

Dockets Nos. 20-92 and 21-92 are tentatively set for July 9, 1992 and July 23, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 25, 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 10493: Application of Maralo, Inc. for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Little Bear Unit Agreement for an area comprising 638.72 acres, more or less, of State lands comprising all of Section 18, Township 24 South, Range 25 East, which is approximately 4.5 miles northwest of White City, New Mexico.

CASE 10494: Application of Union Oil Company of California d/b/a UNOCAL for pool contraction, pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Red Hills-Pennsylvanian Gas Pool, which is currently comprised of Sections 31, 32, and 33, Township 25 South, Range 33 East, and Sections 4, 5, and 6, Township 26 South, Range 33 East, to include only the interval from the top of the lower "Atoka lime" to the base of the Morrow formation. Further, the applicant seeks the creation of a new pool for the production of gas from the "Upper Atoka" formation underlying all of Section 5, Township 26 South, Range 33 East, and the promulgation of special pool rules therefor, including provisions for 640-acre spacing and proration units and designated well location requirements. Said area is located approximately 23 miles west by south of Jal, New Mexico.

CASE 10323: (Continued from May 14, 1992, Examiner Hearing.)

Application of Collins & Ware, Inc. 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 from the surface to the base of the Morrow formation or to a depth of 15,100 feet, whichever is deeper, underlying Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of Section 31, Township 21 South, Range 32 East, forming a non-standard 334.72-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated Red Tank-Atoka Gas Pool and Undesignated Bilbrey-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 32.75 miles west of Eunice, New Mexico.

CASE 10479: (Continued from June 11, 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 10495: Application of Beach Exploration Inc. for amendment of Division Order No. R-9453 to increase the injection pressure limitation in its Red Lake Unit Penrose Waterflood Project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order increasing the surface injection limitation pressure to 1500 psi in each of the fourteen existing injection wells located in Sections 24, 25, 35 and 36, Township 16 South, Range 28 East, NMPM. Said project is located approximately 16 miles east-northeast of Artesia, New Mexico.

CASE 10496: Application of Southland Royalty Company for an unorthodox gas well location, downhole commingling, and to amend Division Administrative Order No. 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 10480: (Continued from June 11, 1992, Examiner Hearing.)

Application of Marathon Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Undesignated Lea-Wolfcamp Pool underlying the S/2 of Section 1, Township 20 South, Range 35 East, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to the plugged and abandoned Amoco Production Company Selby Well No. 1 located at a standard gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 1. Also to be considered will be the cost of re-entering and recompleting 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 re-entering and recompleting said well. Said well is located approximately 9 miles west by south of Monument, New Mexico.

CASE 10486: (Continued from June 11, 1992, Examiner Hearing.)

Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, a special project oil allowable, and special GOR assignment, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in an area that includes all of Section 20, Township 30 North, Range 15 West, Undesignated Horseshoe-Gallup Oil Pool. Within said area the applicant seeks to dedicate up to 320 acres to a horizontal well to be drilled from an unorthodox surface oil well location in the SE/4 SW/4 (Unit N) of said Section 20. Special rules and provisions would be promulgated for the area including the designation of a prescribed area limiting the horizontal displacement of the producing interval of the wellbore, special allowable considerations, and the adoption of a special gas/oil ratio of 4500 to 1. Said pilot project area is located approximately 4.75 miles northwest by north of Fruitland, New Mexico.

CASE 10487: (Continued from June 11, 1992, Examiner Hearing.)

Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, a special project oil allowable, and special GOR assignment, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in an area that includes the N/2 and SW/4 of Section 17 and Lots 1 and 2, E/2, and E/2 NW/4 of Section 18, both in Township 30 North, Range 15 West, designated and Undesignated Horseshoe-Gallup Oil Pool. Within said area the applicant seeks to dedicate up to 320 acres to a horizontal well to be drilled from an unorthodox surface oil well location in the NW/4 NW/4 (Unit D) of said Section 17. Special rules and provisions would be promulgated for the area including the designation of a prescribed area limiting the horizontal displacement of the producing interval of the wellbore, special allowable considerations, and the adoption of a special gas/oil ratio of 4500 to 1. Said pilot project area is located approximately 6 miles northwest by north of Fruitland, New Mexico.

CASE 10488: (Continued from June 11, 1992, Examiner Hearing.)

Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, a special project oil allowable, and special GOR assignment, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the formation of a 160-acre non-standard oil spacing and proration unit in the Gallup formation comprising the SW/4 of Section 24, Township 32 North, Range 13 West, for the purpose of initiating a high angle/horizontal directional drilling pilot project. The applicant proposes to utilize its existing USA Well No. 2 located 930 feet from the South line and 1050 feet from the West line (Unit M) of said Section 24, by sidetracking and drilling a lateral borehole within said project area. Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the horizontal displacement of the wellbore such that its producing interval be no closer than 330 feet from the subject area. Also to be considered will be special allowable provisions for a spacing unit larger than the statewide accepted 40-acre oil proration unit. The project area is located approximately 3.25 miles northeast by north of La Plata, New Mexico.

CASE 10485: (Readvertised)

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 area in Section 15, Township 18 South, Range 28 East, and in the following manner: the W/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 Empire-Pennsylvanian Gas Pool, Undesignated Palmillo Draw-Atoka Gas Pool, and North Illinois Camp-Morrow Gas Pool; the NW/4 forming a standard 160-acre gas spacing and proration unit for any and all formations developed on 160-acre spacing within said vertical extent; either the W/2 NW/4 or S/2 NW/4 forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing which presently includes only the Undesignated Travis-Upper Pennsylvanian Pool; and the SW/4 NW/4 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 Artesia Queen-Grayburg San Andres Pool. Said units are to be dedicated to a single well to be drilled in Unit E and considered standard for all zones. 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 12 miles west-southwest of Loco Hills, New Mexico.

CASE 10497: **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 by the injection of water into the perforated interval from approximately 8501 feet to 8530 feet in the Federal "E" Well No. 10 located 2310 feet from the North and East lines (Unit G) of Section 27 and from approximately 8454 feet to 8515 feet in the Government "K" Well No. 2 located 1950 feet from the South line and 1980 feet from the West line (Unit K) of Section 23, both in Township 18 South, Range 32 East. Said pool is centered approximately 9 miles south by east of Maljamar, New Mexico.

CASE 10498: **Application of Charles Gillespie for compulsory pooling and a non-standard oil spacing and proration unit, 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 Strawn formation underlying Lot 3 of Section 1, Township 16 South, Range 35 East, forming a non-standard 51.08-acre oil spacing and proration unit. 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 one mile north of the Lovington-Lea County Airport.

CASE 10145: (Continued from May 14, 1992, Examiner Hearing.)

In the matter of Case 10145 being reopened pursuant to the provisions of Division Order No. R-6368-B, which order promulgated a temporary gas-oil ratio limitation of 4,000 to 1 for the Avalon-Delaware Pool in Eddy County, New Mexico. Operators may appear and present evidence and show cause why the foregoing temporary gas-oil ratio limitation should remain in effect.

CASE 10460: (Reopened and Readvertised)

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 810 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. **IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**

CASE 10491: (Readvertised)

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

- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the ARAB-C-San Andres Pool. The discovery well is the Yates Petroleum Corporation Edison Ranch Unit Well No. 1 located in Unit Q of Section 5, Township 16 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 5: SE/4

- (b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the South Baum-Wolfcamp Pool. The discovery well is the Coastal States oil & Gas Corporation State 32 Well No. 1 located in Unit L of Section 32, Township 13 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 33 EAST, NMPM
Section 32: SW/4

- (c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the Bootleg Ridge-Delaware Pool. The discovery well is the T. H. McElvain Oil & Gas Properties Bootleg Ridge 19 State Well No. 1 located in Unit D of Section 19, Township 22 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 33 EAST, NMPM
Section 19: NW/4

- (d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Dios Mano-Bone Spring Pool. The discovery well is the Harvey E. Yates Company EKay 28 State Well No. 2 located in Unit P of Section 28, Township 18 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 28: SE/4

- (e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the South Pearl-Bone Spring Pool. The discovery well is the Mitchell Energy Corporation Merit-Record 35 Well No. 1 located in Unit P of Section 35, Township 19 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 35: SE/4

- (f) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the South Pearl-Wolfcamp Pool. The discovery well is the Mitchell Energy Corporation Merit-Record 35 Well No. 1 located in Unit P of Section 35, Township 19 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 35: SE/4

- (g) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Delaware production and designated as the Salt Lake-Delaware Pool. The discovery well is the Yates Petroleum Corporation Belco AIA Federal Well No. 1 located in Unit J of Section 14, Township 20 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 32 EAST, NMPM
Section 14: SE/4

- (h) CONTRACT the horizontal limits of the Cata-San Andres Pool in Chaves County, New Mexico, by the deletion of the following:

TOWNSHIP 9 SOUTH, RANGE 30 EAST, NMPM
Section 7: SW/4

- (i) EXTEND the Many Gates-San Andres Pool in Chaves County, New Mexico, to include therein:
TOWNSHIP 9 SOUTH, RANGE 30 EAST, NMPM
Section 7: SW/4
- (j) EXTEND the Allison-San Andres Pool in Roosevelt County, New Mexico, to include therein:
TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM
Section 36: NE/4

TOWNSHIP 8 SOUTH, RANGE 37 EAST, NMPM
Section 31: NW/4
- (k) EXTEND the West Corbin-Delaware Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 14: SW/4
Section 15: SE/4
- (l) EXTEND the South Corbin-Wolfcamp Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 30: NW/4
- (m) EXTEND the Cuerno Largo-Pennsylvanian Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM
Section 25: NW/4
- (n) EXTEND the Diamondtail-Delaware Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 14: NW/4
- (o) EXTEND the East Gem-Delaware Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 14: SW/4
- (p) EXTEND the Geromino-Delaware Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 25: SE/4
Section 36: NE/4
- (q) EXTEND the Hat Mesa-Morrow Gas Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 21 SOUTH, RANGE 33 EAST, NMPM
Section 17: N/2
Section 18: N/2
- (r) EXTEND the Southwest House Yates-Seven Rivers Gas Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 14: NW/4
- (s) EXTEND the Southeast Knowles-Wolfcamp Pool in Lea County, New Mexico, to include therein:
TOWNSHIP 17 SOUTH, RANGE 38 EAST, NMPM
Section 24: NE/4

- (t) EXTEND the Lea-Wolfcamp Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM

Section 11: S/2

- (u) EXTEND the East Livingston Ridge-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM

Section 15: SW/4

Section 16: S/2

Section 17: SE/4

- (v) EXTEND the Lost Tank-Delaware Pool in Eddy and Lea Counties, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM

Section 31: NW/4

- (w) EXTEND the East Lusk-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM

Section 35: SE/4

- (x) EXTEND the Paddock Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM

Section 19: NE/4

Section 20: NW/4

- (y) EXTEND the North Querecho Plains-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM

Section 24: SE/4

- (z) EXTEND the Sanmal-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM

Section 28: SW/4

- aa. EXTEND the Weir-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM

Section 14: N/2

Dockets Nos. 37-92 and 38-92 are tentatively set for November 5, 1992 and November 19, 1992. Applications for hearing must be filed at least 23 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 26, 1992

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

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

CASE 10490: (Continued from September 3, 1992, Examiner Hearing.)

