



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



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
1505-827-5800

## MEMORANDUM

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TO: All Operators

FROM: William J. LeMay, Director *WJL*

SUBJECT: Vulnerable Area Rules and Pit Closure Guidelines

DATE: February 19, 1993

Commission Order R-7940-C becomes effective March 1, 1993. This order implements the rules for the "Vulnerable Area" of the San Juan Basin. Specifically it requires the elimination of discharges of produced fluids to unlined pits within specified timetables and requires plans for the closing of existing pits within certain vulnerable areas of the basin.

The Division has also finalized the UNLINED SURFACE IMPOUNDMENT CLOSURE GUIDELINES which provide guidance for the closure of unlined surface impoundments, (a fancy term for pits), statewide. These guidelines are not rules but do provide information about the process the Division will use to approve pit closures

All operators in the San Juan Basin must be aware of and comply with the provisions of the order. If you need a copy of this order and/or guidelines, or if you have any questions, call the Aztec District office of the OCD at 505 334-6178 or Santa Fe OCD office at 505 827-5800.



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**ADMINISTRATIVE GAS/OIL RATIO EXEMPTION ORDER NO. 25**

**TO:** All San Juan Basin Oil Producers  
**FROM:** William J. LeMay, Director  
**DATE:** February 12, 1993

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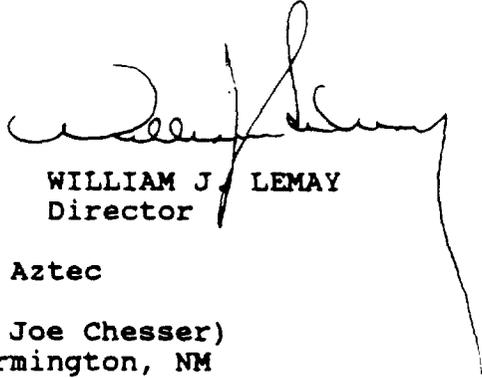
Pursuant to the provisions of Rule 301.E. of the New Mexico Oil Conservation Division's Rules and Regulations, the following **Oil Pools** all located in Northwest New Mexico are hereby **exempted** from the gas-oil ratio test requirements of Division Rule 301.

Blue Mesa-Mesaverde  
Cuervo-Gallup  
Eagle Mesa-Entrada  
Franciscan Lake-Mesaverde  
Gallo-Dakota  
Hospah-Dakota  
Hospah-Lower Sand, South  
Hospah-Upper Sand  
Hospah-Upper Sand, South  
Knickerbocker Buttes-Gallup  
La Plata-Gallup  
Leggs-Entrada  
Marcelina-Dakota  
Media-Entrada  
Media-Entrada, Southwest  
Nose Rock-Hospah  
Ojo Encino-Entrada  
Papers Wash-Entrada  
Parlay-Mesaverde  
Pinon-Gallup  
Pot Mesa-Mesaverde  
Regina-Gallup  
Simpson-Gallup  
Sleeper-Pictured Cliffs  
Snake Eyes-Entrada

Star-Mesaverde  
Tom-Devonian  
Venado-Mesaverde  
White Wash Mancos-Dakota  
Wild Horse-Dakota

FURTHER, by the authority granted me under the provisions of Rule 9(b) of the "General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico", as promulgated by Division Order No. R-5353, as amended, gas-liquid ratio test requirements are hereby reduced from semi-annual to annual for all wells within the Escrito-Gallup Associated Pool.

The provisions of this order shall be made effective March 1, 1993 and the Director shall retain jurisdiction of this cause for the entry of such further orders as the Division may deem necessary.



WILLIAM J. LEMAY  
Director

cc: Oil Conservation Division - Aztec  
U. S. BLM - Farmington, NM  
U. S. BLM - Santa Fe (Attn: Joe Chesser)  
Dugan Production Corp. - Farmington, NM  
BCO, Inc. - Santa Fe

**DOCKET: EXAMINER HEARING - THURSDAY - MARCH 4, 1993**

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

Dockets Nos. 9-93 and 10-93 are tentatively set for March 18, 1993 and April 8, 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 10673:** Application of Murphy H. Baxter for a unit agreement, Roosevelt County, New Mexico. Applicant seeks approval of the Parks State Unit Agreement for an area comprising 1840 acres, more or less, of state and fee lands in all or portions of Sections 16, 20, 21, 22, and 28 of Township 6 South, Range 36 East. Said unit is located 27 miles south of Portales, New Mexico.

**CASE 10574:** (Continued from February 18, 1993, Examiner Hearing.)

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 10671:** (Readvertised)

Application of Chuza Operating for pool creation and special pool rules, Lea County, New Mexico. Applicant seeks the creation of a new pool for the production of oil from the Blinbery and Paddock formations comprising the SE/4 NE/4 and NE/4 SE/4 of Section 11, and the SW/4 NW/4 of Section 12, both in Township 23 South, Range 37 East, and the promulgation of special rules therefor including a provision for a gas-oil limitation of 6000 cubic feet of gas per barrel of oil. Applicant further requests that the proposed special pool rules be made effective retroactive to December 14, 1992. Said area is located approximately 8 miles south by east of Eunice, New Mexico.

**CASE 10669:** (Continued from February 18, 1993, Examiner Hearing.)

Application of Columbia Gas Development Corporation for pool creation, special pool rules and a discovery allowable, Lea County, New Mexico. Applicant seeks the creation of a new pool for the production of oil from the Wolfcamp formation comprising the NW/4 of Section 34, Township 14 South, Range 38 East, and the promulgation of special rules therefor including a provision for 160-acre spacing and proration units and designated well location requirements. Applicant further seeks the assignment of an oil discovery allowable, pursuant to Division General Rule 509, to the McMillan "34" Well No. 1 located 400 feet from the North line and 1980 feet from the West line (Unit C) of said Section 34. Said area is located approximately 2.5 miles southwest of Bronco, Texas.

**CASE 10674:** 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 10675:** Application of Phillips Petroleum Company for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval of an unorthodox gas well location 810 feet from the North line and 660 feet from the West line (Unit D) of Section 26, Township 12 South, Range 34 East, West Ranger Lake-Devonian Gas Pool. The N/2 of said Section 26 is to be dedicated to said well, forming a standard 320-acre gas spacing unit. Said unit is located approximately 10 miles west of Tatum, New Mexico.

- CASE 10676:** Application of Mitchell Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pennsylvanian formation underlying the following described areas in Section 35, Township 24 South, Range 29 East, and in the following manner: the N/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 NW/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; the E/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 within said vertical extent; and the SE/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. Said units are to be dedicated to a single well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the 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 said well. Said unit is located approximately 16 miles southeast of Carlsbad, New Mexico.
- CASE 10677:** Application of Conoco Inc. for an unorthodox gas well location Eddy County, New Mexico. Applicant seeks approval to drill its proposed Preston Federal Well No. 5 at an unorthodox gas well location 840 feet from the South line and 1980 feet from the East line (Unit O) of Section 34, Township 20 South, Range 24 East, Undesignated Cemetery-Morrow Gas Pool, the E/2 of said Section 34 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said well is located approximately 10 miles west-southwest of Seven Rivers, New Mexico.
- CASE 10678:** Application of Conoco Inc. for an unorthodox gas well location and to amend Division Order No. R-4988, Lea County, New Mexico. Applicant seeks approval to drill its Lockhart B Well No. 11 at an unorthodox gas well location 760 feet from the North line and 660 feet from the East line (Unit A) of Section 14, Township 21 South, Range 36 East, Eumont Gas Pool, and to amend Division Order No. R-4988 to allow for the simultaneous dedication of said well to the 480-acre non-standard gas spacing and proration unit approved by said Order and consisting of the E/2 E/2 of Section 14 and the W/2 of Section 13, Township 21 South, Range 36 East, with its Lockhart B Well No. 9 located in Unit L of said Section 13. Said unit is located approximately 2 1/2 miles southeast of Oil Center, New Mexico.
- CASE 10659:** (Continued from February 18, 1993, Examiner Hearing.)
- Application of Meridian Oil Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant seeks approval to establish a non-standard 160-acre gas spacing and proration unit in the Undesignated Rhodes Yates-Seven Rivers Gas Pool comprising the E/2 E/2 of Section 7, Township 26 South, Range 37 East, being approximately 4 miles south of Jal, New Mexico. Said unit is to be dedicated to a well to be drilled at a standard gas well location in the NE/4 NE/4 (Unit A) of said Section 7.
- CASE 10679:** Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a non-standard oil proration unit, an unorthodox oil well location, and special project oil allowable, Rio Arriba County, New Mexico. Applicant seeks to initiate a high angle/horizontal directional drilling pilot project in the Undesignated Northeast Ojito Gallup-Dakota Oil Pool underlying the N/2 of Section 23, Township 26 North, Range 3 West, thereby creating a non-standard 320-acre oil spacing and proration unit for said pool. The applicant proposes to drill its Jicarilla "99" Well No. 17 from an unorthodox surface location 150 feet from the North line and 670 feet from the West line (Unit D) of said Section 22, drill vertically to a true vertical depth of approximately 6,700 feet, kick off from vertical in a southeasterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the pilot project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to either the north or south boundary, nor closer than 790 feet to the east or west boundary of the spacing unit, and for a special project allowable. Said project area is located approximately 12 miles northwest of Lindrith, New Mexico.
- CASE 10680:** Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, and an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant seeks to initiate a high angle/horizontal directional drilling pilot project in the Gavilan-Mancos Oil Pool underlying all of Section 8, Township 26 North, Range 2 West, being a standard 640-acre spacing and proration unit for said pool. The applicant proposes to drill its Cheney Federal B Well No. 2 at an unorthodox surface location 1650 feet from the South line and 990 feet from the West line (Unit L) of said Section 8, kick off from vertical in an estimated westerly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the pilot project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 790 feet from the outer boundary of the spacing unit. Said project is located approximately 13 miles north of Lindrith, New Mexico.

