposed Blinebry-Tubb-Drinkard pool creation. Said area is located approximately 4 miles east of Jal, New Mexico.

**CASE 10553:** **Application of ARCO Oil and Gas Company 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 proposed Justis-Blinebry-Tubb-Drinkard Pool, underlying 5360 acres, more or less, of State, Federal and Fee lands comprising portions of Townships 25 and 26 South, Ranges 37 and 38 East. Said unit is to be designated the South Justis Unit Area. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of 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 necessarily limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said unit area is located approximately 4 miles east of Jal, New Mexico.

**CASE 10554:** **Application of ARCO Oil and Gas Company for approval of a waterflood project, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authority to institute a waterflood project by injection of water into the Blinebry, Tubb and Drinkard formations in its proposed South Justis Unit Area (Division Case No. 10553) underlying portions of Townships 25 and 26 South, Ranges 37 and 38 East. The applicant further seeks approval that said project qualify as an "Enhanced Oil Recovery Project" pursuant to the provisions of Division Order No. R-9708. Said project is located approximately 4 miles east of Jal, New Mexico.

**CASE 8350: (Reopened)**

In the matter of Case 8350 being reopened pursuant to the provisions of Division Order Nos. R-7745 and R-7745-A, which orders promulgated temporary special rules and regulations for the Gavilan Greenhorn-Graneros-Dakota Oil Pool in Rio Arriba County, New Mexico, including a provision for 320-acre spacing and proration units and designated well locations. Operators in said pool may appear and show cause why the temporary special rules for said Gavilan Greenhorn-Graneros-Dakota Oil Pool should not be rescinded.

**CASE 10458: (Continued from July 9, 1992, Examiner Hearing and this case will be dismissed.)**

**Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard gas-oil proration unit, an unorthodox well location and a special project allowable, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Angel Peak-Gallup Associated Pool underlying all of Section 35, Township 27 North, Range 10 West, thereby creating a non-standard 640-acre gas or oil spacing and proration unit for said pool. The applicant proposes to drill its Huerfano Unit Well No. 306 from a tentative unorthodox surface location 1455 feet from the South line and 1550 feet from the West line (Unit K) of Section 35, Township 27 North, Range 10 West, kick-off from vertical in a southeasterly direction until an angle of approximately 90 degrees is achieved and continue drilling horizontally for approximately 3015 feet. Applicant, further seeks the adoption of special operating provisions and rules within the pilot project area including the designation of a target window for said horizontal wellbore described as a rectangle 790 feet from the South, East, and West lines and 3430 feet from the North line of said Section 35 and for a special project allowable. Said unit is centered a mile south of the U.S. Bureau of Land Management's Angel Peak Recreational Area Campground.

EXAMINER HEARING - THURSDAY - SEPTEMBER 17, 1992

**CASE 10555:** Application of Meridian Oil Inc. for termination of gas prorationing in the Justis (Glorieta) Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order terminating gas prorationing in the Justis (Glorieta) Gas Pool and to exclude said pool from the provisions of Division Order No. R-8170, as amended (General Rules For The Prorated Gas Pools of New Mexico). 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 10502:** (Continued from September 3, 1992, Examiner Hearing.)

Application of Meridian Oil 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the NW/4 NW/4 (Unit D) of Section 23, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6.25 miles north-northwest of the junction of State Highway No. 128 and the Delaware Basin Road.

**CASE 10503:** (Continued from September 3, 1992, Examiner Hearing.)

Application of Meridian Oil 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the SW/4 NW/4 (Unit E) of Section 23, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles north-northwest of the junction of State Highway No. 128 and the Delaware Basin Road.

**CASE 10504:** (Continued from September 3, 1992, Examiner Hearing.)

Application of Meridian Oil 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the NW/4 SW/4 (Unit L) of Section 24, Township 22 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5.5 miles north by west of the junction of State Highway No. 128 and the Delaware Basin Road.

**CASE 10556:** Application of Chi Energy, Inc. for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special rules for the Old Millman Ranch-Bone Spring Pool including a provision for a limiting gas-oil ratio of 20,000 cubic feet of gas per barrel of oil. Said pool currently comprises portions of Sections 4, 5, and 8, Township 20 South, Range 28 East, being approximately 13.5 miles east of Seven Rivers, New Mexico.