Application of Noranda Minerals Inc. requesting the Division to rescind or deny an application to drill a certain well in the oil/potash area, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order denying or rescinding the approval of an "Application for Permit to Drill" which would authorize Yates Petroleum Corporation to drill its Snyder "AKY" Well No. 1 at a standard oil well location in the NW/4 SW/4 (Unit L) of Section 1, Township 20 South, Range 32 East, (approximately 3 miles north of the junction of U.S. Highway 62/180 and State Highway 176). Said location is within the designated oil/potash area as described in and governed under the provisions of Division Order No. R-111-P.

DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 29, 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 10100: In the matter of Case 10100 being reopened pursuant to the provisions of Division Order No. R-9330, which order promulgated special operating rules and regulations for the San Isidro (Shallow) Unit in Sandoval County. Operators in said unit may appear and show cause why the continuation of the foregoing special operating rules and regulations governing the Rio Puerco-Mancos Oil Pool within said Unit Area are consistent with sound engineering and conservation practices and show cause why such procedures should remain in effect.

CASE 10560: (Continued from October 15, 1992, Examiner Hearing.)

Application of Conoco 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 Canyon formation underlying the NE/4 of Section 17, Township 19 South, Range 25 East, forming a standard 160-acre spacing and proration unit for any and all formations spaced on 160-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the North Dagger Draw-Pennsylvanian Pool. Said unit is to be dedicated to the existing Southwest Royalties, Inc. Dagger Draw Well No. 1 located at a standard location 660 feet from the North line and 1980 feet from the East line (Unit B) of said Section 17, said unit and well were the subject of Division Case No. 10471. 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 6.5 miles northwest of Seven Rivers, New Mexico.

CASE 10574: **Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Canyon formation, at approximately 8,200 feet, underlying the following described acreage in Section 14, Township 20 South, Range 24 East, and in the following described manner: the N/2 to form a single standard 320-acre 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 South Dagger Draw-Upper Pennsylvanian Associated Pool); the NE/4 and NW/4 to form two standard 160-acre gas spacing and proration units for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and the NW/4 NE/4 and SW/4 NW/4 to form two standard 40-acre oil spacing and proration units for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. The proposed 320-acre unit is to be dedicated to either a single well to be drilled at a standard location in Unit B or Unit E or to both wells to be simultaneously dedicated to the 320-acre unit. Further the 160-acre gas unit comprising the NE/4 and the 40-acre oil unit comprising the NW/4 NE/4 are to be dedicated to the proposed well to be drilled in Unit B. The 160-acre gas unit comprising the NW/4 and the 40-acre oil unit comprising the SW/4 NW/4 are to be dedicated to the proposed well to be drilled in Unit E. Also to be considered will be the cost of drilling and completing said well or wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of each well and a charge for risk involved in drilling said well or wells. The subject area in this matter is located approximately 7.5 miles west by south of Seven Rivers, New Mexico.

CASE 10528: (Continued from October 1, 1992, Examiner Hearing and this case will be dismissed.)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Canyon formation, underlying the SE/4 of Section 20, Township 19 South, Range 25 East, forming a 160-acre spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which presently includes only the Undesignated North Dagger Draw-Upper Pennsylvanian Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles northwest of Seven Rivers, New Mexico.

CASE 10575: **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 10498: (~~Reopened~~) *(De Novo)*

In the matter of Case No. 10498 being reopened upon application of Monty D. McLane to exempt certain working interests from the compulsory pooling provisions of Division Order No. R-9690, Lea County, New Mexico. Division Order No. R-9690, issued in Case 10498 and dated July 1, 1992, granted the application of Charles Gillespie to compulsorily pool all mineral interests from the surface to the base of the Strawn formation underlying Lot 3 of Section 1, Township 16 South, Range 35 East, forming a non-standard 51.08-acre oil spacing and proration unit to be dedicated to a well to be drilled at a standard oil well location thereon. At this time Monty D. McLane requests the Division enter an order reopening Case No. 10498 and declare that the working interests of Henry H. Lawton and Amanda K. Parks are not subject to said Order No. R-9690. *Upon application of Charles B. Gillespie Jr., this case will be heard de novo pursuant to the provisions of Rule 1220.*

CASE 10540: (Continued from October 1, 1992, Examiner Hearing.)

Application of American Hunter Exploration, Ltd. for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 2480 feet from the South line and 915 feet from the West line (Unit J) of irregular Section 6, Township 27 North, Range 2 West, to test the Mancos formation. The NW/4 SE/4 of said Section 6 is to be dedicated to said well forming a standard 40-acre oil spacing and proration unit. Said unit is located approximately 19 miles west of El Vado, New Mexico.

CASE 10576: **Application of Merrion Oil & Gas Corporation for a unit agreement, Sandoval County, New Mexico.** Applicant, in the above-styled cause, seeks approval of the Rock Mesa Unit Agreement for an area comprising 10,823.16 acres, more or less, of Federal and State lands in portions of Townships 18 and 19 North, Range 3 West, which is centered approximately 18 miles south-southwest of Cuba, New Mexico.

CASE 10567: (Continued from October 15, 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 Lots 3 and 4, the E/2 SW/4 and the SE/4 (S/2 equivalent) of Section 30, Township 29 North, Range 10 West, forming a 319.80-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 30. 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 3 miles east-southeast of Bloomfield, New Mexico.

CASE 10577: **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.

CASE 10578: **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 2, Township 29 North, Range 9 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 coal gas well location in the SW/4 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 of Turley, New Mexico.

CASE 10579: **Application of SG Interests I, Ltd. for a non-standard gas promotion unit and 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 4 and 10, the SE/4 SW/4 and SW/4 SE/4 (S/2 S/2 equivalent) of Section 19 and Lots 1, 5, 6 and 7, the W/2 NE/4 and E/2 NW/4 (N/2 equivalent), both in Section 30, Township 29 North, Range 9 West, forming a non-standard 407.56-acre gas spacing and proration unit in said pool. Said unit is to be dedicated to a well to be drilled at a standard coal gas well location in the NW/4 NE/4 (Unit B) of said Section 30. 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 south-southeast of Blanco, New Mexico.

CASE 10580: **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 5 and 10, the NE/4 and E/2 SE/4 (E/2 equivalent) of Section 15, Township 29 North, Range 10 West, forming a standard 319.62-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 of said Section 15. 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 2 miles west of Blanco, New Mexico.

CASE 10581: **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 21, 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 a well to be drilled at a standard coal gas well location in the NE/4 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 10582: **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 22, 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 a well to be drilled at a standard coal gas well location in the SW/4 of said Section 22. 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 east of Bloomfield, New Mexico.

CASE 10583: **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 E/2 of Section 27, 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 a well to be drilled at a standard coal gas well location in the NE/4 of said Section 27. 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 2.5 miles southwest of Blanco, New Mexico.

CASE 10584: **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 E/2 of Section 31, 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 a well to be drilled at a standard coal gas well location in the NE/4 NE/4 (Unit A) of said Section 31. 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 4 miles east-southeast of Bloomfield, New Mexico.

CASE 10585: **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 26, Township 29 North, Range 11 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 coal gas well location in the SW/4 of said Section 26. 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 southeast of Bloomfield, New Mexico.

CASE 10586: **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 5, 7, 8, 9, 12, and 13 and the W/2 NE/4 (E/2 equivalent) of Section 30, Township 30 North, Range 8 West, forming a standard 290.69-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 N/W/4 NE/4 (Unit B) of said Section 30. 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 4 miles northeast by east of Turley, New Mexico.

CASE 10587: **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 17, Township 30 North, Range 9 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 coal gas well location in the SW/4 of said Section 17. 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 10.5 miles east of Aztec, New Mexico.

CASE 10588: **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 E/2 of Section 18, Township 30 North, Range 9 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 coal gas well location in the NE/4 of said Section 18. 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 10 miles east of Aztec, New Mexico.

CASE 10589: **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 3 and 4, the SW/4 and N/2 SE/4 (S/2 equivalent) of Section 25, Township 30 North, Range 9 West, forming a standard 331.38-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 25. 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 3 miles northeast by east of Turley, New Mexico.

CASE 10590: **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 and 2, the NE/4 and W/2 NW/4 (N/2 equivalent) of Section 25, Township 30 North, Range 9 West, forming a standard 322.64-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 of said Section 25. 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 3.5 miles northeast of Turley, New Mexico.

CASE 10572: (Continued from October 15, 1992, Examiner Hearing.)

Application of Texaco Exploration & Production Inc. for waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its W. H. Rhodes "B" Federal Waterflood Project, authorized by Division Order No. R-2748, by converting its W. H. Rhodes "B" Federal (NCT-1) Well No. 6 located 1980 feet from the South line and 660 feet from the East line (Unit D) and its W. H. Rhodes "B" Federal (NCT-1) Well No. 13 located 990 feet from the South line and 1650 feet from the East line (Unit O), both in Section 27, Township 26 South, Range 37 East, from producing oil wells to water injection wells. Said project area is located approximately 7.5 miles south-southeast of Jal, New Mexico.

CASE 10573: (Continued from October 15, 1992, Examiner Hearing.)

Application of Texaco Exploration & Production Inc. for waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Rhodes Yates Unit Waterflood Project, authorized by Division Order No. R-3889, by converting its Rhodes Yates Unit Well No. 8 located 1875 feet from the North line and 765 feet from the West line (Unit E) and its Rhodes Yates Unit Well No. 13 located 660 feet from the South and West lines (Unit M), both in Section 27, Township 26 South, Range 37 East, Rhodes Yates Unit, Rhodes Yates-Seven Rivers Pool, from producing oil wells to water injection wells. Said project area is located approximately 7.5 miles south-southeast of Jal, New Mexico.