**CASE 10647: (Continued from February 18, 1993, Examiner Hearing.)**

**Application of Seely Oil Company for statutory unitization, Lea County, New Mexico.** Applicant seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the EK-Yates-Seven Rivers-Queen Pool, underlying 1148.40 acres, more or less, of State land comprising portions of Township 18 South, Ranges 33 and 34 East, to be designated the Central EK Queen Unit Area. To be considered will be those matters required by the New Mexico Statutory Unitization Act, Subsection 70-7-1, et seq., N.M.S.A. 1978, and other provisions of the unit agreement and unit operating agreement. Said unit area is located approximately 22 miles west of Hobbs, New Mexico.

**CASE 10648: (Continued from February 18, 1993, Examiner Hearing.)**

**Application of Seely Oil Company for approval of a waterflood project and qualification for the recovered oil tax rate, Lea County, New Mexico.** Applicant seeks authority to institute a waterflood project by injection of water into the Yates, Seven Rivers and Queen formations in its proposed EK Queen Unit Area (Division Case No. 10647) underlying portions of Township 18 South, Ranges 33 and 34 East. The applicant further seeks to qualify this project for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said project is centered approximately 22 miles west of Hobbs, New Mexico.

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**Docket No. 8-93**

**DOCKET: COMMISSION HEARING - THURSDAY - MARCH 11, 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 10653: (De Novo)**

**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. Upon application of Armstrong Energy Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.



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(505) 827-5800

**MEMORANDUM**

TO: INDUSTRY OPERATORS, PURCHASERS, AND ALL INTERESTED PARTIES

FROM: WILLIAM J. LEMAY, Director *WJL*  
Oil Conservation Division

SUBJECT: ANNUAL STATE OF THE INDUSTRY MEETING - JUNE 11, 1993

DATE: MAY 5, 1993

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This year's oil and gas State of the Industry meeting will be held in Morgan Hall, State Land Office Building, Santa Fe, New Mexico, on June 11, 1993 beginning at 9:00 AM. Navajo Refining Company will be hosting a welcoming reception for everyone attending the State of the Industry meeting. It will be held on Thursday night, June 10, 1993, from 6:30 to 8:00 PM in the New Mexico Room of the La Fonda Hotel. Cocktails and hor'doeuvres will be served. We have a varied and interesting program this year which will include presentations on crude oil and natural gas production and markets, technology transfer initiatives, and information on New Mexico's new tri-agency oil and gas data base system. The agenda will be finalized and distributed prior to June 11th. The meeting is open to everyone and we hope that you will be able to attend.

**DOCKET: EXAMINER HEARING - THURSDAY - MAY 20, 1993****8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM, STATE LAND OFFICE BUILDING,  
SANTA FE, NEW MEXICO**

Dockets Nos. 16-93 and 17-93 are tentatively set for June 3, 1993 and June 17, 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 10699: (Reopened)**

**Application of Meridian Oil Inc. to amend Order No. R-9980, Rio Arriba County, New Mexico.** Applicant seeks approval to reopen Division Order No. R-9980 so that all references therein to San Juan County are replaced with Rio Arriba County and the unit letter designation of L is replaced with the unit letter K. This case and its order approved the downhole commingling of Blanco-Pictured Cliffs and Basin-Fruitland Coal Gas Pool production and a non-standard spacing unit for its proposed San Juan 29-7 Unit Well No. 583 to be drilled at a standard gas well location 1850 feet from the South line and 790 feet from the West line of Section 6, Township 29 North, Range 7 West. The well is located approximately 1 mile west of Navajo City, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT AND THE REQUESTED CORRECTION GRANTED.**

**CASE 10729: Application of Meridian Oil Inc. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, a special project gas allowable and a non-standard spacing and proration unit, Rio Arriba County, New Mexico.** Applicant seeks authority to initiate a high angle/horizontal directional drilling pilot project in the Blanco-Mesayerde Pool, including special operating rules, a well location and producing window, a special project gas allowable and a non-standard 642.52-acre spacing and proration unit consisting of all of Section 3, Township 25 North, Range 6 West, for its Canyon Largo Unit Well No. 388 to be drilled at a standard surface location 2040 feet from the South line and 1625 feet from the West line (Unit K) of said Section 3. Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the surface location and the horizontal displacement of the wellbore such that its surface location and producing interval be no closer than 790 feet to the outer boundaries of the non-standard spacing unit. Said project area is located approximately 18 miles south of Counselors, New Mexico.

**CASE 10728: (Continued from May 6, 1993, Examiner Hearing.)**

**Application of Hallwood Petroleum Inc. for an unorthodox coal gas well location, San Juan County, New Mexico.** Applicant seeks approval to recomplate its F Montoya "27" Well No. 1 for production from the Basin Fruitland Coal Gas Pool at an unorthodox coal gas well location 790 feet from the South and East lines (Unit P) of Section 27, Township 32 North, Range 13 West. The S/2 of said Section 27 is to be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit for said pool. Said well is located approximately 2 miles north of La Plata, New Mexico.

**CASE 10676: (Continued from May 6, 1993, Examiner Hearing.)**

**Application of Mitchell Energy Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Pennsylvanian formation underlying the following described areas in Section 35, Township 24 South, Range 29 East, and in the following manner: the N/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 NW/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; the E/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 within said vertical extent; and the SE/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. Said units are to be dedicated to a single well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the 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 said well. Said unit is located approximately 16 miles southeast of Carlsbad, New Mexico.

**CASE 10706: (Continued from May 6, 1993, Examiner Hearing.)**

**Application of Richardson Operating 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 Fruitland formation underlying the N/2 of Section 15, Township 29 North, Range 12 West. Said unit is to be dedicated to its Ropco Fee 15-2 FC Well located at a standard location 1845 feet from the North line and 1405 feet from the East line 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 operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 4 miles west of Farmington, New Mexico.

**CASE 10730:** Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks authorization to drill to the Morrow formation, Cemetery-Morrow Gas Pool, its Conoco AGK Federal Well No. 15 at an unorthodox location 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 26, Township 20 South, Range 24 East. The E/2 of said Section 26 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said well is located approximately 7 miles southwest of Seven Rivers, New Mexico.

**CASE 10731:** Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks authorization to drill to the Upper Pennsylvanian formation, North Dagger Draw-Upper Pennsylvanian Pool, its Dagger Draw 31 Federal Well No. 5 at an unorthodox gas well location 660 feet from the North line and 2310 feet from the West line (Unit C) of Section 31, Township 19 South, Range 25 East. The NW/4 of said Section 31 is to be dedicated to said well forming a standard 160-acre gas spacing and proration unit. Said well is located approximately 2 miles southwest of Lakewood, New Mexico.

**CASE 10717:** (Continued from April 22, 1993, Examiner Hearing.)

Application of Davcro Inc. for salt water disposal, Lea County, New Mexico. Applicant seeks authority to re-enter the previously plugged and abandoned Cactus Drilling Corporation Sawyer Deep Well No. 1 located 330 feet from the South line and 2310 feet from the West line (Unit N) of Section 19, Township 9 South, Range 38 East, and utilize said well to dispose of produced salt water into the Sawyer-San Andres Associated Pool through the open-hole interval from approximately 5120 feet to 5600 feet. Said well is located approximately 4.5 miles east of Crossroads, New Mexico.

**CASE 10732:** Application of Condor Oil Corporation for eighteen unorthodox oil well locations, San Juan County, New Mexico. Applicant seeks approval for eighteen unorthodox oil well locations in the Northeast Hogback Unit, as follows:

SE/4 NE/4 of Section 10 - 2630 feet from the North line and 1310 feet from the East line;  
NW/4 SW/4 of Section 11 - 1340 feet from the South line and 10 feet from the West line;  
NW/4 SE/4 of Section 10 - 1340 feet from the South line and 1350 feet from the East line;  
NE/4 NE/4 of Section 10 - 1310 feet from the North line and 1310 feet from the East line;  
SW/4 NW/4 of Section 11 - 2630 feet from the North line and 50 feet from the West line;  
NE/4 NE/4 of Section 10 - 1310 feet from the North line and 10 feet from the East line;  
NW/4 NE/4 of Section 10 - 1310 feet from the North line and 2310 feet from the East line;  
NW/4 NE/4 of Section 10 - 330 feet from the North line and 2310 feet from the East line;  
NE/4 NE/4 of Section 10 - 330 feet from the North line and 1310 feet from the East line;  
NW/4 NW/4 of Section 14 - 10 feet from the North line and 1310 feet from the West line;  
NW/4 SW/4 of Section 11 - 1330 feet from the South line and 1310 feet from the West line;  
NE/4 NE/4 of Section 15 - 10 feet from the North line and 10 feet from the East line;  
SW/4 NE/4 of Section 10 - 2630 feet from the North line and 2310 feet from the East line;  
NW/4 SW/4 of Section 11 - 2630 feet from the South line and 1310 feet from the West line;  
SW/4 SE/4 of Section 10 - 1310 feet from the South line and 2010 feet from the East line;  
SW/4 NE/4 of Section 14 - 1500 feet from the North line and 2300 feet from the East line;  
SE/4 SW/4 of Section 11 - 1310 feet from the South line and 2310 feet from the West line;  
NE/4 NW/4 of Section 14 - 1310 feet from the North line and 1330 feet from the West line, all in Township 30 North, Range 16 West.