**CASE 10557:** Application of Hallwood Petroleum 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 818 feet from the South line and 1099 feet from the East line (Unit P) of Section 24, Township 32 North, Range 13 West, the E/2 of said Section 24 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for the Basin-Fruitland Coal Gas Pool. Said unit is located approximately 3.5 miles northeast of La Plata, New Mexico.

**CASE 10558:** Application of Meridian Oil 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 1175 feet from the North line and 1115 feet from the West line (Unit D) of Section 36, Township 30 North, Range 8 West. Said well is to be completed in the Basin-Fruitland Coal Gas Pool as a replacement well to the EPNG Com "D" Well No. 300 currently located in the NE/4 of said Section 36. The existing 320-acre gas spacing and proration unit comprising the N/2 of said Section 36 shall be dedicated to said well. Said unit is located approximately 1-1/2 miles northwest by north of Navajo City, New Mexico.

**CASE 10503:** (This Case will be continued to August 6, 1992.)

**Application of Meridian Oil 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the SW/4 NW/4 (Unit E) of Section 23, Township 22 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles north-northwest of the junction of State Highway No. 128 and the Delaware Basin Road.

**CASE 10504:** (This Case will be continued to August 6, 1992.)

**Application of Meridian Oil 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the NW/4 SW/4 (Unit L) of Section 24, Township 22 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 5.5 miles north by west of the junction of State Highway No. 128 and the Delaware Basin Road.

**[REDACTED]** (Continued from April 2, 1992, Examiner Hearing.)

**Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard gas-oil proration unit, an unorthodox well location and a special project allowable, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Angel Peak-Gallup Associated Pool underlying all of Section 35, Township 27 North, Range 10 West, thereby creating a non-standard 640-acre gas or oil spacing and proration unit for said pool. The applicant proposes to drill its Huerfano Unit Well No. 306 from a tentative unorthodox surface location 1455 feet from the South line and 1550 feet from the West line (Unit K) of Section 35, Township 27 North, Range 10 West, kick-off from vertical in a southeasterly direction until an angle of approximately 90 degrees is achieved and continue drilling horizontally for approximately 3015 feet. Applicant, further seeks the adoption of special operating provisions and rules within the pilot project area including the designation of a target window for said horizontal wellbore described as a rectangle 790 feet from the South, East, and West lines and 3430 feet from the North line of said Section 35 and for a special project allowable. Said unit is centered a mile south of the U.S. Bureau of Land Management's Angel Peak Recreational Area Campground.

**CASE 10479:** (Continued from June 25, 1992, 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 underlying the NW/4 NE/4 (Unit B) of Section 22, Township 23 South, Range 28 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent which presently includes but is not necessarily limited to the 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 area is located approximately 1.75 miles east-northeast of Loving, New Mexico.

**CASE 10505:** **Application of United Gas Search, Inc. for a credit for enhanced oil recovery, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks a credit for enhanced oil recovery covering the following leases: Glenn-Ryan (Leonard Federal) Lease comprising all of Section 11 and the S/2 of Section 14, Township 26 South, Range 37 East, save and except as to depths below 3600 feet subsurface in the SE/4 SE/4 of said Section 11 and as to depths between the surface and 3600 feet subsurface in the SW/4 SW/4 of said Section 14; Glenn-Ryan (Leonard Brothers) Lease comprising all of Section 13 and the N/2 of Section 14, Township 26 South, Range 37 East, save and except as to the Queen formation in the SE/4 SW/4 of said Section 13; and the Leonard Brothers "A" Lease comprising the N/2 N/2, SE/4 NW/4, and the SW/4 NE/4 of Section 23, Township 26 South, Range 37 East, save and except as to the Queen formation in the NE/4 NE/4 of said Section 23. Said leases are located approximately 5 miles east-southeast of Bennett, New Mexico.

Dockets Nos. 22-92 and 23-92 are tentatively set for July 23, 1992 and August 6, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - THURSDAY - JULY 9, 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 Michael E. Stogner, Examiner or David R. Catanach, Alternate Examiner:

**CASE 10499:** **Application of Mitchell Energy Corporation for a unit agreement, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval of the Comanche State Unit Agreement for an area comprising 2556.56 acres, more or less, of State lands in all or portions of Sections 3, 4, 9, and 10 of Township 21 South, Range 33 East, which is centered approximately 1.5 miles south of State Highway No. 176 at mile marker 19.