CASE 10591:

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

- (d) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for San Andres production and designated as the West Dagger Draw-San Andres Pool. The discovery well is the Yates Petroleum Corporation Mimosa AHS Federal Well No. 5 located in Unit H of Section 5, Township 20 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 5: NE/4

- (e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Dayton-Strawn Gas Pool. The discovery well is the Yates Petroleum Corporation West Dayton AJR State Com Well No. 1 located in Unit N of Section 16, Township 18 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM

Section 16: S/2

- (f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Indian Flats-Wolfcamp Gas Pool. The discovery well is the Bass Enterprises Production Company Big Eddy Well No. 93 located in Unit K of Section 36, Township 21 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM

Section 36: S/2

- (g) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for Devonian production and designated as the Southwest Lone Wolf-Devonian Pool. The discovery well is the Rachael Exploration Corporation Rachael 29 Federal Well No. 1 located in Unit F of Section 29, Township 13 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 29 EAST, NMPM

Section 29: NW/4

- (h) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Brushy Canyon production and designated as the Nash Draw-Brushy Canyon Pool. The discovery well is the Strata Production Company Nash Draw Unit Well No. 9 located in Unit B of Section 13, Township 23 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM

Section 13: NE/4

- (i) CREATE a new pool in Chaves County, New Mexico, pursuant to the provisions of Division Order No. R-9721, classified as a gas pool for Siluro-Ordovician production and designated as the Palma Mesa-Siluro Ordovician Gas Pool. The discovery well is the BHP Petroleum Americans Inc. Puffer State Well No. 1 located in Unit D of Section 24, Township 8 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 8 SOUTH, RANGE 27 EAST, NMPM

Section 24: N/2

- (j) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for gas production and designated as the Northwest Pecos Slope-Abo Gas Pool. The discovery well is the McKay Oil Corporation April State Unit Well No. 1 located in Unit D of Section 4, Township 4 South, Range 20 East, NMPM. Said pool would comprise:

TOWNSHIP 4 SOUTH, RANGE 20 EAST, NMPM

Section 4: NW/4

- (k) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the North Poker Lake-Delaware Pool. The discovery well is the Bettis, Boyle and Stovall Cactus 16 State Well No. 1 located in Unit C of Section 16, Township 24 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 16: NW/4

- (l) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the East Red Lake-Upper Pennsylvanian Gas Pool. The discovery well is the Yates Petroleum Corporation Chalk AKH Federal Com Well No. 1 located in Unit I of Section 22, Township 18 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM

Section 22: E/2

- (m) EXTEND the Dog Canyon-Wolfcamp Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM

Section 30: N/2

- (n) EXTEND the East Herradura Bend-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 3: NE/4

- (o) EXTEND the South Lone Wolf-Devonian Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 29 EAST, NMPM

Section 33: N/2

- (p) EXTEND the West Sand Dunes-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 9: N/2 and SW/4

- (q) EXTEND the West Sand Dunes-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 32: NE/4

- (r) EXTEND the Willow Lake-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 32: W/2

**DOCKET: EXAMINER HEARING - THURSDAY - JULY 15, 1993
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO**

Dockets Nos. 22-93 and 23-93 are tentatively set for July 29, 1993 and August 12, 1993. Applications for hearing must be filed at least 23 days in advance of hearing date.

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

CASE 10750: (Readvertised)

Application of Yates Petroleum Corporation for a unit agreement, Eddy County, New Mexico. Applicant seeks approval of the Wagon Unit Agreement for an area comprising 4,844.60 acres of the State and Fee lands in portions of Townships 22 and 23 South, Ranges 22 and 23 East, which is centered approximately at the H-Bar-Y Ranch.

CASE 10751: (Readvertised)

Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Beartooth State Unit Agreement for an area comprising 2,468.72 acres, more or less, of State and Fee lands in Sections 22, 23, 26, 27, 34, and 35 of Township 26 South, Range 36 East, which is centered approximately 4 miles southwest of Bennett, New Mexico.

CASE 10763: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Sanmal Queen Unit Agreement for an area comprising 440 acres, more or less, of State land in Sections 1 and 12, Township 17 South, Range 33 East, which is centered approximately 3 miles north of Buckeye, New Mexico.

CASE 10764: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Saffron Unit Agreement for an area comprising 1,396.01 acres, more or less, of Federal and State lands in Sections 1, 2 and 3 of Township 23 South, Range 32 East, which is located approximately 24 miles west of Eunice, New Mexico.

CASE 10742: (Continued from July 1, 1993, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill to Sunflower "AHW" Federal Well No. 2 at a unorthodox location 660 feet from the North and East lines (Unit A) of Section 31, Township 19 South, Range 24 East. The N/2 of said Section 31 is to be dedicated to the well. Applicant further requests approval of the unorthodox location as to all prospective pools of formations including but not limited to the Abo, Wolfcamp, Cisco, Canyon, Strawn, Atoka and Morrow spaced on 320-acres. Said well is located approximately 8 miles south by southeast of Antelope Sink.

CASE 10747: (Readvertised)

Application of Nearburg Producing Company for salt water disposal, Eddy County, New Mexico. Applicant seeks authority to convert its M.H. Federal Well No. 1-1N located 660 feet from the South line and 1650 feet from the West line (Unit N) of Section 1, Township 22 South, Range 24 East, and utilize said well to dispose of produced salt water into the Cisco Canyon formation through the perforated interval from approximately 8219 feet to 8380 feet. Said well is located 1 mile east of Little Walt Spring.

CASE 10746: (Readvertised)

Application of Devon Energy Corporation for special pool rules, Eddy County, New Mexico. Applicant seeks the promulgation of special rules for the East Catclaw Draw-Delaware Pool located in Section 9, Township 21 South, Range 26 East, including a provision for a gas-oil ratio limitation of 6000 cubic feet of gas per barrel of oil. Said area is located approximately 3 miles east of Avalon Reservoir.

CASE 10541: (Reopened - Continued from July 1, 1993, Examiner Hearing.)

In the matter of Case 10541 being reopened pursuant to the provisions of Division Order No. R-9773, which order promulgated special pool rules and regulations for the East Herradura Bend-Delaware Pool in Eddy County. Operators in said pool may appear and present evidence and show cause why the foregoing Special Rules and Regulations should remain in effect.

CASE 10765: Application of Blackwood & Nichols Co., a Limited Partnership, for directional drilling and an unorthodox bottomhole Fruitland-Coal Gas Well location, Rio Arriba County, New Mexico. Applicant seeks authority to directionally drill its proposed Northeast Blanco Unit Well No. 479-R from a surface location 1170 feet from the North line and 2280 feet from the West line (Unit C) of Section 20, Township 30 North, Range 7 West, in such a manner as to bottom the well in the Basin-Fruitland Coal Gas Pool, at an unorthodox subsurface Coal Gas Well location within 50 feet of a point 100 feet from the North line and 590 feet from the West line (Unit D) of said Section 20. The W/2 of said Section 20 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 45 miles east of Farmington, New Mexico.

CASE 10670: (Reopened)

In the matter of Case 10670 being reopened upon the application of Maralo, Inc. to set an effective date for the temporary special rules and regulations for the Northeast Jenkins-Devonian Pool promulgated by Division Order No. R-9912. Division Order No. R-9912, issued in Case 10670 and dated June 15, 1993, granted the application of Maralo, Inc. for the creation of a new Devonian Pool and the promulgation of temporary special rules and regulations therefor including provisions for 80-acre spacing and special well location requirements. At this time, Maralo, Inc. requests the Division enter an order reopening Case 10670 and establishing an effective date of March 1, 1993 for the temporary special rules and regulations for this pool. IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.

CASE 10766: Application of David H. Arrington Oil & Gas Inc. for an unorthodox gas well location and non-standard gas spacing unit, Lea County, New Mexico. Applicant seeks authorization to drill a well at an unorthodox location 1980 feet from the North line and 1650 feet from the West line (Unit F) of Section 11, Township 21 South, Range 36 East, Eumont Gas Pool. Applicant also seeks authority to dedicate a non-standard spacing unit comprised of the SE/4 NW/4, S/2 NE/4 and the NW/4 SE/4 of said Section 11 to said well. Said unit is located approximately 1 mile east of Oil Center, New Mexico.

CASE 10556: (Reopened)

In the matter of Case 10556 being reopened pursuant to the provisions of Division Order R-9759, which order promulgated special pool rules and regulations for the Old Millman Ranch-Bone Spring Pool in Eddy County, New Mexico. In addition, Chi Energy Inc. seeks the designation of the subject pool as an "associated" oil and gas pool with Order No. R-9759 to be superseded by Order No. R-5353 (the Associated Oil and Gas Pool Rules) and amended to provide for 160-acre gas well spacing and 80-acre oil well spacing.

CASE 10767: Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation underlying all of Section 5, Township 22 South, Range 24 East, forming a standard 640-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre spacing within said vertical extent. Said unit is to be dedicated to its reentry of the Discovery Operating Walt Canyon 5 Fed Well No. 1 at a standard location in said Section 5. Also to be considered will be the cost of reentering 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 reentering and completing said well. Said well is located approximately 2 miles south of the Tepee.

CASE 10768: Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling and an unorthodox well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation underlying all of Section 8, Township 22 South, Range 24 East, forming a standard 640-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre spacing unit within said vertical extent. Said unit is to be dedicated to its reentry of the Amoco Fed. Azotea Mesa Well No. 1-8 located 743 feet from the North line and 1055 feet from the West line of said Section 8. Also to be considered will be the cost of reentering 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 reentering and completing said well. Said well is located approximately 3 miles south of the Tepee.

CASE 10687: (Continued from July 1, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 500 feet below the top of the San Andres formation to the base of the Morrow formation underlying the following described areas in Section 17, Township 18 South, Range 28 East, and in the following manner: the E/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; and 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 spacing within said vertical extent. Said unit is to be dedicated to its Illinois Camp "17" State Well No. 2, to be drilled at a standard location within said E/2 proration unit. 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 north of Illinois Camp.

CASE 10688: (Continued from July 1, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Abo formation to the base of the Morrow formation underlying the following described areas in Section 31, Township 17 South, Range 28 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 SE/4 forming 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; and the SW/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 spacing within said vertical extent. Said unit is to be dedicated to its Chalk Bluff "31" State Well No. 1, to be drilled at a standard location within said S/2 proration unit. 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 mile southwest of the Baylor Triangulation Station.

CASE 10769: Application of H. L. Brown for an unorthodox oil well location, Roosevelt County, New Mexico. Applicant seeks approval to drill his Federal Well No. 27-2 to test the North Bluff Siluro-Devonian Pool at an unorthodox location 2590 feet from the South line and 330 feet from the West line (Unit L) of Section 27, Township 7 South, Range 37 East. The N/2 SW/4 of said Section 27 is to be dedicated to said well forming a standard 80-acre oil spacing and proration unit. Said unit is located approximately 10 miles east of Milnesand, New Mexico.

CASE 10770: Application of Bahlburg Exploration Inc. to amend Division Order No. R-8989, Lea County, New Mexico. Applicant seeks to amend Division Order No. R-8989 so that its Lowe "25" Well No. 1, which was drilled to test the Undesignated King-Devonian Pool at a previously approved unorthodox location 990 feet from the South line and 50 feet from the West line (Unit M) of Section 25, Township 13 South, Range 37 East, can be recompleted and produced in any shallower formation which is found to be productive, including but not limited to the King-Wolfcamp Pool. If the subject well is recompleted as an oil well, the NW/4 NW/4 (40 acres) will be dedicated to the well. Said well is located approximately 14 miles southeast of Tatum, New Mexico.