The above wells are infill wells within a secondary recovery unit which is centered approximately 3 miles northwest of Waterflow, New Mexico.

**CASE 10714:** (Continued from May 6, 1993, Examiner Hearing.)

Application of Gary-Williams Company for a unit agreement and for special operating rules for drilling and producing horizontal/high angle wellbores in the Rio Puerco-Mancos Oil Pool, within said unit area, Sandoval County, New Mexico. Applicant seeks approval of the Ceja Pelon Unit Agreement for an area comprising 25,445.43 acres, more or less, of State, Federal, and fee lands in portions of Townships 20 and 21 North, Ranges 2, 3, and 4 West. Further, the applicant seeks the promulgation of special operating rules and procedures for wells drilled in the Rio Puerco-Mancos Oil Pool within the proposed Unit boundary including provisions for administrative authorization for horizontal/high angle wellbores, the formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, and the assignment of a special oil allowable to units with horizontal wellbores. The center of said Unit area is located approximately nine miles west by north of Cuba, New Mexico.

**CASE 10733:** Application of Santa Fe Energy Operating Partners, L.P. 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 Atoka formation underlying the N/2 of Section 33, Township 24 South, Range 28 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 a well to be drilled and completed at an unorthodox gas well location 1980 feet from the North line and 1730 feet from the East line (Unit G) of 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 and completing said well. Said unit is located approximately 3 miles southwest of Malaga, New Mexico.

**CASE 10694:** (Continued from April 22, 1993, Examiner Hearing.)

Application of Santa Fe Energy Operating Partners, L.P. 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 18, Township 20 South, Range 34 East, and in the following manner: The N/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 NE/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 NW/4 NE/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 the applicant's Sinagua 18 Federal Well No. 1, to be drilled at an orthodox location within said N/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 3 1/2 miles southwest of Warren Gas Co. Compressor Station.

**CASE 10734:** Application of Pogo Producing Company for an unorthodox well location, Eddy County, New Mexico. Applicant seeks approval to drill its State V-492 Well No. 2 at one of two proposed locations: (a) 1,980 feet from the South line and 1,830 feet from the West line (Unit K) of Section 27; or (b) 1980 feet from the South line and 1360 feet from the West line (Unit L) of Section 27, in Township 24 South, Range 28 East. The S/2 of said Section 27 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 Wolfcamp, Strawn, Atoka and Morrow (Salt Draw-Atoka Gas Pool) spaced on 40, 160, or 320 acres. Said well is located approximately 2 miles south of Malaga, New Mexico.

**CASE 10687:** (Continued from May 6, 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 May 6, 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 10513: (Continued and Readvertised)**

**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: COMMISSION HEARING - THURSDAY - MAY 27, 1993  
9:00 A.M. - STATE LAND OFFICE BUILDING, MORGAN HALL  
SANTA FE, NEW MEXICO

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

**CASE 10653:** (De Novo - Continued from April 29, 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. Upon application of Armstrong Energy Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

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



BRUCE KING  
GOVERNOR



POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

**MEMORANDUM**

TO: ALL OIL AND GAS OPERATORS

FROM: WILLIAM J. LEMAY, Director *WJL*  
Oil Conservation Division

SUBJECT: ADDITION OF API NUMBERS ON C-115 FORMS

DATE: DECEMBER 21, 1992

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There is a need for API numbers to be added to all wells reported on the C-115 forms. Enclosed with this Memorandum is a new blank C-115 form to be reproduced for your use and an example of a completed form with the API numbers listed. If you do not have an API number for your well or if you are in doubt as to the accuracy of that number you can contact the appropriate OCD District office for that information. This change will be effective January 1, 1993 and will apply to January 1993 and subsequent production. The filing deadline for January production is February 24th.



DISTRICT I  
 P.O. Box 1980, Hobbs, NM 88240  
 DISTRICT II  
 P.O. Drawer DD, Artesia, NM 88210  
 DISTRICT III  
 1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico  
 Energy, Minerals and Natural Resources Department  
**OIL CONSERVATION DIVISION**  
 P.O. Box 2088  
 Santa Fe, New Mexico 87504-2088

OPERATOR'S MONTHLY REPORT  
 Form C-115 - Revised 1/1/93  
 See Distribution and Code  
 Information Bottom of Page

Company \_\_\_\_\_ or Operator \_\_\_\_\_ Address \_\_\_\_\_ Zip \_\_\_\_\_ For Month, \_\_\_\_\_ Year \_\_\_\_\_ Page \_\_\_\_\_ of \_\_\_\_\_

POOL NAME (Underline) Lease Name	WELL STATUS	INJECTION		PRODUCTION			DISPOSITION OF GAS			DISPOSITION OF OIL					
		VOLUME	PRESS.	BARRELS OF OIL COND. PRODUCED	BARRELS OF WATER PRODUCED	GAS PRODUCED (MCF)	DAYS PROD.	SOLD	TRANS-PORTER	OTHER	C O D E	OIL ON HAND AT BEG. OF MONTH	BARRELS TO TRANS-PORTER	TRANS-PORTER	OTHER

HOBBS GRAYBURG SAN ANDRES  
 North Hobbs G/SA Unit  
 30-025-31700 #311 A 34-16S-37E  
 30-025-31701 #312 B 34-16S-37E  
 NORTH HOBBS G/SA UNIT TOTAL

The above is representative of C-115 information to reflect maximum amount of numbers required in each column.

<b>DISTRIBUTION</b> Original OCD Santa Fe One Copy OCD Dist. Office in which lease is located One Copy to Transporter (s) <b>DATE DUE</b> To be postmarked by 24th day of next succeeding month.	<b>STATUS CODE</b> F..... FLOWING P..... PUMPING G..... GAS LIFT S..... SHUT IN T..... TEMP ABANDONED I..... INJECTION D..... DISCONTINUED	<b>OTHER GAS DISPOSITION CODE</b> X..... USED OFF LEASE D..... USED FOR DRILLING G..... GAS LIFT L..... LOST (MCF ESTIMATED) E..... EXPLANATION ATTACHED R..... REPRESSURING OR V..... VENTED U..... USED ON LEASE	<b>OTHER OIL DISPOSITION CODE</b> C..... CIRCULATING OIL L..... LOST S..... SEDIMENTATION (B S & W) E..... EXPLANATION ATTACHED T..... THEFT	I HEREBY CERTIFY THAT THE INFORMATION GIVEN IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE	
				TYPED NAME POSITION	PHONE NUMBER

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

# THE HISTORY OF THE UNITED STATES

The history of the United States is a story of growth, struggle, and progress. It begins with the first settlers and continues through the present day.

The early years of the United States were marked by the struggle for independence from Great Britain. The American Revolution was a turning point in the nation's history.

The United States has always been a land of opportunity. It has attracted immigrants from all over the world, who have helped to build the nation.

The American dream is a powerful idea that has inspired millions of people. It is the belief that anyone can achieve success and prosperity through hard work and determination.

The United States has played a leading role in the world. It has fought for freedom and democracy around the globe. It has also been a leader in science, technology, and the arts.

The future of the United States is bright. It has the resources, the talent, and the spirit to continue to grow and prosper. It is a land of hope and possibility.

Application of Page Producing Company for approval of a directional drilling and an unorthodox bottomhole location project in Eddy County, New Mexico. Applicant seeks approval of a directional drilling project to be completed in Eddy County, New Mexico, and a USO well to be completed in the same county.

The directional drilling project is to be completed in the State of New Mexico, Eddy County, and is to be completed in the State of New Mexico, Eddy County, and is to be completed in the State of New Mexico, Eddy County. The USO well is to be completed in the State of New Mexico, Eddy County, and is to be completed in the State of New Mexico, Eddy County. The applicant seeks approval of a directional drilling project to be completed in Eddy County, New Mexico, and a USO well to be completed in the same county.

Application of Armstrong Energy Corporation for special use permit in Eddy County, New Mexico. Applicant seeks an order authorizing permit for a gas well in Eddy County, New Mexico, and a special use allowable. The applicant seeks approval of a directional drilling project to be completed in Eddy County, New Mexico, and a USO well to be completed in the same county.

Continued from December 17, 1991. Examinee Hearing.

Application of Huron Oil & Gas Company for directional drilling and an unorthodox bottomhole location project in Eddy County, New Mexico. Applicant seeks approval of a directional drilling project to be completed in Eddy County, New Mexico, and a USO well to be completed in the same county. The applicant seeks approval of a directional drilling project to be completed in Eddy County, New Mexico, and a USO well to be completed in the same county.

Continued from December 17, 1992. Examinee Hearing.

Application of Seely Oil Company for statutory authorization of a secondary recovery project in Eddy County, New Mexico. Applicant seeks approval of a secondary recovery project to be completed in Eddy County, New Mexico, and a USO well to be completed in the same county. The applicant seeks approval of a secondary recovery project to be completed in Eddy County, New Mexico, and a USO well to be completed in the same county.

Continued from December 17, 1992. Examinee Hearing.

Application of Seely Oil Company for approval of a waterflood project and qualification for enhanced oil recovery in Eddy County, New Mexico. Applicant seeks approval of a waterflood project to be completed in Eddy County, New Mexico, and a USO well to be completed in the same county. The applicant seeks approval of a waterflood project to be completed in Eddy County, New Mexico, and a USO well to be completed in the same county.