**CASE 10500:** **Application of Giant Exploration and Production Company for a cooperative lease secondary recovery pilot project, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks to initiate a secondary recovery pilot project in the Bisti-Lower Gallup Oil Pool by the injection of water into the perforated interval from approximately 4747 feet to 4757 feet in the Colleen Simpson Well No. 1 located 330 feet from the South line and 1650 feet from the East line (Unit O) of Section 25, Township 25 North, Range 12 West. The proposed project area is to consist of two or more of the applicant's leases in Sections 25 and 36 of Township 25 North, Range 12 West, which is located approximately 7 miles south-southwest of the B.I.A. Huerfano Community School.

**CASE 10497:** **(Readvertised)**

**Application of Mewbourne Oil Company for two secondary recovery pilot projects, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authorization to institute two secondary recovery pilot projects in the Querecho Plains-Upper Bone Spring Pool within Township 18 South, Range 32 East, on its Government "K" Lease by the injection of water from approximately 8454 feet to 8515 feet in Well No. 2 located 1950 feet from the South line and 1980 feet from the West line (Unit K) of Section 23 and on its Federal "E" Lease by the injection of water into the perforated interval from approximately 8501 feet to 8530 feet in Well No. 10 located 2310 feet from the North and East lines (Unit G) and from approximately 8360 feet to 8486 feet in Well No. 11 located 660 feet from the North line and 530 feet from the East line (Unit A) both in Section 27. Said pool is centered approximately 9 miles south by east of Maljamar, New Mexico.

**CASE 10501:** **Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 23, Township 19 South, Range 27 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 gas spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated McMillan-Atoka Gas Pool, Undesignated Angell Ranch-Atoka Morrow Gas Pool, Undesignated North McMillan-Morrow Gas Pool, and Undesignated South Millman-Morrow Gas Pool; the SE/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within said vertical extent; and the NW/4 SE/4 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Millman-Grayburg Pool and Undesignated West Millman-Grayburg Pool. Said units are to be dedicated to a single well to be drilled at a standard location in Unit J. 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 area is located approximately 7 miles east by north of Lakewood, New Mexico.

**CASE 10502:** **(This Case will be continued to August 6, 1992.)**

**Application of Meridian Oil 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 Delaware formation or to a depth of 8700 feet, whichever is deeper, underlying the NW/4 NW/4 (Unit D) of Section 23, Township 22 South, Range 33 East, forming a standard 40-acre oil spacing and proration unit within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6.25 miles north-northwest of the junction of State Highway No. 128 and the Delaware Basin Road.

Dockets Nos. 12-92 and 13-92 are tentatively set for April 16, 1992 and April 30, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - THURSDAY - APRIL 2, 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 3344:** (Reopened)

Application of Texaco Inc. for amendment of Division Order No. R-3007, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-3007, dated December 3, 1965, which authorized its West Vacuum Unit Agreement covering 2000 acres, more or less, of state lands in portions of Townships 17 and 18 South, Range 34 East. The applicant at this time seeks to revise the definition of the "Unitized Formation" as originally incorporated in said agreement. Said unit is centered approximately 3 miles west southwest of Buckeye, New Mexico.

**CASE 10445:** (Readvertised)

Application of Western Reserves Oil Company Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order, pursuant to Division General Rule 1207.A.(2), pooling all mineral interests in the Undesignated Northwest Jenkins-San Andres Pool underlying the NE/4 NE/4 (Unit A) of Section 9, Township 9 South, Range 34 East, forming a standard 40-acre oil spacing and proration unit for said pool. Said unit is to be dedicated to the plugged and abandoned Midwest Oil Corporation James Petroleum "A" Well No. 1 located 660 feet from the North and East lines of said Section 9. The Division, upon review of this application, has determined that any such order issued should contain provisions for a 200 percent penalty to be assessed as a charge for the risk involved in re-entering and recompleting the existing well, \$3,000.00 per month while re-entering/recompleting said well and \$300.00 per month while producing to be fixed as reasonable overhead charges, and that the applicant be named the operator of said well and unit, which is located approximately 7.5 miles west-northwest of Crossroads, New Mexico. IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.