CASE 10771: Application of OXY USA Inc. to authorize the expansion of a portion of its Skelly Penrose "B" Unit Waterflood Project and qualify said expansion for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act," Lea County, New Mexico. Applicant seeks an order pursuant to the rules and procedures for Qualification of Enhanced Oil Recovery Projects and Certification for the Recovery Oil Tax Rate, as promulgated by Division Order No. R-9708, qualifying a portion of its Skelly Penrose "B" Unit Waterflood Project in Sections 4, 5, and 8 of Township 23 South, Range 37 East, Queen (Penrose) formation of the Langlie Matix Seven Rivers-Queen-Grayburg Pool, for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Applicant further seeks authority to expand a portion of said project by means of a significant change in process including conversion to 40-acre five spot injection patterns. Said project area is located approximately 6 miles south of Eunice, New Mexico.

CASE 10772: Application of Barber Oil Inc. for salt water disposal, Eddy County, New Mexico. Applicant seeks authority to utilize its Stovall-Wood Well No. 5 located 880 feet from the North line and 1580 feet from the West line (Unit C) of Section 20, Township 20 South, Range 30 East, to dispose of produced salt water into the Rustler Lime formation through the perforated interval from approximately 195 feet to 255 feet. Said well is located 2 miles northeast of the National Potash Company Mine.

CASE 10513: (Continued from June 17, 1993, Examiner Hearing.)

Application of Hanley Petroleum Inc. for determination of reasonable well costs, Lea County, New Mexico. Applicant, in the above-styled cause, as a working interest owner in the Santa Fe Energy Operating Partners, L.P. Kachina "8" Federal Well No. 2 located 1830 feet from the North line and 660 feet from the West line (Unit E) of Section 8, Township 18 South, Range 33 East, South Corbin-Wolfcamp Pool, which was drilled pursuant to the compulsory pooling provisions of Division Order Nos. R-9480, R-9480-A, and R-9480-B, all entered in Case Nos. 10211 and 10219, and to which is dedicated the W/2 NW/4 (Units D and E) of said Section 8, seeks an order ascertaining the reasonableness of actual well costs for the subject well. Said unit is located approximately 7.5 miles southeast by south of Maljamar, New Mexico.

Docket No. 21-93

**DOCKET: COMMISSION HEARING - THURSDAY - JULY 22, 1993
9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO**

The Land Commissioner's designee for this hearing will be Jami Bailey

CASE 10498: (De Novo)

In the matter of Case No. 10498 being reopened upon application of Monty D. McLane to exempt certain working interests from the compulsory pooling provisions of Division Order No. R-9690, Lea County, New Mexico. Division Order No. R-9690, issued in Case 10498 and dated July 1, 1992, granted the application of Charles Gillespie to compulsorily pool all mineral interests from the surface to the base of the Strawn formation underlying Lot 3 of Section 1, Township 16 South, Range 35 East, forming a non-standard 51.08-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. At this time Monty D. McLane requests the Division enter an order reopening Case No. 10498 and declare that the working interests of Henry H. Lawton and Amanda K. Parks are not subject to said Order No. R-9690. Upon application of Charles B. Gillespie Jr., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10653: (De Novo - Continued from May 27, 1993, Commission Hearing.)

Application of Armstrong Energy Corporation for special pool rules, Lea County, New Mexico. In the De Novo application, the applicant seeks an order promulgating special rules and regulations for the Northeast Lea-Delaware Pool including a provision for a special oil allowable of 300 barrels of oil per day. Said pool is located in portions of Townships 19 and 20 South, Range 34 East, located near the Warren Gas Company Compressor Station. Upon application of Armstrong Energy Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220. The amended application seeks the abolishment of the Quail Ridge-Delaware Pool located in a portion of Township 20 South, Range 34 East, and the concomitant extension of the Northeast Lea-Delaware Pool.

CASE 10773: Application of Armstrong Energy Corporation for pool extension and abolishment, Lea County, New Mexico. Applicant, in the above-styled cause, and in association with De Novo Case No. 10653, seeks to abolish the Quail Ridge-Delaware Pool comprising the SW/4 of Section 3, SE/4 of Section 4, NE/4 of Section 9, N/2 and SW/4 of Section 10, all in Township 20 South, Range 34 East and the concomitant extension of the horizontal limits of the Northeast Lea-Delaware Pool to include all of above-described acreage plus the SE/4 of said Section 3. This area is centered approximately 1.5 miles south of U.S. Highway 62/180 at Milemarker No. 79.

CASE 10345: (De Novo - Continued from June 24, 1993, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #390 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

CASE 10346: (De Novo - Continued from June 24, 1993, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #391 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

**DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 12, 1993
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO**

Dockets Nos. 25-93 and 26-93 are tentatively set for August 26, 1993 and September 9, 1993. Applications for hearing must be filed at least 23 days in advance of hearing date.

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

CASE 10785: Application of Merrion Oil & Gas Corporation for a unit agreement, Sandoval County, New Mexico. Applicant seeks approval of the Hagan Unit Agreement for an area comprising 16,621.58 acres of Federal, State and Fee lands in portions of Townships 13 and 14 North, Range 6 East, which is centered approximately 10 miles east of Algodones, New Mexico.

CASE 10786: Application of Merrion Oil & Gas Corporation for a unit agreement, Sandoval County, New Mexico. Applicant seeks approval of the Blackshare Unit Agreement for an area comprising 5,917.78 acres, more or less, of Federal, State and Fee lands in portions of Townships 13 and 14 North, Range 6 East, which is centered approximately 7 miles west by south of Madrid, New Mexico.

CASE 10787: Application of Merrion Oil & Gas Company for an unorthodox oil well location, McKinley County, New Mexico. Applicant seeks approval of an unorthodox oil well location in the Ojo Encino Entrada Oil Pool for its proposed High Hopes Well No. 1 to be drilled 1220 feet from the North line and 1300 feet from the East line (Unit A) of Section 28, Township 20 North, Range 5 West. Said unit is located approximately 1 mile southwest of Ojo Encino Trailer School.

CASE 10788: Application of Nearburg Producing Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation, underlying the E/2 of Section 2, Township 22 South, Range 24 East, forming a standard 320-acre oil spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the undesignated South Indian Basin-Upper Pennsylvanian Pool created in Division Case No. 10748. Said unit is to be dedicated to a well to be drilled at an orthodox location within said E/2 proration unit. 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 well is located near Little Walt Spring.

CASE 10789: Application of Bright & Company for approval of a second well in a high angle/horizontal directional drilling pilot project, an unorthodox surface oil well location, and special operating rules therefor, Sandoval County, New Mexico. Applicant seeks to drill a second high angle/horizontal well in the Rio Puerco-Mancos Oil Pool within its high angle/horizontal directional drilling pilot project previously approved by Division Order No. R-9676 by commencing its Cuba Mesa Unit 35 Well No. 2 at an unorthodox surface location 1010 feet from the South line and 820 feet from the West line (Unit M) of Section 35, Township 21 North, Range 2 West, drill vertically to a depth of approximately 3539 feet, kick-off in a north-northwesterly direction, build angle up to approximately 87.25 degrees, drill horizontally for approximately 3613 feet, and bottom said wellbore at a location approximately 660 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 requests a special oil allowable of 19,200 barrels for the 60-day period commencing the day the well is spudded, and an additional allowable of 320 barrels of oil per day for the well after completion. 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 10687: (Continued from July 15, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 500 feet below the top of the San Andres formation to the base of the Morrow formation underlying the following described areas in Section 17, Township 18 South, Range 28 East, and in the following manner: the E/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; and 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 spacing within said vertical extent. Said unit is to be dedicated to its Illinois Camp "17" State Well No. 2, to be drilled at a standard location within said E/2 proration unit. 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 north of Illinois Camp.

CASE 10767: (Continued from July 29, 1993, Examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Cisco/Canyon formation underlying all of Section 5, Township 22 South, Range 24 East, forming a standard 640-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre spacing within said vertical extent. Said unit is to be dedicated to its reentry of the Discovery Operating Walt Canyon 5 Fed Well No. 1 at a standard location in said Section 5. Also to be considered will be the cost of reentering 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 reentering and completing said well. Said well is located approximately 2 miles south of the Tepee.

CASE 10790: **Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface through the Morrow formation, underlying the S/2 of Section 2, Township 22 South, Range 24 East, 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. Said unit is to be dedicated to its Androcles "AND" State Com Well No. I located 1980 feet from the South and East lines 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 and completing said well. Said well is located just east of Little Walt Spring.

CASE 10763: (Continued from July 29, 1993, Examiner Hearing.)

Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Sanmal Queen Unit Agreement for an area comprising 440 acres, more or less, of State land in Sections 1 and 12, Township 17 South, Range 33 East, which is centered approximately 3 miles north of Buckeye, New Mexico.

CASE 10764: (Continued from July 29, 1993, Examiner Hearing.)

Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Saffron Unit Agreement for an area comprising 1,396.01 acres, more or less, of Federal and State lands in Sections 1, 2 and 3 of Township 23 South, Range 32 East, which is located approximately 24 miles west of Eunice, New Mexico.

CASE 10791: (This case will be continued to August 26, 1993, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its Beauregard ANP State Com Well No. I to the Morrow formation, Illinois Camp-Morrow Gas Pool, at an unorthodox gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 14, Township 18 South, Range 27 East. The E/2 of said Section 14 is to be dedicated to the well. Applicant further requests approval of the unorthodox location as to all prospective pools or formations including but not limited to the Morrow spaced on 320 acres. Said well is located approximately 4 miles northeast of Illinois Camp.

CASE 10792: **Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks approval to drill its Yerba AMY Fed Com Well No. I at an unorthodox gas well location 1650 feet from the North line and 1580 feet from the West line (Unit F) of Section 14, Township 21 South, Range 24 East. Applicant further requests approval of the unorthodox location as to all prospective pools or formations including but not limited to the Wolfcamp, Cisco, Canyon, Strawn, Atoka and Morrow formations. Said well is located approximately 12 miles west by Northwest of Carlsbad, New Mexico.

CASE 10793: Application of Yates Petroleum Corporation for a pilot gas enhanced recovery project, Chaves County, New Mexico. Applicant seeks authority to implement a pilot project within portions of the Pecos Slope Abo-Gas Pool in which it may drill an additional well on certain 160-acre spacing units to determine if additional development is necessary to effectively and efficiently drain the Abo formation. The pilot project area shall be limited to the following tracts:

TOWNSHIP 6 SOUTH, RANGE 25 EAST, NMPM

Section 1: NW/4
Section 8: NE/4
Section 11: E/2
Section 15: SW/4
Section 24: SW/4
Section 26: NE/4
Section 35: NE/4

Said area is located approximately 12 miles west of Haystack Butte.