Headadvertised:

Application of Yates Petroleum Corporation for directional drilling and an unorthodox bottomhole location project in Eddy County, New Mexico. Applicant seeks approval of a directional drilling project to be completed in Eddy County, New Mexico, and a USO well to be completed in the same county. The applicant seeks approval of a directional drilling project to be completed in Eddy County, New Mexico, and a USO well to be completed in the same county.

**DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 7, 1993**

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

Dockets Nos. 3-93 and 4-93 are tentatively set for January 21, 1993 and February 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 10649:** Application of H. L. Brown, Jr., for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the North Feather State Unit Agreement for an area comprising 640 acres, more or less, of state lands in all or portions of Sections 9 and 16 of Township 15 South, Range 32 East. Said unit is located 4 miles west of the intersection of Highways 31 and 172.

**CASE 10650:** Application of Mewbourne Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval for an unorthodox gas well location, in the Cedar Lake-Morrow Gas Pool, 990 feet from the North and East lines (Unit A) of Section 2, Township 18 South, Range 30 East. The E/2 of said Section 2 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 3 miles southeast of Loco Hills, New Mexico.

**CASE 10635:** (Continued from December 17, 1992, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the San Andres formation to the base of the Morrow formation underlying the following described areas in Section 15, 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, 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, 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, the NW/4 SE/4 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said units are to be dedicated to a single well to be drilled at an unorthodox location 1500 feet from the South line and 1980 feet from the East line (Unit J) 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 operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 9 miles east-southeast of Artesia, New Mexico.

**CASE 10636:** (Continued from December 17, 1992, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling and an unorthodox gas well location, 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 27, Township 17 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, 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, the E/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, the NE/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 units are to be dedicated to a single well to be drilled at an unorthodox location 1756 feet from the South line and 660 feet from the East line (Unit I) 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 operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 7 miles east-southeast of Riverside, New Mexico.

**CASE 10651:** Application of Pogo Producing Company for directional drilling and an unorthodox oil well location, Eddy County, New Mexico. Applicant seeks authority to directionally drill its proposed Mobil Federal Well No. 3 from a surface location 480 feet from the North line and 660 feet from the East line (Unit A) of Section 29, Township 23 South, Range 31 East, in such a manner as to bottom the well in the Brushy Canyon formation of the Delaware Mountain Group, at a standard location approximately 578 feet from the North line and 1870 feet from the East line (Unit B) of said Section 29. Further, applicant seeks approval for an unorthodox location in the Cherry Canyon formation of the Delaware Mountain Group, with the directional wellbore entering the Cherry Canyon formation at an unorthodox location 540 feet from the North line and 1405 feet from the East line, and exiting the Cherry Canyon formation at an orthodox location 571 feet from the North line and 1789 feet from the East line of said Section 29. The NW/4 NE/4 of said Section 29 will be dedicated to the well to form a standard 40-acre spacing and proration unit for said formations. This well is located approximately 9 miles east-southeast of the intersection of Highways 31 and 128.

**CASE 10652:** Application of Pogo Producing Company for directional drilling and an unorthodox oil well location, Eddy County, New Mexico. Applicant seeks authority to directionally drill its proposed Mobil Federal Well No. 8 from a surface location 330 feet from the South line and 1380 feet from the East line (Unit O) of Section 29, Township 23 South, Range 31 East, in such a manner as to bottom the well in the Brushy Canyon formation of the Delaware Mountain Group, at a standard location approximately 413 feet from the South line and 1897 feet from the East line (Unit O) of said Section 29. Applicant also seeks approval for an unorthodox location in the Bell Canyon formation of the Delaware Mountain Group, with the directional wellbore entering the Bell Canyon formation at an unorthodox location 330 feet from the South line and 1381 feet from the East line, and exiting the Bell Canyon formation at an unorthodox location 353 feet from the South line and 1526 feet from the East line of said Section 29. Further, applicant seeks approval for an unorthodox location in the Cherry Canyon formation of the Delaware Mountain Group at an unorthodox location 353 feet from the South line and 1526 feet from the East line, and exiting the Cherry Canyon formation at an orthodox location 402 feet from the South line and 1829 feet from the East line of said Section 29. The SW/4 SW/4 of said Section 29 will be dedicated to the well to form a standard 40-acre spacing and proration unit for said formations. This well is located approximately 9 miles east-southeast of the intersection of Highways 31 and 128.

*(De Novo)*  
**CASE 10653:** 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. *Upon application of Armstrong Energy Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.*

**CASE 10646:** (Continued from December 17, 1992, Examiner Hearing.)  
Application of Enron Oil & Gas Company for directional drilling, or in the alternative, for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks authority to directionally drill its proposed Pure Gold "B" Federal Well No. 2 from a surface location in Unit O of Section 17, Township 23 South, Range 31 East to a bottomhole location in the Atoka formation, Undesignated West Sand Dunes-Atoka Gas Pool and in the Morrow formation, Undesignated West Sand Dunes-Morrow Gas Pool at a standard location within 50 feet of a point 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 20, Township 23 South, Range 31 East. IN THE ALTERNATIVE, applicant seeks approval for an unorthodox gas well location 660 feet from the North line and 1700 feet from the East line (Unit B) of Section 20, Township 23 South, Range 31 East, in said Atoka and Morrow pools. The N/2 of said Section 20 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 7 miles east of Loving, New Mexico.

**CASE 10647:** (Continued from December 17, 1992, Examiner Hearing.)

Application of Seely Oil Company for statutory unitization, Lea County, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the EK-Yates-Seven Rivers-Queen Pool, underlying 1148.40 acres, more or less, of State land comprising portions of Township 18 South, Ranges 33 and 34 East, to be designated the Central EK Queen Unit Area. To be considered will be those matters required by the New Mexico Statutory Unitization Act, Subsection 70-7-1, et seq., N.M.S.A. 1978, and other provisions of the unit agreement and unit operating agreement. Said unit area is located approximately 22 miles west of Hobbs, New Mexico.

**CASE 10648:** (Continued from December 17, 1992, Examiner Hearing.)

Application of Seely Oil Company for approval of a waterflood project and qualification for the recovered oil tax rate, Lea County, New Mexico. Applicant seeks authority to institute a waterflood project by injection of water into the Yates, Seven Rivers and Queen formations in its proposed EK Queen Unit Area (Division Case No. 10647) underlying portions of Township 18 South, Ranges 33 and 34 East. The applicant further seeks to qualify this project for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said project is centered approximately 22 miles west of Hobbs, New Mexico.

**CASE 10643:** (Readvertised)

Application of Yates Petroleum Corporation for directional drilling and an unorthodox bottomhole gas well location, Eddy County, New Mexico. Applicant seeks authority to directionally drill its proposed Amaranth "AMG" Federal Com. Well No. 1 from a surface location 1310 feet from the North line and 2630 feet from the East line (Unit B) of Section 12, Township 20 South, Range 30 East, in such a manner as to bottom the well in the Pennsylvanian formation at an unorthodox subsurface well location within 50 feet of a point 2449 feet from the North line and 1512 feet from the West line (Unit F) of said Section 12, the W/2 of said Section 12 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said formation. This well is located approximately 21 miles northeast of Carlsbad, New Mexico.

**CASE 10574:** (Continued from December 17, 1992, Examiner Hearing.)

**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 10626:** (Continued from December 17, 1992, Examiner Hearing.)

**Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Chaves County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NW/4 of Section 32, Township 6 South, Range 26 East, 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, which presently includes but is not necessarily limited to the Undesignated Pecos Slope-Abo 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 area is located approximately 16 miles west by north of Elkins, New Mexico.

**CASE 10654:** **Application of Warrior, Inc. for an unorthodox oil well location, Eumont Oil Pool, Lea County, New Mexico.** Applicant seeks an order approving the drilling of its Federal "D" Well No. 13 in the Eumont Oil Pool at an unorthodox oil well location 1300 feet from the South and West lines (Unit M) of Section 26, Township 20 South, Range 36 East. Said well is to be dedicated to a standard 40-acre oil proration and spacing unit consisting of the SW/4 SW/4 of said Section 26. Said unit is located approximately 7 miles southwest of Monument, New Mexico.

**CASE 10655:** **Application of Meridian Oil Inc. for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Eumont Gas Pool underlying the S/2 of Section 36, Township 21 South, Range 36 East, to be dedicated to its proposed Shell State Com "D" Well No. 13 to be drilled at a previously approved unorthodox gas well location 1780 feet from the South line and 760 feet from the West line (Unit L) of said Section 36 and dedicated to a previously approved non-standard 320-acre gas spacing and proration unit consisting of the S/2 of said Section 36 and to simultaneously dedicate production with the Shell State Com "D" Well No. 12. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 3 miles west of Eunice, New Mexico.

**CASE 10656:** **Application of Mitchell Energy Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Pennsylvanian formation underlying the W/2 of Section 28, Township 20 South, Range 33 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 South Salt Lake-Morrow Gas Pool. Said unit is to be dedicated to its Tomahawk "28" Federal Com Well No. 1 to be drilled and completed at an unorthodox gas well location 1650 feet from the North line and 1980 feet from the West line (Unit F) 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 22 miles southeast of Maljamar, New Mexico.