**CASE 10456:** Application of Blackwood & Nichols Co. A Limited Partnership, for an unorthodox coal gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to drill its Northeast Blanco Unit Well No. 505 at an unorthodox coal gas well location 975 feet from the North line and 1935 feet from the West line (Unit C) of Section 21, Township 30 North, Range 7 West, Basin-Fruitland Coal (Gas) Pool, as a replacement well for the Northeast Blanco Unit Well No. 405, located at a standard coal gas well location in Unit M, in the existing 320-acre standard gas spacing unit comprising the W/2 of said Section 21. The proposed well site is located approximately 2 miles east of the Navajo Reservoir Dam.

**CASE 10457:** Application of Union Oil Company of California D/B/A UNOCAL, for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special rules for the Red Hills-Pennsylvanian Gas Pool, including a provision for 640-acre spacing units and designated well location requirements. Said pool comprises Sections 31, 32 and 33, Township 25 South, Range 33 East and Sections 4, 5, and 6, Township 26 South, Range 33 East and is located approximately 23 miles west of Jal, New Mexico.

**CASE 9854:** (Continued from February 20, 1992, Examiner Hearing.)

In the matter of Case 9854 being reopened pursuant to the provisions of Division Order No. R-9131-A/R-5353-K, which order reclassified the Diablo-Fusselman Pool in Chaves County, New Mexico, as an associated pool with special rules and regulations including provisions for 80-acre oil and 160-acre gas spacing and proration units, designated well location requirements, and established a gas/oil ratio (GOR) limitation of 6,500 cubic feet of gas per barrel of oil. All interested parties may appear and show cause why the Diablo-Fusselman Associated Pool should not be reclassified as either a gas pool or oil pool, to be governed by applicable statewide rules or to make any such recommendations regarding the proper spacing and development for said pool on a permanent basis.

**CASE 10458:** Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard gas-oil proration unit, an unorthodox well location and a special project allowable, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Angel Peak-Gallup Associated Pool underlying all of Section 35, Township 27 North, Range 10 West, thereby creating a non-standard 640-acre gas or oil spacing and proration unit for said pool. The applicant proposes to drill its Huerfano Unit Well No. 306 from a tentative unorthodox surface location 1455 feet from the South line and 1550 feet from the West line (Unit K) of Section 35, Township 27 North, Range 10 West, kick-off from vertical in a southeasterly direction until an angle of approximately 90 degrees is achieved and continue drilling horizontally for approximately 3015 feet. Applicant, further seeks the adoption of special operating provisions and rules within the pilot project area including the designation of a target window for said horizontal wellbore described as a rectangle 790 feet from the South, East, and West lines and 3430 feet from the North line of said Section 35 and for a special project allowable. Said unit is centered a mile south of the U.S. Bureau of Land Management's Angel Peak Recreational Area Campground.

**CASE 10454:** (Continued from March 19, 1992, Examiner Hearing.)

**Application of Southland Royalty Company for downhole commingling, unorthodox gas well location and to amend Division Administrative Order NWU-56, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval to commingle gas productions from the Fulcher Kutz-Pictured Cliffs Pool and the Basin Fruitland Coal (Gas) Pool within the wellbore of its proposed Cozzens Com Well No. 10 to be drilled at an unorthodox gas well location for both producing horizons 975 feet from the North line and 1785 feet from the West line (Unit C) of Section 19, Township 29 North, Range 11 West. Lots 1 and 2, the NE/4 and E/2 NW/4 (N/2 equivalent) of said Section 19 forming a standard 317.55-acre gas spacing and proration unit for the Basin Fruitland Coal (Gas) Pool is to be dedicated to said well. Further, Division Administrative Order NWU-56, dated May 17, 1955, which authorized a non-standard 160-acre gas spacing and proration unit in the Fulcher Kutz-Pictured Cliffs Pool comprising the W/2 NE/4 and E/2 NW/4 of said Section 19 is to be amended to show that the proposed Well No. 10 is to replace the existing Cozzens Well No. 2 located in Unit B as the unit's only producing well. Said area is located approximately 2 miles west of Bloomfield, New Mexico.