CASE 10794: Application of Yates Petroleum Corporation for approval of a waterflood project, Lea County, New Mexico. Applicant seeks approval of its Sanmal Unit Waterflood Project by injection of water into the Queen formation through three (3) injection wells located in the following described area:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM

Section 1: SW/4, S/2 NE/4, N/2 SE/4, SW/4 SE/4
Section 12: N/2 NW/4

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said waterflood operations. Applicant further seeks to qualify this project for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Said area of interest is located 3 miles north of Buckeye, New Mexico.

CASE 10772: (Continued from July 15, 1993, Examiner Hearing.)

Application of Barber Oil Inc. for salt water disposal, Eddy County, New Mexico. Applicant seeks authority to utilize its Stovall-Wood Well No. 5 located 880 feet from the North line and 1580 feet from the West line (Unit C) of Section 20, Township 20 South, Range 30 East, to dispose of produced salt water into the Rustler Lime formation through the perforated interval from approximately 195 feet to 255 feet. Said well is located 2 miles northeast of the National Potash Company Mine.

CASE 10766: (Continued from July 15, 1993, Examiner Hearing.)

Application of David H. Arrington Oil & Gas Inc. for an unorthodox gas well location and non-standard gas spacing unit, Lea County, New Mexico. Applicant seeks authorization to drill a well at an unorthodox location 1980 feet from the North line and 1650 feet from the West line (Unit F) of Section 11, Township 21 South, Range 36 East, Eumont Gas Pool. Applicant also seeks authority to dedicate a non-standard spacing unit comprised of the SE/4 NW/4, S/2 NE/4 and the NW/4 SE/4 of said Section 11 to said well. Said unit is located approximately 1 mile east of Oil Center, New Mexico.

CASE 10795: Application of David H. Arrington Oil & Gas Inc. for an unorthodox gas well location and a non-standard spacing unit, Lea County, New Mexico. Applicant seeks authorization to drill its Foster Well No. 3 in the Eumont Gas Pool at an unorthodox gas well location 330 feet from the South and East lines (Unit P) of Section 34, Township 19 South, Range 36 East, to be dedicated to a non-standard 160-acre gas proration unit comprising the S/2 S/2 of said Section 34. Said area is approximately 1 mile northwest of the Warren Gas Co. Compressor Station.

CASE 10796: Application of Manzano Oil Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval of an unorthodox location in the Wolfcamp formation, Osudo-Wolfcamp Pool, for its Neuhaus Federal Well No. 2 which has been drilled 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 14, Township 20 South, Range 35 East. Applicant further requests approval of the unorthodox location as to all prospective pools or formations including but not limited to the Wolfcamp, spaced on 320 acres. Said well is located approximately 17 miles southwest of Hobbs, New Mexico.

CASE 10797: Application of Collins and Ware, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval to drill its Kaiser State Well No. 43 at an unorthodox gas well location 1000 feet from the South line and 400 feet from the West line (Unit M) of Section 13, Township 21 South, Range 34 East. The SW/4 of said Section 13 is to be dedicated to the well. Applicant further requests approval of the unorthodox location as to all prospective pools or formations including but not limited to the Wilson Yates-Seven Rivers Associated Pool, Yates-Seven Rivers formation which are spaced on 160 acres. Said well is located approximately 9 miles west of the Intersection of State Highway 8 and 176.

CASE 10777: (Continued from July 29, 1993, Examiner Hearing.)

Application of Texaco Exploration and Production, Inc. for special pool rules, Lea County, New Mexico. Applicant seeks the promulgation of special rules and regulations for the North Teague-Ellenburger Pool including a provision for a special depth bracket allowable of 700 barrels of oil per day. Said pool is located in Township 23 South, Range 37 East, located 1 1/2 miles northeast of the United Carbon Co. Harkness Plant.

CASE 10798: Application of Texaco Exploration and Production, Inc. to authorize the expansion of a portion of its Cooper Jal Unit Waterflood Project, and qualify said expansion for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act", Jalmat and Langlie-Mattix Pools, Lea County, New Mexico. Applicant seeks an order pursuant to the rules and procedures for Qualification of Enhanced Oil Recovery Project and Certification for the Recovery Oil Tax Rate, as promulgated by Division Order No. R-9708, qualifying a portion of its Cooper Jal Unit Waterflood Project for the Recovered Oil Tax Rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections I through 5). The portion of the Cooper Jal Unit to be included in the project area is as follows:

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM

Section 13: S/2
Section 18: SW/4 SW/4
Section 23: S/2 SE/4
Section 24: All
Section 25: N/2
Section 26: NE/4 NE/4

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM

Section 19: W/2
Section 30: NW/4

comprising 1920 acres, more or less. Applicant further seeks authority to expand a portion of said project by means of a significant change in process including conversion to 40-acre five spot injection patterns. Said project is located approximately 5 miles north of Jal, New Mexico.

Docket No. 22-93

DOCKET: COMMISSION HEARING - THURSDAY - AUGUST 19, 1993
9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
The Land Commissioner's designee for this hearing will be Jami Bailey

CASE 10799: The Oil Conservation Division is calling a hearing on its own motion to accept nominations and other evidence and information to assist in determining October 1993 through March 1994 gas allowables for the prorated gas pools in New Mexico. Thirteen of the prorated gas pools are in Lea, Eddy and Chaves Counties in Southeast New Mexico and four pools are in San Juan, Rio Arriba, and Sandoval Counties in Northwest New Mexico. Amendments to the Gas Proration Rules approved by Commission Order No. R-8170-H in December 1990 provide for allowables to be established for 6-month allocation periods beginning in April and October of each year. Information concerning preliminary allowable estimates for the October-March period is being distributed with OCD docket dated July 30, 1993.

CASE 10498: (De Novo - Continued from July 22, 1993, Commission Hearing.)

In the matter of Case No. 10498 being reopened upon application of Monty D. McLane to exempt certain working interests from the compulsory pooling provisions of Division Order No. R-9690, Lea County, New Mexico. Division Order No. R-9690, issued in Case 10498 and dated July 1, 1992, granted the application of Charles Gillespie to compulsorily pool all mineral interests from the surface to the base of the Strawn formation underlying Lot 3 of Section 1, Township 16 South, Range 35 East, forming a non-standard 51.08-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. At this time Monty D. McLane requests the Division enter an order reopening Case No. 10498 and declare that the working interests of Henry H. Lawton and Amanda K. Parks are not subject to said Order No. R-9690. Upon application of Charles B. Gillespie Jr., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10345: (De Novo - Continued from July 22, 1993, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #390 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

CASE 10346: (De Novo - Continued from July 22, 1993, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #391 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

CASE 10693: (DE NOVO)

Application of Pronghorn SWD System for salt water disposal, Lea County, New Mexico. Applicant seeks authority to dispose of produced salt water into the Capitan Reef formation through the perforated interval from approximately 3220 feet to 5050 feet in its Brooks Federal "7" Well No. 6 located in Unit N, Section 7, Township 20 South, Range 33 East, which is approximately 1 mile northwest of Laguna Gatuna. Upon application of Pronghorn SWD System, this case will be heard De Novo pursuant to the provisions of Rule 1220.

DOCKET: COMMISSION HEARING - WEDNESDAY - SEPTEMBER 22, 1993
9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

The Land Commissioner's designee for this hearing will be Jami Bailey

CASE 10498: (De Novo - Continued from August 19, 1993, Commission Hearing.)

In the matter of Case No. 10498 being reopened upon application of Monty D. McLane to exempt certain working interests from the compulsory pooling provisions of Division Order No. R-9690, Lea County, New Mexico. Division Order No. R-9690, issued in Case 10498 and dated July 1, 1992, granted the application of Charles Gillespie to compulsorily pool all mineral interests from the surface to the base of the Strawn formation underlying Lot 3 of Section 1, Township 16 South, Range 35 East, forming a non-standard 51.08-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. At this time Monty D. McLane requests the Division enter an order reopening Case No. 10498 and declare that the working interests of Henry H. Lawton and Amanda K. Parks are not subject to said Order No. R-9690. Upon application of Charles B. Gillespie Jr., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10345: (De Novo - Continued from August 19, 1993, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #390 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

CASE 10346: (De Novo - Continued from August 19, 1993, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #391 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

CASE 10719: (De Novo)

Application of Anadarko Petroleum Corporation for directional drilling and an unorthodox bottomhole gas well location, Eddy County, New Mexico. Applicant seeks authority to directionally drill its proposed Power Federal Co. Well No. 2 from a surface location 1400 feet from the South line and 660 feet from the East line (Unit D) of Section 26, Township 17 South, Range 30 East, in such a manner as to bottom the well in the Cedar Lake-Morrow Gas Pool at an unorthodox subsurface gas well location within 75 feet of a point 660 feet from the South and East lines (Unit P) of said Section 26. The E/2 of said Section 26 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 3 miles east-southeast of Loco Hills, New Mexico. Upon application of Anadarko Petroleum Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10746: (De Novo)

Application of Devon Energy Corporation for special pool rules, Eddy County, New Mexico. Applicant seeks the promulgation of special rules for the East Catchlaw Draw-Delaware Pool located in Section 9, Township 21 South, Range 26 East, including a provision for a gas-oil ratio limitation of 6000 cubic feet of gas per barrel of oil. Said area is located approximately 3 miles east of Avalon Reservoir. Upon application of Devon Energy Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10693: (De Novo - Continued from August 19, 1993, Examiner Hearing.)

Application of Pronghorn SWD System for salt water disposal, Lea County, New Mexico. Applicant seeks authority to dispose of produced salt water into the Capitan Reef formation through the perforated interval from approximately 3220 feet to 5050 feet in its Brooks Federal "7" Well No. 6 located in Unit N, Section 7, Township 20 South, Range 33 East, which is approximately 1 mile northwest of Laguna Gatuna. Upon application of Pronghorn SWD System, this case will be heard De Novo pursuant to the provisions of Rule 1220.

DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 23, 1993
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 29-93 and 30-93 are tentatively set for October 7, 1993 and October 21, 1993. Applications for hearing must be filed at least 23 days in advance of hearing date.