**CASE 10657:** Application of Marathon Oil Company for reinstatement of underproduction for a GPU in the Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico. Applicant, in accordance with Rule 14(b) of the General Rules for prorated gas pools of New Mexico, seeks an order reinstating canceled underproduction from the proration period ending March 31, 1990 for a gas proration unit ("GPU") in the Indian Basin-Upper Pennsylvanian Gas Pool consisting of all of Section 34, Township 21 South, Range 23 East, and dedicated to its Indian Basin D Well No. 1 located in Unit K of said Section 34. Said area is located approximately 22 miles west of Carlsbad, New Mexico.

**CASE 10624:** (Readvertised)

Application of Sea Coast, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Fruitland Coal formation underlying the W/2 (equivalent) of Section 8, Township 29 North, Range 12 West, forming a standard 325.77-acre gas spacing unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not limited to the Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard location in Section 8. Applicant requests that Meridian Oil Inc. be designated as operator. 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 and a charge for risk involved in drilling said well. Said area is located on the east end of Farmington, New Mexico.

**CASE 10625:** (Readvertised)

Application of Sea Coast, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Fruitland Coal formation underlying the E/2 (equivalent) of Section 8, Township 29 North, Range 12 West, forming a standard 322.86-acre gas spacing unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not limited to the Basin-Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard location in Section 8. Applicant requests that Meridian Oil Inc. be designated as operator. 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 and a charge for risk involved in drilling said well. Said area is located on the east end of Farmington, New Mexico.

**CASE 10601:** (Continued from November 19, 1992, Examiner Hearing.)

Application of Strata Production Company for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Scanlon-Delaware Pool through the perforated interval from approximately 3274 feet to 3030 feet in its Doris Federal Well No. 2 located 1780 feet from the South line and 1980 feet from the East line (Unit J) of Section 26, Township 20 South, Range 28 East, which is approximately northeast by north of Carlsbad, New Mexico.

**CASE 10572:** (Continued from December 17, 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 I) 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 December 17, 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.

**DOCKET: COMMISSION HEARING - THURSDAY - JANUARY 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 Gary Carlson and/or Jami Bailey**

**CASE 10436: (Rehearing - Continued from December 1, 1992, Commission Hearing.)**

In the matter of the application of Four Corners Gas Producers Association and the New Mexico Oil and Gas Association to rehear Case No. 10436 which was called by the Oil Conservation Commission to provide for the expansion of the Vulnerable Area in the San Juan Basin amongst other things. This rehearing will be limited to the following three issues only:

1. To reconsider allowing extensions of up to two years to the basic one year- two year-three year timetable for the elimination of discharge;
2. To reconsider the establishment of a 200-foot radius wellhead protection area around private water wells which are not part of a community of municipal water supply; and
3. To reconsider the provisions of the order providing for variances; specifically, to clarify whether a variance can be granted for multiple sites under a single request and to determine the appropriate notice requirements for a variance request.

**CASE 10444: (DE NOVO)**

**Application of Amerada Hess Corporation for pool contraction, pool creation, and promulgation of special pool rules, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Lower Blinebry formation and the promulgation of special pool rules therefor, including provisions for 80-acre oil spacing and proration units, designated well location requirements and a special gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil. Applicant also seeks the concomitant contraction of the vertical limits of the Hobbs-Blinebry Pool in conjunction with the creation of said new Lower Blinebry oil pool within the existing horizontal boundaries of the Hobbs-Blinebry Pool in portions of Townships 18 and 19 South, Range 38 East. Said area is located on the west side of Hobbs, New Mexico. Upon application of Amerada Hess Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 10345: (DE NOVO)**

**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 R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

**CASE 10346: (DE NOVO)**

**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 R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

**CASE 10507: (DE NOVO)**

**Application of C & C Landfarm Inc. for a commercial surface waste disposal facility, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks authorization to construct and operate a commercial landfarm facility for remediation of non-hazardous hydrocarbon-contaminated soils using an enhanced biodegradation process. Said area is to be located in the SW/4 NE/4 (Unit G) of Section 3, Township 20 South, Range 37 East, which is approximately 2 miles southeast of Monument, New Mexico. Upon application of intervenors Elsie Reeves, S-W Cattle Co. and W. T. (Trent) Stradley, this case will be heard De Novo pursuant to the provisions of Rule 1220.

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 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 Bluit 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-Wolcamp 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 Mattix 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.

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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 - 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, Horsehoe 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, Horsehoe 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 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 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, 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. 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.

**DOCKET: EXAMINER HEARING - THURSDAY - JANUARY 5, 1995**

8:15 A.M. - 2040 SOUTH PACHECO

SANTA FE, NEW MEXICO

Dockets Nos. 3-95 and 4-95 are tentatively set for January 19, 1995 and February 2, 1995. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

**CASE 10804:** (Continued from November 10, 1994, Examiner Hearing.)

**Application of Collins & Ware, Inc. for special pool rules, Eddy County, New Mexico.** Applicant seeks the promulgation of special pool rules for the Happy Valley-Delaware Pool, located in the NE/4 NW/4 of Section 33, Township 22 South, Range 26 East, including a provision for a gas-oil ratio limitation of 10,000 cubic feet of gas per barrel of oil and a special oil allowable of 160 barrels per day. Said area is located approximately 5 miles southwest of Carlsbad, New Mexico.

**CASE 10530:** (Continued from December 1, 1994, Examiner Hearing.)

In the matter of Case No. 15030 being reopened pursuant to the provisions of Order Nos. R-9722 and R-9722-A, which promulgated special rules and regulations for the West Lovington-Strawn Pool including a provision for 80-acre spacing. Operators in the subject pool should be prepared to appear and show cause why the temporary special rules and regulations for the West Lovington-Strawn Pool should not be rescinded and said pool not be developed on 40-acre spacing units.

**CASE 11172:** **Application of Purvis Operating Company for salt water disposal, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval to dispose of produced salt water into the Gladiola-Wolfcamp Pool through the perforated interval from approximately 9103 feet to 9674 feet in its Lea "AV" State Well No. 4 located 1980 feet from the North and West lines (Unit F) of Section 19, Township 12 South, Range 38 East, which is located approximately 2.5 miles east-northeast of Gladiola, New Mexico.

**CASE 11173:** **Application of W. M. Gallaway for downhole commingling, Rio Arriba County, New Mexico.** Applicant, in the above-styled cause, seeks approval to downhole commingle Blanco-Mesaverde Pool gas production with Gavilan-Manco Oil Pool production within the wellbore of its Trix Well No. 2 located 790 feet from the South line and 990 feet from the West line (Unit M) of Section 5, Township 26 North, Range 2 West. Said well is located 15 miles north of Lindrieth, New Mexico.

**CASE 11174:** **Application of Primero Operating, Inc. for an unorthodox oil well location, Chaves County, New Mexico.** Applicant, in the above-styled cause, seeks approval to drill its Moriah Well No. 1 in order to test the Devonian formation at an unorthodox oil well location 228 feet from the North line and 349 feet from the East line (Unit A) of Section 18, Township 10 South, Range 29 East. The NE/4 NE/4 of said Section 18 is to be dedicated to said well forming a standard 40-acre oil spacing unit. Said unit is located approximately 28 1/2 miles east of Roswell, New Mexico.

**CASE 11175:** **Application of Matador Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks approval to drill its K. C. Singer Well No. 1 at an unorthodox gas well location 990 feet from the North line and 660 feet from the West line (Lot 1/Unit D) of Section 19, Township 20 South, Range 27 East. If the subject well is capable of production from any formation from the top of the Wolfcamp to the top of the Morrow formation, including the Undesignated Avalon-Strawn Gas Pool, then Lots 1 through 4 and the E/2 W/2 (W/2 equivalent) of said Section 19 is to be dedicated to the well forming a standard 319.80-acre gas spacing and proration unit. If the subject well is capable of production from the Morrow formation then it is to be a replacement well for the Hunt Oil Company State "1-19" Com Well No. 1, located in Unit "F", and all of said Section 19 is to be dedicated to said well forming a standard 639.80-acre gas spacing and proration unit for production from the McMillan-Morrow Gas Pool. Said well is located approximately 3 miles southeast from the spillway at Lake McMillan Reservoir, New Mexico.

**CASE 11176:** **Application of Amoco Production Company to amend Division Order No. R-10174 to include provisions for an unorthodox surface gas well location, simultaneous dedication, and an exception to Rule 2(b) of the Special Rules governing the Blanco-Mesaverde Pool, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks to amend Division Order No. R-10174, issued in Case 11054 and dated August 25, 1994, which order authorized Amoco Production Company to initiate a high angle/horizontal directional drilling pilot project within an existing non-standard 327.11-acre gas spacing and proration unit in the Blanco-Mesaverde Pool comprising Lots 8, 9, 10, and 11 and the SE/4 (E/2 equivalent) of Section 6, Township 30 North, Range 8 West, by changing the surface location of its proposed Florance "H" Well No. 37-R to an unorthodox surface gas well location 1350 feet from the North line and 1850 feet from the East line (Lot 10/Unit G) of said Section 6. Applicant further seeks an exception to Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Pool, as promulgated by Division Order No. R-8170, as amended, allowing for a third well to be drilled on a spacing unit and for production from all three wells to be simultaneously dedicated to said 327.11-acre proration unit. Said project area is located approximately 5 miles northwest of the Navajo Reservoir Dam. In the absence of objection, this application will be taken under advisement.