**CASE 10455:** (Continued from March 19, 1992, Examiner Hearing.)

**Application of Southland Royalty Company for an unorthodox gas well location, downhole commingling, and to amend Division Administrative Order NWU-80, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks approval to commingle gas production from the Fulcher Kutz-Pictured Cliffs Pool and the Basin Fruitland Coal (Gas) Pool within the wellbore of its proposed Aztec Well No. 700 to be drilled at an unorthodox well location for both producing horizons 2280 feet from the South line and 1500 feet from the West line (Unit K) of Section 14, Township 28 North, Range 11 West. The S/2 of said Section 14 forming a standard 320-acre gas spacing and proration unit for the Basin Fruitland Coal (Gas) Pool is to be dedicated to said well. Further, Division Administrative Order NWU-80, dated May 20, 1955, which authorized a non-standard 160-acre gas spacing and proration unit in the Fulcher Kutz-Pictured Cliffs Pool comprising the W/2 NW/4 and N/2 SW/4 of said Section 14 is to be amended to show that the proposed Aztec Well No. 700 is to replace the existing Aztec Well No. 3 located in Unit E as the unit's only producing well. Said area is located approximately 4 miles south by east of Bloomfield, New Mexico.

**CASE 10459:** **Application of Bright & Company for a high angle/horizontal directional drilling pilot project, special operating rules therefor, and an exception to the pool's gas/oil ratio limitation factor, Sandoval County, New Mexico.** Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Undesignated Rio Puerco-Mancos Oil Pool by commencing its Cuba Mesa Unit Well No. 1 at a standard surface oil well location 730 feet from the North line and 1000 feet from the West line (Unit M) of Section 35, Township 21 North, Range 2 West, drill vertically to a depth of approximately 4000 feet, kick-off in a northerly direction, build angle up to approximately 88 degrees, drill horizontally for approximately 3000 feet, and bottom said wellbore at a location approximately 1250 feet from the North line and 660 feet from the West line of said Section 35. Said well is to be dedicated to the W/2 of said Section 35 forming a standard 320-acre oil spacing and proration unit for said pool. Applicant further seeks the adoption of special operating provisions and rules within the pilot project area including a special gas/oil ratio of 1,000 to 1. Applicant proposes to keep the horizontal displacement of said well's producing interval within the allowed 660 foot setback from the outer boundary of the assigned spacing unit. Said unit is located approximately 3.5 miles west by south of Cuba, New Mexico.

**CASE 10460:** **Application of Yates Petroleum Corporation for directional drilling and a non-standard oil proration unit, Eddy and Lea Counties, New Mexico.** Applicant, in the above-styled cause, seeks approval to directionally drill its proposed Bonneville "AKK" Federal Well No. 3, to be located at a surface location at or around a point 660 feet from the South line and 200 feet from the East line (Unit P) of Section 24, Township 21 South, Range 31 East, in Eddy County, in such a manner as to bottom the well in the Undesignated Lost Tank-Delaware Pool at a standard oil well location in Lot 3 (NW/4 SW/4 equivalent), of Section 19, Township 21 South, Range 32 East, Lea County, being a non-standard 43.39-acre oil spacing and proration unit for said pool. Said unit is located approximately 15 miles north of State Highway 128 at the Lea/Eddy County line.

**CASE 10461:** **Application of Yates Petroleum Corporation for directional drilling and a non-standard oil proration unit, Eddy and Lea Counties, New Mexico.** Applicant, in the above-styled cause, seeks approval to directionally drill its proposed Bonneville "AKK" Federal Well No. 2, to be located at a surface location at or around a point 660 feet from the South line and 200 feet from the East line (Unit P) of Section 24, Township 21 South, Range 31 East, in Eddy County, in such a manner as to bottom the well in the Undesignated Lost Tank-Delaware Pool at a standard oil well location in Lot 4 (SW/4 SW/4 equivalent), of Section 19, Township 21 South, Range 32 East, Lea County, being a non-standard 43.46-acre oil spacing and proration unit for said pool. Said unit is located approximately 15 miles north of State Highway 128 at the Lea/Eddy County line.