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

CASE 10280: (Reopened)

In the matter of Case No. 10280 being reopened pursuant to the provisions of Division Order No. R-9594, which order promulgated temporary special rules and regulations for the Milnesand-Abo Pool in Lea and Roosevelt Counties, New Mexico, including a provision for 80-acre spacing. Operators in the subject pool should be prepared to appear and show cause why the Temporary Special Pool Rules for the Milnesand-Abo Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

CASE 10826: Application of Barbara T. Fasken for directional drilling, an unorthodox bottomhole gas well location, and simultaneous dedication, Eddy County, New Mexico. Applicant seeks authority to directionally drill its Inexco Federal "17" Well No. 2 from a proposed surface location 2300 feet from the South line and 1800 feet from the East line (Unit J) of Section 17, Township 21 South, Range 26 East, in such a manner as to bottom the well in the Catclaw Draw-Morrow Gas Pool within 50 feet of a point 800 feet from the North line and 1400 feet from the East line (Unit B) of said Section 17, which is an unorthodox gas well location for said pool. Said well is to be simultaneously dedicated to an existing standard 640-acre gas spacing and proration unit comprising all of said Section 17, which is presently dedicated to its Inexco Federal "17" Well No. 1 located at a standard gas well location 1650 feet from the South line and 1850 feet from the West line (Unit K) of said Section 17. Said unit is located approximately 5 miles northwest of Carlsbad, New Mexico.

CASE 10827: Application of Earon Oil & Gas Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S/2 of Section 35, Township 17 South, Range 30 East. Said unit is to be dedicated to its Cedar Lake 35 Federal Com Well No. 2 to be drilled at an unorthodox location 990 feet from the South and East lines 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 operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 5 miles southwest of Maljamar, New Mexico.

CASE 10807: (Continued from August 26, 1993, Examiner Hearing.)

Application of Kinlaw Oil Corporation for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, an unorthodox well location, and a special project oil allowable, Lea County, New Mexico. Applicant seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool underlying the SE/4 SE/4 of Section 35 and the SW/4 SW/4 of Section 36, Township 15 South, Range 37 East, thereby creating a non-standard 80-acre oil spacing and proration unit for said pool. Applicant proposes to re-enter its Shell Oil Company State "SDA" Well No. 1 which is at an orthodox location 660 feet from the South and West lines (Unit M) of said Section 36, kick-off from vertical in a northwesterly 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 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 any boundary of the proration unit, and for a special project allowable. Said project is located approximately 9 miles east by northeast of Lovington, New Mexico.

CASE 10808: (Continued from August 26, 1993, Examiner Hearing.)

Application of Kinlaw Oil Corporation for a high angle/horizontal directional drilling pilot project and special operating rules therefor, Lea County, New Mexico. Applicant seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool, underlying the SE/4 SW/4 of Section 36, Township 15 South, Range 37 East. Applicant proposes to re-enter its Shell Oil Company State "SDA" Well No. 2 which is at an orthodox location 660 feet from the South line and 1650 feet from the West line (Unit N) of said Section 36, kick-off from vertical in a southwesterly 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 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 any boundary of the proration unit, and for a special project allowable. Said project is located approximately 10 miles east by northeast of Lovington, New Mexico.

CASE 10809: (Readvertised)

Application of Kinlaw Oil Corporation for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, an unorthodox well location, and a special project oil allowable, Lea County, New Mexico. Applicant seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool, underlying Lots 1 and 8 of Section 5, Township 16 South, Range 38 East, thereby creating a non-standard 80-acre oil spacing and proration unit for said pool. Applicant proposes to re-enter its V.F. Petroleum Huber State Well No. 1 which is at an unorthodox surface location 330 feet from the North line and 1150 feet from the East line (Unit A) of said Section 5, 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 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 any boundary of the proration unit, and for a special project allowable. Said project is located approximately 2 miles east of Hobbs Army Airfield Aux. #1.

CASE 10766: (Readvertised)

Application of David H. Arrington Oil & Gas Inc. for an unorthodox gas well location and non-standard spacing unit, Lea County, New Mexico. Applicant seeks authorization to drill a well at an unorthodox location 1980 feet from the North line and 1830 feet from the West line (Unit F) of Section 11, Township 21 South, Range 36 East, Eumont Gas Pool. Applicant also seeks authority to dedicate a non-standard 160-acre spacing unit comprised of the SE/4 NW/4, S/2 NE/4 and the NW/4 SE/4 of said Section 11 to said well. Said unit is located approximately 1 mile east of Oil Center, New Mexico.

CASE 10795: (Readvertised)

Application of David H. Arrington Oil & Gas Inc. for an unorthodox gas well location and non-standard spacing unit, Lea County, New Mexico. Applicant seeks authorization to drill its Foster Well No. 3 in the Eumont Gas Pool at an unorthodox gas well location 660 feet from the South line and 330 feet from the East line (Unit P) of Section 34, Township 19 South, Range 36 East, to be dedicated to a non-standard 160-acre spacing unit comprising the S/2 S/2 of said Section 34. Said unit is located approximately one mile northwest of the Warren Gas Co. Compressor Station.

CASE 10824: (Continued from September 9, 1993, Examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its Salt Draw 33 Fed. Well No. 1 at an unorthodox gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 33, Township 24 South, Range 28 East, to test the Atoka formation. The E/2 of said Section 33 will be dedicated to the well. Said well is located approximately 3 miles south of Malaga, New Mexico.

CASE 10828: Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox gas well location and to amend Order No. R-9904, Lea County, New Mexico. Applicant seeks approval to drill its Sinagua "18" Federal Well No. 1 as a gas well at an unorthodox location 2210 feet from the North and East lines (Unit G) of Section 18, Township 20 South, Range 34 East, to test the Morrow formation. The N/2 of said Section 18 will be dedicated to the well. Applicant further requests that Order No. R-9904, a compulsory pooling order, be amended to permit the drilling of a well at said unorthodox location. Said well is located approximately 4 miles southwest of the Warren Gas Co. Compressor Station.

CASE 10687: (Continued from September 9, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 500 feet below the top of the San Andres formation to the base of the Morrow formation underlying the following described areas in Section 17, Township 18 South, Range 28 East, and in the following manner: the E/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; and 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 spacing within said vertical extent. Said unit is to be dedicated to its Illinois Camp "17" State Well No. 2, to be drilled at a standard location within said E/2 proration unit. 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 north of Illinois Camp.

CASE 10688: (Continued from September 9, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Abo formation to the base of the Morrow formation underlying the following described areas in Section 31, Township 17 South, Range 28 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 SE/4 forming 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; and the SW/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 spacing within said vertical extent. Said unit is to be dedicated to its Chalk Bluff "31" State Well No. 1, to be drilled at a standard location within said S/2 proration unit. 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 mile southwest of the Baylor Triangulation Station.

CASE 10829: Application of Mewbourne Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, underlying the following described areas in Section 32, Township 18 South, Range 34 East, and in the following manner: the E/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 SE/4 forming 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; and the W/2 SE/4 forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, including the EK-Bone Spring Pool. Said unit is to be dedicated to the applicant's Larica 32 State Well No. 1, to be drilled at an orthodox location within said E/2 proration unit. 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 7.5 miles west of Arkansas Junction.

CASE 10760: (Continued from August 26, 1993, Examiner Hearing.)

Application of Breck Operating Corporation for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the W/2 of Section 20, Township 28 North, Range 10 West, forming a standard 320-acre gas spacing and proration unit for said pool developed within said vertical extent. Said unit is to be dedicated to its Kutz-Government Well No. 9, recompleted at an approved unorthodox location within said W/2 proration unit. 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 and completing said well. Said well is located approximately 5 miles southeast of Bloomfield, New Mexico.

CASE 10674: (Reopened)

Application of Exxon Corporation for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant seeks approval of an unorthodox gas well location for its existing John D. Knox Well No. 11 located 2310 feet from the South line and 330 feet from the East line (Unit I) of Section 10, Township 21 South, Range 36 East, Eumont Gas Pool. Said well is to be simultaneously dedicated with the John D. Knox Well Nos. 1 and 13 located in Units J and H, respectively, of said Section 10 to the existing 320-acre Eumont Gas spacing and proration unit comprising the E/2 of said Section 10. Said unit is located approximately one mile southeast of Oil Center, New Mexico.

CASE 10817: (Continued from September 9, 1993, Examiner Hearing.)

Application of Meridian Oil Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the S/2 of Section 35, 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-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Cedar Lake-Morrow Gas Pool. Said unit is to be dedicated to its Loco Hills "35" Federal Well No. 1 to be drilled and completed at a standard location within Unit J (NW/4 SE/4) of said Section 35. 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 3 miles southeast of Loco Hills, New Mexico.

CASE 10830: Application of Comoco Inc. for establishment of a temporary special testing allowable, Lea County, New Mexico. Applicant seeks an order establishing a special testing allowable for its Lockhart A-27 Lease Project, N/2 of Section 27, Township 21 South, Range 37 East, Paddock Pool, for a maximum period of twelve months at a maximum rate equal to the capacity of each well up to a limiting 6,000 to 1 GOR within the project to produce oil from said pool. This project is located approximately one mile northeast of Eunice, New Mexico.

CASE 10831: Application of Robert L. Bayless for downhole commingling, Rio Arriba County, New Mexico. Applicant seeks approval to downhole commingle oil production from the Cabresto-Gallup and East Blanco-Pictured Cliffs fields within the wellbore of the Simms Com Well No. 1, located in Unit J of Section 13, Township 30 North, Range 4 West. Said well is located approximately 7.5 miles east of Ojo Encino Trailer School.

CASE 10832: Application of Robert L. Bayless for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant seeks approval of an unorthodox gas well location 2100 feet from the South line and 490 feet from the East line (Unit I) of Section 11, Township 24 North, Range 7 West, to test the Undesignated Ballard-Pictured Cliffs Pool. The SE/4 of said Section 11 is to be dedicated to said well forming a standard 160-acre gas spacing and proration unit for said pool. The proposed unit is located approximately 6 miles north of the Sunterra Gas Processing Lybrook Gas Plant.

CASE 10781: (Reopened)

Application of Marathon Oil Company for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant seeks approval of an unorthodox well location in the Basin-Fruitland Coal Gas Pool for its proposed Schwerdtfeger Well No. 17-2 to be drilled at an unorthodox well location 1605 feet from the South line and 1135 feet from the East line (Unit I) of Section 17, Township 27 North, Range 11 West. Said well is to be dedicated to a 320-acre spacing unit consisting of the E/2 of Section 17. Said unit is located approximately 9 miles south of Bloomfield, New Mexico.

CASE 10811: (Continued from September 9, 1993, Examiner Hearing.)

Application of Giant Exploration & Production Company for an unorthodox oil well location, Santa Fe County, New Mexico. Applicant seeks approval of an unorthodox oil well location 1300 feet from the South line and 1000 feet from the West line (Unit M) of Section 10, Township 20 North, Range 9 East, to test the Pennsylvanian formation. The SW/4 SW/4 of said Section 10 is to be dedicated to said well. Said well is located approximately 2 miles southwest of El Patrero, New Mexico.

CASE 10812: (Continued from September 9, 1993, Examiner Hearing.)

Application of Giant Exploration & Production Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Basin-Fruitland Coal Gas Pool, underlying the N/2 of Section 33, Township 26 North, Range 11 West, 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, which presently includes only the Basin Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon in said Section 33. 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 near the Huerfano Boarding School.