- CASE 11177:** Application of Enron Oil & Gas Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location in the Undesignated Red Hills-Bone Spring Pool for its Hallwood "1" Federal Well No. 3 to be drilled 1430 feet from the South line and 1830 feet from the East line (Unit J) of Section 1, Township 25 South, Range 33 East. The W/2 SE/4 of said Section 1 is to be dedicated to said well forming a standard 80-acre oil spacing and proration unit for said pool. Said unit is located approximately 19 miles west by north of Jal, New Mexico.
- CASE 11178:** Application of David Petroleum Corporation for an Unorthodox Gas Well Location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authorization to re-enter and deepen the plugged and abandoned Barbara Fasken Maxwell Trust "26" Well No. 1, located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 26, Township 15 South, Range 34 East, in order to test the Morrow formation at an unorthodox gas well location. The N/2 of said Section 26 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 5 miles northwest by west of the Lovington-Lea County Airport.
- CASE 11179:** Application of Meridian Oil Inc. for Designation of a portion of the Entrada Formation as an "Exempted Aquifer", and to Amend Division Order No. R-10168, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to designate the Entrada formation underlying the SW/4 SW/4 of Section 4, S/2 of Section 5, SE/4 SE/4 of Section 6, all of Sections 7 and 8, W/2 W/2 of Section 9, N/2 N/2 of Section 17, and the NE/4 NE/4 of Section 18, all in Township 24 North, Range 3 West, as an "Exempted Aquifer" pursuant to Division Rule No. 701(E) and applicable Federal Underground Injection Control Program Rules and Regulations. Contingent upon this request, the applicant further seeks verification that it is able to utilize its Jillson Federal SWD Well No. 1, located in Unit F of said Section 8, as an Entrada disposal well as previously authorized by Division Order No. R-10168 feet. Applicant further seeks to amend the injection interval approved by Division Order No. R-10168 to allow injection into the perforated interval from approximately 8,404 feet to 8,659. Said area is located approximately 6 miles west-northwest of Lindrith, New Mexico.
- CASE 11180:** Application of Harvard Petroleum Corporation for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill its Angell Well No. 1 at an unorthodox oil well location 550 feet from the North line and 2600 feet from the East line (Unit B) of Section 4, Township 15 South, Range 38 East, to test the Wolfcamp formation, Undesignated East Denton-Wolfcamp Pool. The NW/4 NE/4 of Section 4 is to be dedicated to the subject well forming a standard 40-acre oil spacing and proration unit for said pool. Said unit is located approximately 14 miles southeast of McDonald, New Mexico.
- CASE 11181:** Application of Enron Oil & Gas Company for Pool Creation and Downhole Commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Wolfcamp formation comprising the NE/4 NE/4 of Section 36, Township 22 South, Range 30 East. Applicant further seeks authority to downhole commingle Wolfcamp and Bone Spring production within its existing James Ranch Unit Well No. 71 located 330 feet from the North line and 660 feet from the East line (Unit A) of said Section 36. Said well is located approximately 7 miles southeast of Lindsey Lake.
- CASE 11182:** Application of Enron Oil & Gas Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authorization to drill its Hallwood "1" Federal Well No. 4 at an unorthodox oil well location 1060 feet from the South line and 1650 feet from the West line (Unit N) of Section 1, Township 25 South, Range 33 East, to test the Bone Spring formation, Undesignated Red Hills-Bone Spring Pool. The E/2 SW/4 of said Section 1 is to be dedicated to said well forming a standard 80-acre oil spacing and proration unit for said pool. Said unit is located approximately 3 miles Southeast of the Double X Ranch.
- CASE 11183:** Application of David Petroleum Corporation for Compulsory Pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the N/2 NE/4 of Section 33, Township 15 South, Range 35 East, in the following described manner: the N/2 NE/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 which presently includes but is not necessarily limited to the Undesignated West Lovington-Strawn Pool; and, the NW/4 NE/4 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent. Said unit(s) are to be dedicated to the Barton Fee Well No. 1 to be drilled at a standard location 760 feet from the North line and 2090 feet from the East line (Unit B) of 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 and completing said well. Said unit is located approximately 4 miles Northwest of Lovington, New Mexico.

**CASE 11161:** (Continued from December 15, 1994 Examiner Hearing.)

Application of Yates Petroleum Corporation for a pressure maintenance project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a cooperative pressure maintenance project on portions of its Hillview "AHE" Federal, Saguaro "AGS" Federal, and Senita "AIP" Federal leases underlying the E/2 SW/4 and SE/4 of Section 14 and the NE/4, E/2 NW/4, NE/4 SW/4, and N/2 SE/4 of Section 23, both in Township 20 South, Range 24 East, by the injection of water into the South Dagger Draw-Upper Pennsylvanian Associated Pool through three certain existing wells to be converted to water injection wells. This area is located approximately 8 miles west of Seven Rivers, New Mexico.

**CASE 11184:** **Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico.** Applicant, in the above styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the S/2 of Section 5, Township 18 South, Range 27 East, in the following described manner: the S/2 forming a 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 Red Lake-Pennsylvanian Gas Pool and the Undesignated Scoggin Draw-Morrow Gas Pool; the SW/4 forming a standard 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 but is not necessarily limited to the Undesignated Empire-Abo Gas Pool; the N/2 SW/4 forming a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent; and, the NE/4 SW/4 forming a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said unit(s) are to be dedicated to the existing Humble Chalk Bluff "ANA" Federal Com Well No. 1 to be reentered at an unorthodox gas well location 2055 feet from the South line and 1980 feet from the West line of said Section 5. 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 7 miles southeast of Artesia, New Mexico.

**CASE 11185:** **Application of Yates Petroleum Corporation for Qualification of a Pressure Maintenance Project for the Recovered Oil Tax Credit Pursuant to the "New Mexico Oil Recovery Act", Eddy County, New Mexico.** Applicant, in the above styled cause, seeks to qualify its South Dagger Draw Pressure Maintenance Project, located in the E/2 SW/4 and SE/4 of Section 14, the NE/4, E/2 NW/4, NE/4 SW/4 and the N/2 SE/4 of Section 23, both in Township 20 South, Range 24 East, for the Recovered Oil Tax Rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). This area is located approximately 8 miles west of Seven Rivers, New Mexico.

**CASE 11186:** **Application of Nearburg Exploration Company for Compulsory Pooling, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the E/2 NW/4 of Section 13, Township 17 South, Range 37 East, forming a standard 80-acre oil spacing and proration unit for the South Humble City-Strawn Pool. Said unit is to be dedicated to the Shriner "13" Well No. 1 to be drilled at a standard oil well location 2086 feet from the North and West lines (Unit F) of said Section 13. 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 3 miles North of Humble City, New Mexico.

**CASE 10748** (Reopened)

In the matter of Case No. 10748 being reopened pursuant to the provisions of Division Order No. R-9922, which order promulgated temporary special rules and regulations for the Indian Basin-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico. Operators in the subject pool may appear and show cause why said temporary special rules and regulations for the Indian Basin-Upper Pennsylvanian Associated Pool should not be rescinded.

**CASE 10653:** (Reopened)

In the matter of Case No. 10653 being reopened pursuant to the provisions of Division Order No. R-9842-A, which order provided for an increase in allowable to 300 BOPD for the Northeast Lea-Delaware Pool, in Eddy County, New Mexico. Operators in the subject pool may appear and present evidence and show cause why said 300 BOPD allowable should not revert to the standard 107 BOPD depth bracket allowable.

**CASE 11152:** (Continued from December 1, 1994, Examiner Hearing.)

Joint application of **Texaco Exploration and Production, Inc. and Marathon Oil Company for a pressure maintenance project, unorthodox injection well locations, and qualification for the recovered oil tax credit pursuant to the New Mexico Oil Recovery Act, Lea County, New Mexico.** Applicants, in the above-styled cause, seek authority to institute a cooperative pressure maintenance project in the Vacuum-Drinkard Pool comprising portions of Section 36, Township 17 South, Range 34 East; Section 31, Township 17 South, Range 35 East; Section 1, Township 18 South, Range 34 East; and, Section 6, Township 18 South, Range 35 East, by the injection of water into two existing wells and six wells to be drilled at locations considered to be unorthodox. Applicants further seek to qualify this project for the Recovered Oil Tax Rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said project is located approximately 1.5 miles south of Buckeye, New Mexico.

**CASE 11099:** (Continued from December 1, 1994, Examiner Hearing.)

Application of **TARA-JON Corporation for compulsory pooling, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Drinkard formation underlying the NE/4 NW/4 (Unit C) of Section 27, Township 16 South, Range 38 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 Undesignated Garrett-San Andres Pool, Undesignated Garrett-Drinkard Pool, and Undesignated East Garrett-Drinkard Pool. Said pooled unit is to be dedicated to either the plugged and abandoned The Texas Company Gotlieb Ertal Well No. 1 (T.D. -13,310 feet), located at a standard oil well location 660 feet from the North line and 1982 feet from the West line, more or less, of said Section 27 or, if said Gotlieb Ertal Well No. 1 is found not to be mechanically sound, to a new well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of re-entering and recompleting the old plugged and abandoned well and/or the costs of drilling and completing a new 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 unit and a charge for risk involved in re-entering the old plugged and abandoned well and/or the drilling of a new well. Said unit is located approximately 12 miles north of Hobbs, New Mexico.

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DOCKET NO. 2-95

**DOCKET: COMMISSION HEARING - THURSDAY - JANUARY 12, 1995**  
**9:00 A.M. - 2040 SOUTH PACHECO, SANTA FE, NEW MEXICO**

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

**CASE 11048:** (De Novo)

Application of **Bass Enterprises Production Co. for compulsory pooling, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the S/2 of Section 30, Township 23 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. Said unit is to be dedicated to a well to be drilled and completed 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 6.0 miles northwest of Poker Lake. Upon application at Maralo, Inc., and Santa Fe Energy Operating Partners, L. P., this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 10994:** (De Novo)

Application of **Enserch Exploration, Inc. for the assignment of a special depth bracket oil allowable, Roosevelt County, New Mexico.** Applicant, in the above-styled cause, seeks a special depth bracket oil allowable, pursuant to General Rule 505(d), of 500 barrels of oil per day for the South Peterson-Fusselman Pool, which is located in portions of Townships 5 and 6 South, Ranges 32 and 33 East, being approximately 14 miles east of Kenna, New Mexico. Upon application of Enserch Exploration, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

DOCKET: EXAMINER HEARING - THURSDAY - MARCH 16, 1995

8:15 A.M. - 2040 SOUTH PACHECO

SANTA FE, NEW MEXICO

Dockets Nos. 10-95 and 11-95 are tentatively set for April 6, 1995 and April 20, 1995. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

CASE 11203: (Continued from March 2, 1995, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit W. J. Conover, owner/operator, American Manufacturers Mutual Insurance Company, surety, and all other interested parties to appear and show cause why the J. M. Lewelling Well No. 1 (API No. 30-035-20010), located 660 feet from the North and West lines (Unit D) of Section 12, Township 12 South, Range 9 East, Otero County, New Mexico (which is approximately 2.75 miles southeast of the Three Rivers, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Should the operator fail to properly plug said well, the Division should then be authorized to take such action as is deemed necessary to have the well properly plugged and abandoned and to direct the owner/operator to pay the costs of such plugging.

CASE 11217: Application of Southland Royalty Company to reinstate Division Order No. R-10054, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to reinstate Division Order No. R-10054, which approved the State "DS" Leasehold Waterflood Project by injection of water into the Spencer-San Andres Pool, in a new project area consisting of 280 acres, more or less, being SW/4, W/2 SE/4, and SE/4 SE/4 of Section 24, Township 17 South, Range 36 East, and qualified 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 6 miles west-northwest from Humble City, New Mexico. IN THE ABSENCE OF OBJECTION THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.CASE 11191: (Continued from February 16, 1995, Examiner Hearing.)

Application of Great Western Drilling Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its existing Glenn Cleveland Well No. 1 located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 7, Township 15 South, Range 35 East, in order to test and recomplete this well in the Morrow formation. The E/2 of said Section 7 to be dedicated to said well to form a standard 320-acre gas spacing and proration unit. Said unit is located approximately 7 miles northwest of Lovington, New Mexico.

CASE 11218: Application of Naumann Oil & Gas, Inc. for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 34, Township 17 South, Range 29 East, and in the following manner: the S/2 thereby forming a standard 320-acre gas spacing and proration unit for any and all pools developed on 320-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated Grayburg-Strawn Gas Pool, Undesignated-Atoka Gas Pool, Undesignated South Empire-Morrow Gas Pool and the Undesignated Grayburg-Morrow Gas Pool; and the SW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent. Said units are to be dedicated to a single well to be drilled at an unorthodox gas well location 1980 feet from the South line and 1330 feet from the West line (Unit K) of said Section 34. 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 west-southwest of Loco Hills, New Mexico.CASE 11219: Application of Conoco, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Preston "35-N" Federal Com Well No. 15 to be drilled 860 feet from the North line and 710 feet from the West line (Unit D) in Section 35, Township 20 South, Range 24 East, and completed in both the South Dagger Draw-Upper Pennsylvanian Associated Pool and Cemetery-Morrow Gas Pool. Said well location is standard for the Upper Pennsylvanian interval and unorthodox for the Morrow formation. Further, said well is to be a replacement gas well in the existing standard 320-acre gas spacing and proration unit in the Cemetery-Morrow Gas Pool currently dedicated to its Preston "35-N" Federal Well No. 6, located in Unit "A" of said Section 35. Said unit is located approximately 9 miles west-southwest of Seven Rivers, New Mexico.

**CASE 11220:** **Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying the N/2 of Section 12, Township 31 North, Range 31 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 but is not necessarily limited to the Basin-Fruitland Coal (Gas) Pool. Said unit is to be dedicated to a well to be drilled and completed at a standard coal gas well location in the NE/4 of said Section 12. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 2.5 miles southeast of La Plata, New Mexico.

**CASE 11221:** **Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Fruitland formation underlying Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) of Section 1, Township 31 North, Range 13 West, thereby forming a standard 319.20-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 Basin-Fruitland Coal (Gas) Pool. Said unit is to be dedicated to a well to be drilled and completed at a standard coal gas well location in the NE/4 equivalent 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 2 miles east of La Plata, New Mexico.

**CASE 11176:** (Continued from March 2, 1995, Examiner Hearing.)

Application of Amoco Production Company to amend Division Order No. R-10174 to include provisions for an unorthodox surface gas well location, simultaneous dedication, and an exception to Rule 2(b) of the Special Rules governing the Blanco-Mesaverde Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-10174, issued in Case 11054 and dated August 25, 1994, which order authorized Amoco Production Company to initiate a high angle/horizontal directional drilling pilot project within an existing non-standard 327.11-acre gas spacing and proration unit in the Blanco-Mesaverde Pool comprising Lots 8, 9, 10, and 11 and the SE/4 (E/2 equivalent) of Section 6, Township 30 North, Range 8 West, by changing the surface location of its proposed Florance "H" Well No. 37-R to an unorthodox surface gas well location 465 feet from the South line and 1660 feet from the East line (Unit O) of said Section 6. Applicant further seeks an exception to Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Pool, as promulgated by Division Order No. R-8170, as amended, allowing for a third well to be drilled on a spacing unit and for production from all three wells to be simultaneously dedicated to said 327.11-acre proration unit. Said project area is located approximately 5 miles northwest of the Navajo Reservoir Dam. In the absence of objection, this application will be taken under advisement.

**CASE 11222:** **Application of Yates Petroleum Corporation for certification of a positive production response pursuant to New Mexico's "Enhanced Oil Recovery Act", Lea County, New Mexico.** Applicant, in the above-styled cause, seeks certification, pursuant to the Rules and Procedures for Qualification of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate, as promulgated by Division Order No. R-9708, for a positive production response on its Sanmal Queen Unit Waterflood Project, which qualified for the recovered oil tax rate under New Mexico's "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5) by Division Order No. R-9961. Said project is located in portions of Sections 1 and 12, Township 17 South, Range 33 East, which is located approximately 3 miles north of Buckeye, New Mexico.

**CASE 11223:** **Application of Yates Drilling Company for certification of a positive production response pursuant to New Mexico's "Enhanced Oil Recovery Act", Chaves County, New Mexico.** Applicant, in the above-styled cause, seeks certification, pursuant to the Rules and Procedures for Qualification of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate, as promulgated by Division Order No. R-9708, for a positive production response on the "expanded area" of the Cactus Queen (Voluntary) Unit Waterflood Project comprising the SW/4 NE/4, S/2 NW/4, SW/4, and NW/4 SE/4 of Section 34, Township 12 South, Range 31 East, which qualified for the recovered oil tax rate under New Mexico's "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5) by Division Order No. R-9075-B-1. Said area is located approximately 12 miles southwest by west of Caprock, New Mexico.

**CASE 11224:** **Application of Southeastern Petroleum, Inc. for compulsory pooling, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the following described acreage in Section 28, Township 16 South, Range 37 East, and in the following manner: the W/2 SW/4 thereby forming a standard 80-acre oil spacing and proration unit for any and all pools developed on 80-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated West Knowles-Drinkard Pool and the Undesignated West Casey-Strawn Pool; and the SW/4 SW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Lovington-Grayburg San Andres Pool, Undesignated Lovington-Paddock Pool, Lovington-Abo Pool, and the Undesignated East Lovington-Upper Pennsylvanian (Cisco and Canyon formations) Pool. Said units are to be dedicated to the plugged and abandoned Shell Oil Company Home Stake Well No. 1 (T.D. - 12,125 feet), located at a standard oil well location 660 feet from the South and West lines (Unit M) of said Section 28. Also to be considered will be the costs of re-entering and the recompletion of said well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in the re-entry of said well. The location of this wellbore is approximately 7 miles north-northwest of Humble City, New Mexico.

**CASE 11225:** **Application of Armstrong Energy Corporation for a special gas-oil ratio for the Northeast Lea-Delaware Pool, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks to include within the rules and provisions governing the Northeast Lea-Delaware Pool, located in portions of Townships 19 and 20 South, Range 34 East, a provision establishing a limiting gas-oil ratio of 3,000 cubic feet of gas per barrel of oil. Said pool is centered approximately 1.5 miles south of U.S. Highway 61/180 at Mile Marker No. 79.

**CASE 10653:** (Reopened - Continued from February 16, 1995, Examiner Hearing.)

In the matter of Case No. 10653 being reopened pursuant to the provisions of Division Order No. R-9842-A, which order provided for an increase in allowable to 300 BOPD for the Northeast Lea-Delaware Pool, in Eddy County, New Mexico. Operators in the subject pool may appear and present evidence and show cause why said 300 BOPD allowable should not revert to the standard 107 BOPD depth bracket allowable.