CASE 10833: (This case will be continued to October 7, 1993, Examiner Hearing.)

Application of Giant Exploration & Production Company for an unorthodox infill coal gas well location, San Juan County, New Mexico. Applicant seeks approval of an unorthodox coal gas well location 1850 feet from the South line and 790 feet from the East line of Section 29, Township 25 North, Range 12 West, Basin-Fruitland Coal (Gas) Pool. Further, the applicant seeks an exception to the requirements of Rule No. 4 of the Special Rules and Regulations for said Basin-Fruitland Coal (Gas) Pool as promulgated by Division Order No. R-8768, as amended, to allow the drilling of a second well on a standard 320-acre spacing and proration unit comprising the E/2 of said Section 29. Said unit is located approximately 8 miles south of Chaco Plant.

CASE 10800: (Continued from September 9, 1993, Examiner Hearing.)

Application of Merrion Oil & Gas Corporation for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Basin-Fruitland Coal (Gas) formation, underlying the E/2 of Section 26, Township 26 North, Range 13 West, forming a standard 320-acre coal gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to its Serendipity Well No. 1 to be recompleted at a standard coal gas well location 1650 feet from the South line and 2310 feet from the East line of said Section 26. Also to be considered will be the cost of recompleting 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 recompleting said well. Said well is located approximately 3 miles southeast of the Chaco Gas Plant.

CASE 10513: (Continued from September 9, Examiner Hearing.)

Application of Hanley Petroleum Inc. for determination of reasonable well costs, Lea County, New Mexico. Applicant, in the above-styled cause, as a working interest owner in the Santa Fe Energy Operating Partners, L.P. Kachina "8" Federal Well No. 2 located 1830 feet from the North line and 660 feet from the West line (Unit E) of Section 8, Township 18 South, Range 33 East, South Corbin-Wolfcamp Pool, which was drilled pursuant to the compulsory pooling provisions of Division Order Nos. R-9480, R-9480-A, and R-9480-B, all entered in Case Nos. 10211 and 10219, and to which is dedicated the W/2 NW/4 (Units D and E) of said Section 8, seeks an order ascertaining the reasonableness of actual well costs for the subject well. Said unit is located approximately 7.5 miles southeast by south of Maljamar, New Mexico.

CASE 10834: 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 Eddy County, 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 East Carlsbad-Bone Spring Pool. The discovery well is the Collins & Ware, Inc. Lone Tree Federal Com Well No. 1 located in Unit N of Section 24, Township 21 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 24: S/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Northwest Poker Lake-Delaware Pool. Further, assign a discovery allowable of approximately 39,620 barrels of oil to the discovery well, the Meridian Oil, Inc. Poker Lake 18 Federal Well No. 1 located in Unit F of Section 18, Township 24 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM
Section 18: NW/4

- (c) EXTEND the North Brushy Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM
Section 35: SE/4

- (d) EXTEND the South Golden Lane-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 17: NW/4

- (e) EXTEND the Los Medanos-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 9: NW/4

- (f) EXTEND the Red Lake Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM

Section 23: E/2 SE/4

- (g) EXTEND the Scanlon-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM

Section 2: W/2 and NE/4

CASE 10835: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order extending certain pools in Rio Arriba, Sandoval, and San Juan Counties, New Mexico.

- (a) EXTEND the Alamito-Gallup Oil Pool in Sandoval County, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM

Section 27: SE/4 SW/4 and S/2 SE/4

Section 34: NE/4 NW/4 and N/2 NE/4

- (b) EXTEND the Ballard-Pictured Cliffs Pool in Rio Arriba, Sandoval, and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 2 WEST, NMPM

Section 31: All

Section 32: SW/4

TOWNSHIP 23 NORTH, RANGE 3 WEST, NMPM

Section 36: SE/4

- (c) EXTEND the Blanco-Pictured Cliffs Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 31 NORTH, RANGE 9 WEST, NMPM

Section 33: NE/4

Section 34: NW/4

- (d) EXTEND the South Blanco-Tocito Oil Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM

Section 5: N/2

TOWNSHIP 27 NORTH, RANGE 6 WEST, NMPM

Section 32: SE/4

- (e) EXTEND the Flora Vista-Fruitland Sand Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 12 WEST, NMPM

Section 15: SW/4

Section 22: W/2

- (f) EXTEND the Fulcher Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 12 WEST, NMPM

Section 23: S/2 and NW/4

- (g) EXTEND the Gallegos-Gallup Associated Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM

Section 32: N/2

Section 33: N/2

Section 34: N/2

- (h) EXTEND the Gavilan Greenhorn-Graneros-Dakota Oil Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 2 WEST, NMPM

Section 11: All

Section 14: N/2

- (i) EXTEND the Horseshoe-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 31 NORTH, RANGE 17 WEST, NMPM

Section 23: NW/4 NE/4

- (j) EXTEND the Kutz-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 11 WEST, NMPM

Section 10: S/2

- (k) EXTEND the West Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 12 WEST, NMPM

Section 22: SW/4

- (l) EXTEND the Largo-Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM

Section 1: All

Section 2: E/2

- (m) EXTEND the Lybrook-Gallup Oil Pool in Rio Arriba, Sandoval, and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM

Section 16: S/2 SW/4, NW/4 SW/4, and
SW/4 SE/4

Section 21: NW/4

- (n) EXTEND the Otero-Chacra Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM

Section 28: S/2

Section 29: SE/4

DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 7, 1993
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 31-93 and 32-93 are tentatively set for October 21, 1993 and November 4, 1993. Applications for hearing must be filed at least 23 days in advance of hearing date.

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

CASE 10812: (Continued from September 23, 1993, Examiner Hearing.)

Application of Giant Exploration & Production Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Basin-Fruitland Coal Gas Pool, underlying the N/2 of Section 33, Township 26 North, Range 11 West, 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, which presently includes only the Basin Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon in said Section 33. 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 near the Huerfano Boarding School.

CASE 10833: (Continued from September 23, 1993, Examiner Hearing.)

Application of Giant Exploration & Production Company for an unorthodox infill coal gas well location, San Juan County, New Mexico. Applicant seeks approval of an unorthodox coal gas well location 1850 feet from the South line and 790 feet from the East line of Section 29, Township 25 North, Range 12 West, Basin-Fruitland Coal (Gas) Pool. Further, the applicant seeks an exception to the requirements of Rule No. 4 of the Special Rules and Regulations for said Basin-Fruitland Coal (Gas) Pool as promulgated by Division Order No. R-8768, as amended, to allow the drilling of a second well on a standard 320-acre spacing and proration unit comprising the E/2 of said Section 29. Said unit is located approximately 8 miles south of Chaco Plant.

CASE 10711: (Reopened)

In the matter of Case No. 10711 being reopened upon the application of Yates Petroleum Corporation for a new well location in the waterflood project approved for its Creek "AL" Federal Lease by Division Order No. R-9896, issued in Case 10711 on May 18, 1993. Applicant also seeks the establishment of an administrative procedure for the approval of additional well locations within this project. The Creek "AL" Federal Lease is located in the E/2 SE/4 of Section 23, the NW/4 SW/4 and S/2 S/2 of Section 24, and the NW/4 and E/2 NE/4 of Section 25, Township 18 South, Range 30 East, which is located approximately 6 miles east of Walters Lake.

CASE 10836: Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks approval to drill its Kachina "5" Well No. 5 at an unorthodox oil well location 660 feet from the South line and 990 feet from the West line (Unit M) of Section 5, Township 18 South, Range 33 East, to test the Wolfcamp formation, South Corbin-Wolfcamp Pool. The S/2 SW/4 of said Section 5 will be dedicated to the well forming a standard 80-acre oil spacing and proration unit for said pool. Said well is located approximately 7 miles southeast of Maljamar, New Mexico.

CASE 10837: Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its North Pure Gold "9" Fed. Well No. 2 at an unorthodox gas well location 660 feet from the South and West lines (Unit M) of Section 9, Township 23 South, Range 31 East, to test the Atoka and Morrow formations, Undesignated Los Medanos-Morrow Gas Pool, West Sand Dunes-Atoka Gas Pool, and Undesignated West Sand Dunes-Morrow Gas Pool. The S/2 of said Section 9 will be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool(s). Said well is located approximately 11 miles southeast of Lindsey Lake.

CASE 10775: (Continued from September 9, 1993, examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox infill gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant seeks approval of an unorthodox well location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 1, Township 24 South, Range 28 East, Malaga-Atoka Gas Pool. Further, the applicant seeks an exception to Division General Rule 104.c(2) to allow the existing 320-acre gas spacing and proration unit comprising the S/2 of said Section 1 to be simultaneously dedicated in the Malaga-Atoka Gas Pool to the proposed well and to the existing Malaga Federal 1 Well No. 1 located at a standard gas well location 660 feet from the South line and 1980 feet from the West line (Unit N) of said Section 1. Said unit is located approximately 2 miles northeast of Malaga, New Mexico.

CASE 10829: (Continued from September 23, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, underlying the following described areas in Section 32, Township 18 South, Range 34 East, and in the following manner: the E/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 SE/4 forming 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; and the W/2 SE/4 forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, including the EK-Bone Spring Pool. Said unit is to be dedicated to the applicant's Larica 32 State Well No. 1, to be drilled at an orthodox location within said E/2 proration unit. 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 7.5 miles west of Arkansas Junction.

CASE 10838: **Application of Harvey E. Yates Company for an unorthodox oil well location, Lea County, New Mexico.** Applicant seeks authorization to drill its Young Deep Unit Well No. 21 at an unorthodox oil well location 1330 feet from the South and West lines (Unit K) of Section 3, Township 18 South, Range 32 East, to test the Undesignated Young-Wolfcamp Pool. The NE/4 SW/4 of Section 3 is to be dedicated to the above-described well forming a standard 40-acre oil spacing and proration unit for said pool. Said well is located approximately 6 miles south of Maljamar, New Mexico.

CASE 10839: **Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Morrow formation underlying the E/2 of Section 28, Township 18 South, Range 34 East, forming a standard 320-acre gas spacing and proration unit for any Morrow Pools within said vertical extent which presently includes the Undesignated West La Rica-Morrow Gas Pool. Said unit is to be dedicated to its Ekay 28 State Well No. 1, to be drilled at an orthodox location within Unit J of said E/2 proration unit, 2050 feet from the South line and 1800 feet from the East line of said Section 28. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 12 miles southeast of Maljamar, New Mexico.

CASE 10840: **Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Morrow formation underlying the W/2 of Section 28, Township 18 South, Range 34 East, forming a standard 320-acre gas spacing and proration unit for any Morrow Pools within said vertical extent which presently includes the Undesignated West La Rica-Morrow Gas Pool. Said unit is to be dedicated to its Ekay 28 State Well No. 4, to be drilled at an orthodox location within Unit K of said W/2 proration unit, 1980 feet from the South and West lines 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 and completing said well. Said unit is located approximately 12 miles southeast of Maljamar, New Mexico.

CASE 10841: **Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the SW/4 SW/4 of Section 1, Township 14 South, Range 33 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 the Undesignated Saunders Permo-Upper Pennsylvanian Pool. Said unit is to be dedicated to its Childress "AKV" Well No. 1 to be drilled at a standard location 990 feet from the South line and 330 feet from the West line (Unit M) of said Section 1. 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 20 miles southeast of Caprock, New Mexico.

CASE 10842: **Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks authorization to drill its Hickory "ALV" Federal Well No. 3 at a location 2166 feet from the South line and 2253 feet from the West line (Unit K) of Section 17, Township 22 South, Range 24 East, to test the Upper Pennsylvanian formation, Indian Basin-Upper Pennsylvanian Associated Pool. The W/2 of Section 17 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 8 miles southeast of Carlsbad, New Mexico.

CASE 10772: (Continued from September 9, 1993, Examiner Hearing.)

Application of Barber Oil Inc. for salt water disposal, Eddy County, New Mexico. Applicant seeks authority to utilize its Stovall-Wood Well No. 5 located 880 feet from the North line and 1580 feet from the West line (Unit C) of Section 20, Township 20 South, Range 30 East, to dispose of produced salt water into the Rustler Lime formation through the perforated interval from approximately 195 feet to 255 feet. Said well is located 2 miles northeast of the National Potash Company Mine.

CASE 10843: Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, an unorthodox oil well location, a non-standard oil proration unit, a special project allowable, and special operating rules therefor, San Juan County, New Mexico. Applicant seeks to initiate a high angle/horizontal directional drilling pilot project in the Gallup formation, Horseshoe Gallup Oil Pool, underlying the E/2 of Section 18, Township 30 North, Range 15 West. Applicant proposes to drill its Black Diamond Com 18 Well No. 1 by commencing at a standard well location in Unit B of Section 18, then kicking-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 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 any boundary of a non-standard spacing and proration unit consisting of the E/2 of said Section 18, an unorthodox oil well location, and for a special project allowable. Said project is located approximately 4-1/2 miles north-northeast of Waterflow, New Mexico.

CASE 10844: Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, an unorthodox oil well location, a non-standard oil proration unit, a special project allowable, and special operating rules therefor, San Juan County, New Mexico. Applicant seeks to initiate a high angle/horizontal directional drilling pilot project in the Gallup formation, Horseshoe Gallup Oil Pool, underlying the W/2 of Section 8, Township 30 North, Range 15 West. Applicant proposes to drill its Black Diamond Com 8 Well No. 1 by commencing at a standard well location in Unit D of Section 8, then kicking-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 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 any boundary of a non-standard spacing and proration unit consisting of the W/2 of said Section 8, an unorthodox oil well location, and for a special project allowable. Said project is located approximately 5-1/2 miles north-northeast of Waterflow, New Mexico.

CASE 10781: (Reopened - Continued from September 23, 1993, Examiner Hearing.)

Application of Marathon Oil Company for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant seeks approval of an unorthodox well location in the Basin-Fruitland Coal Gas Pool for its proposed Schwerdtfeger Well No. 17-2 to be drilled at an unorthodox well location 1605 feet from the South line and 1135 feet from the East line (Unit D) of Section 17, Township 27 North, Range 11 West. Said well is to be dedicated to a 320-acre spacing unit consisting of the E/2 of Section 17. Said unit is located approximately 9 miles south of Bloomfield, New Mexico.

CASE 10845: Application of Phillips Petroleum Company for a unit agreement, Lea County, New Mexico. Applicant seeks approval of its Vacuum Glorieta East Unit Agreement for an area comprising 4,239.80 acres, more or less, of State lands in portions of Sections 26-34, Township 17 South, Range 35 East and in a portion of Section 5, Township 18 South, Range 35 East. Said unit is located approximately 10 miles southeast of Lovington, New Mexico.

CASE 10846: Application of Phillips Petroleum Company for approval of a waterflood project, and to qualify said project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act", Lea County, New Mexico. Applicant seeks authority to institute a waterflood project within its Vacuum Glorieta East Unit by the injection of water into the Glorieta and Paddock formations, Vacuum-Glorieta Pool, in an area comprising portions of Sections 26-34, Township 17 South, Range 35 East and a portion of Section 5, Township 18 South, Range 35 East, through 48 initial injection wells. The applicant further requests that the Division establish procedures for amending injection or producing well locations within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said waterflood operations. Applicant further seeks to qualify this project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Said project is located approximately 10 miles southeast of Lovington, New Mexico.

CASE 10847: Application of Mitchell Energy Corporation for an exception to Rule (2) of the Special Rules and Regulations for the North Osudo-Morrow Gas Pool to allow a second well on a proration unit, or in the alternative, to establish infill drilling procedures for said pool, Lea County, New Mexico. Applicant seeks an exception to Rule (2) of the Special Rules and Regulations for the North Osudo-Morrow Gas Pool, as promulgated by Division Order No. R-3305, to allow an existing 640-acre gas spacing and proration unit comprising Section 30, Township 20 South, Range 36 East, to be simultaneously dedicated to a proposed well to be drilled at a standard well location in the NE/4 SW/4 of Section 30 and to an existing well located in the NE/4 NE/4 of Section 30. In the alternative, applicant seeks to amend Rule (2) of the Special Rules and Regulations for said pool to provide that a second well may be drilled within a standard 640-acre spacing unit but on a governmental quarter section not containing the first well. The North Osudo-Morrow Gas Pool is located approximately 6 miles southwest of Monument, New Mexico.

CASE 10848: Application of Conoco Inc. and Marathon Oil Company for exceptions to Rule 5(b) of the special rules and regulations of the South Dagger Draw-Upper Pennsylvanian Pool as promulgated by Division Order No. R-5353, as amended, or in the alternative, for the creation of a new pool with the adoption of special rules for said pool, Eddy County, New Mexico. Applicants seek exceptions to Rule 5(b) of the Special Rules and Regulations for the South Dagger Draw-Upper Pennsylvanian Pool as promulgated by Order No. R-5353 as amended, thereby authorizing simultaneous dedication of acreage to both gas wells and oil wells within Sections 34, 35, and 36, Township 20 South, Range 24 East and Sections 34, 35, and 36, Township 20-1/2 South, Range 23 East. In the alternative, applicants seek the contraction of the South Dagger Draw-Upper Pennsylvanian Pool and the concomitant creation of a new pool comprising the above-described acreage with the adoption of special rules and regulations including those set forth in Order No. R-5353 but modified to allow simultaneous dedication of spacing units to multiple gas and oil wells and establishment of appropriate allowables therefor. Said area is located approximately 22 miles southeast of Hope, New Mexico.

**DOCKET: COMMISSION HEARING - THURSDAY - OCTOBER 14, 1993
9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO**

The Land Commissioner's designee for this hearing will be Jami Bailey

CASE 10498: (De Novo - Continued from September 22, 1993, Commission Hearing.)

In the matter of Case No. 10498 being reopened upon application of Monty D. McLane to exempt certain working interests from the compulsory pooling provisions of Division Order No. R-9690, Lea County, New Mexico. Division Order No. R-9690, issued in Case 10498 and dated July 1, 1992, granted the application of Charles Gillespie to compulsorily pool all mineral interests from the surface to the base of the Strawn formation underlying Lot 3 of Section 1, Township 16 South, Range 35 East, forming a non-standard 51.08-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. At this time Monty D. McLane requests the Division enter an order reopening Case No. 10498 and declare that the working interests of Henry H. Lawton and Amanda K. Parks are not subject to said Order No. R-9690. Upon application of Charles B. Gillespie Jr., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10849: Application of Amoco Production Company for amendment of the deliverability testing rules for the Prorated Gas Pools of Northwest New Mexico, (Blanco-Mesaverde, Basin-Dakota, Tapacito-Pictured Cliffs, and South Blanco-Pictured Cliffs Pools), Rio Arriba, Sandoval and San Juan Counties, New Mexico. Applicant seeks an order amending the General Rules for the Prorated Gas Pools of New Mexico (Order No. R-8170-H) and the Rules of Procedures for Northwest New Mexico (Order No. R-333-I) to exempt from deliverability testing those wells in marginal gas proration units which cannot produce the acreage portion of the monthly gas allowable assigned by the Division to the gas proration unit.

CASE 10719: (De Novo - Continued from September 22, 1993, Commission Hearing).

Application of Anadarko Petroleum Corporation for directional drilling and an unorthodox bottomhole gas well location, Eddy County, New Mexico. Applicant seeks authority to directionally drill its proposed Power Federal Com Well No. 2 from a surface location 1400 feet from the South line and 660 feet from the East line (Unit I) of Section 26, Township 17 South, Range 30 East, in such a manner as to bottom the well in the Cedar Lake-Morrow Gas Pool at an unorthodox subsurface gas well location within 75 feet of a point 660 feet from the South and East lines (Unit P) of said Section 26. The E/2 of said Section 26 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 3 miles east-southeast of Loco Hills, New Mexico. Upon application of Anadarko Petroleum Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10796: (De Novo)

Application of Manzano Oil Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval of an unorthodox location in the Wolfcamp formation, Osado-Wolfcamp Pool, for its Neuhaus Federal Well No. 2 which has been drilled 660 feet from the North line and 1650 feet from the East line (Unit B) of Section 14, Township 20 South, Range 35 East. Applicant further requests approval of the unorthodox location as to all prospective pools or formations including but not limited to the Wolfcamp, spaced on 320 acres. Said well is located approximately 17 miles southwest of Hobbs, New Mexico. Upon application of Manzano Oil Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10653: (Continued from July 22, 1993, Commission Hearing.)

Application of Armstrong Energy Corporation for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special rules and regulations for the Northeast Lea-Delaware Pool including a provision for a special oil allowable of 300 barrels of oil per day. Said pool is located in portions of Townships 19 and 20 South, Range 34 East, located near the Warren Gas Company Compressor Station.

CASE 10773: (Continued from July 22, 1993, Commission Hearing.)

Application of Armstrong Energy Corporation for pool extension and abolishment, Lea County, New Mexico. Applicant, in the above-styled cause, and in association with De Novo Case No. 10653, seeks to abolish the Quail Ridge-Delaware Pool comprising the SW/4 of Section 3, SE/4 of Section 4, NE/4 of Section 9, N/2 and SW/4 of Section 10, all in Township 20 South, Range 34 East and the concomitant extension of the horizontal limits of the Northeast Lea-Delaware Pool to include all of above-described acreage plus the SE/4 of said Section 3. This area is centered approximately 1.5 miles south of U.S. Highway 62/180 at Milemarker No. 79.