**CASE 11226:** **Application of Santa Fe Energy Resources, Inc. for compulsory pooling and an unorthodox gas well location, 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 Devonian formation underlying the following described acreage in Section 29, Township 22 South, Range 34 East, and in the following manner: the entire section to form a standard 640-acre gas spacing and proration unit for any and all pools developed on 640-acre spacing within said vertical extent which presently includes only the Undesignated North Bell Lake-Devonian Gas Pool; and the N/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated Antelope Ridge-Atoka Gas Pool. Said units are to be dedicated to a single well to be drilled at an unorthodox gas well location 1330 feet from the North and East lines (Unit G) of said Section 29. 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 20 miles west by south of Eunice, New Mexico.

**CASE 11227:** **Application of PermOK Oil, Inc. for a non-standard gas proration unit, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval to establish a non-standard 80-acre gas spacing and proration unit in the Undesignated Rhodes Yates-Seven Rivers Gas Pool comprising the N/2 NW/4 of Section 23, Township 26 South, Range 37 East, being approximately 6.5 miles southeast by south of Jal, New Mexico. Said unit is to be dedicated to its proposed Leonard Brothers "A" Federal Well No. 2 to be drilled at a standard gas well location 660 feet from the North and West lines (Unit D) of said Section 23.

**CASE 11172:** (Continued from March 2, 1995, Examiner Hearing.)

Application of Purvis Operating Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to dispose of produced salt water into the Gladiola-Wolfcamp Pool through the perforated interval from approximately 9103 feet to 9674 feet in its Lea "AV" State Well No. 4 located 1980 feet from the North and West lines (Unit F) of Section 19, Township 12 South, Range 38 East, which is located approximately 2.5 miles east-northeast of Gladiola, New Mexico.

State of New Mexico  
**ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT**  
Santa Fe, New Mexico 87505



MEMORANDUM

TO: ALL OPERATORS AND INTERESTED PARTIES

FROM: WILLIAM J. LEMAY, Director *WJL*  
Oil Conservation Division

SUBJECT: OIL CONSERVATION COMMISSION HEARING - FEBRUARY 23, 1995,  
1:30 PM

INDUSTRY/PUBLIC TALKS - COMMISSION LISTENS

DATE: FEBRUARY 6, 1995

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In response to a growing public awareness and concern for issues involving over-regulation, regulations that don't work, inefficient policies and procedures and public health and environment issues that should be addressed, the New Mexico Oil Conservation Commission has scheduled the afternoon of Thursday, February 23, 1995 and Friday, February 24th, if necessary for a hearing where the Commission listens to you. You set the agenda and we will listen to your complaints and recommendations.

If you want to make a presentation before the Commission, please send a brief prehearing statement to Rand Carroll, OCD legal counsel, stating your agenda items and the time you will need. Please allow time for Commission questions. Written statements and letters will be incorporated into the record and there will be time scheduled for oral statements. This is the first time for an "event" such as this but it is part of an overall "outreach" policy that emphasizes public input and regulatory reevaluation in the decisionmaking process. Your participation is critical to it's success!

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**VILLAGRA BUILDING - 406 Gallateo**

Forestry and Resources Conservation Division  
P.O. Box 1948 87504-1948  
827-5830

Park and Recreation Division  
P.O. Box 1147 87504-1147  
827-7465

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**2040 South Pacheco**

Office of the Secretary  
827-5850

Administrative Services  
827-5925

Energy Conservation & Management  
827-5900

Mining and Minerals  
827-5870

Oil Conservation

State of New Mexico  
**ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT**  
Santa Fe, New Mexico 87505



**MEMORANDUM**

**TO: All Producers, Purchasers and Transporters of Gas From All Prorated Gas Pools in New Mexico**

**FROM: William J. LeMay, Director**

**SUBJECT: Commission Hearing on February 23, 1995 Concerning Prorated Gas Allowables for the April through September, 1995 Period**

**DATE: February 3, 1995**

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The Market Demand and Allowable Determination Schedule for the prorated gas pools of New Mexico is attached. This schedule will be used to assist in determining the F1 and F2 factors and allowables for the wells and gas proration units in the prorated gas pools for the April through September, 1995 period.

For the last several years, we have used production volumes from the previous summer allocation period as a starting point for determining allowables for the next winter period.

OCD production records for 1994 are incomplete due to changes in reporting and receiving data into the new ONGARD system. The data included in the attached Market Demand and Allowable Determination schedule is therefore based on April through September, 1993 production data with some adjustments.

The proposed allowables are consistent with recent previous allowables and should not require any major changes.

Evidence and testimony concerning requests for additional allowable adjustments will be considered at the February 23, 1995 hearing. If requests for changes are not received, the factors shown in the attached schedules will be used in setting allowables for the upcoming allocation period.

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**VILLAGRA BUILDING - 408 Galisteo**

Forestry and Resources Conservation Division  
P.O. Box 1948 87504-1948  
827-5830

Park and Recreation Division  
P.O. Box 1147 87504-1147  
827-7465

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**2048 South Pacheco**

Office of the Secretary  
827-5950

Administrative Services  
827-5925

Energy Conservation & Management  
827-5900

Mining and Minerals  
827-5970

Oil Conservation  
827-7131

OIL CONSERVATION DIVISION  
 MARKET DEMAND AND ALLOWABLE DETERMINATION SCHEDULE  
 PRORATED GAS POOLS OF NORTHWEST NEW MEXICO  
 FOR APRIL 1995 THROUGH SEPTEMBER 1995

POOL NAME	AVG MONTHLY POOL SALES APR93-SEP93	POOL ADJUSTMENTS	MONTHLY POOL ALLOWABLE APR95-SEP95	MONTHLY MARGINAL POOL ALLOWABLE APR95-SEP95	MONTHLY NON-MARGINAL POOL ALLOWABLE APR95-SEP95	NUMBER OF NON-MARGINAL ACR. FACTORS	MONTHLY ACREAGE ALLOC. FACTOR
Atoka Penn	106,172	930	107,102	59,102	48,000	2.00	24,000
Blinedry Oil and Gas	564,643	13,880	578,523	450,873	127,650	3.00	42,550
Buffalo Valley Penn	293,780	188	293,968	260,968	33,000	1.00	33,000
Burton Flat Strawn	77,479	0	77,479	77,479	0	0.00	20,000
Carlsbad Morrow, South	239,683	0	239,683	239,683	0	0.00	25,000
Catclaw Draw Morrow	435,390	0	435,390	435,390	0	0.00	70,000
Eumont Yates 7 Rivers Qn	2,563,744	451,241	3,014,985	2,156,185	858,800	22.60	38,000
Indian Basin Morrow	62,700	531	63,231	47,231	16,000	1.00	16,000
Indian Basin Upper Penn	3,722,866	183,172	3,906,038	2,934,038	972,000	4.86	200,000
Jalmat Tansill YT 7 Rivers	1,029,426	22,196	1,051,622	973,847	77,775	4.25	18,300
Justis Glorieta	48,401	51,631	100,032	26,832	73,200	4.00	18,300
Monument McKee Ellen	12,660	0	12,660	12,660	0	0.00	25,000
Tubb Oil and Gas	293,367	28,378	321,745	203,620	118,125	8.75	13,500

\*\*All Gas Volumes Shown in MCF

**OIL CONSERVATION DIVISION  
 MARKET DEMAND AND ALLOWABLE DETERMINATION SCHEDULE  
 PRORATED GAS POOLS OF NORTHWEST NEW MEXICO  
 FOR APRIL 1995 THROUGH SEPTEMBER 1995**

POOL NAME	AVG MONTHLY POOL SALES APR93-SEP93	POOL ADJ	MONTHLY POOL ALLOWABLE APR-95-SEP95	MONTHLY MARGINAL POOL ALLOW- ABLE APR95-SEP95	MONTHLY NON- MARGINAL POOL ALLOW- ABLE APR95-SEP95	NUMBER OF NON- MARGINAL ACR. FACTORS	NUMBER OF NON-MARGINAL ACT.*DIV.	MONTHLY ACREAGE ALLOC. FACTOR	MONTHLY ACT.*DIV. FACTOR
Basin Dakota	9,548,540	98,958	9,647,498	9,377,498	270,000	15.05	7,978	10,764	13.54
Blanco Mesaverde	16,495,592	0	16,495,592	14,049,750	2,445,842	129.16	85,529	4,734	21.45
Blanco P. C. South	1,216,638	29,813	1,246,451	1,106,658	139,793	84.80	3,974	412	26.38
Tapacito Pictured Cliffs	326,656	0	326,656	314,232	12,424	8.00	566	388	16.46

**\*\*All Gas Volumes Shown in MCF**

**DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 16, 1995****8:15 A.M. - 2040 SOUTH PACHECO****SANTA FE, NEW MEXICO**

**Dockets Nos. 7-95 and 8-95 are tentatively set for March 2, 1995 and March 16, 1995. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:**

**CASE 11202:** In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit Billy R. Wilson - Robinson Brothers Drilling (Company), Inc., operator, The Travelers Indemnity Company, surety, and all other interested parties to appear and show cause why the State "A" Well No. 1 (API No. 30-015-02331), located 660 feet from the South and West lines (Unit M) of Section 36, Township 19 South, Range 28 East, Eddy County, New Mexico (which is approximately 8 miles southeast by south of the old Illinois Production Camp), should not be plugged and abandoned in accordance with a Division-approved plugging program. Should the operator fail to properly plug said well, the Division should then be authorized to take such action as is deemed necessary to have the well properly plugged and abandoned and to direct the operator to pay the costs of such plugging.

**CASE 11203:** In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit W. J. Conover, owner/operator, American Manufacturers Mutual Insurance Company, surety, and all other interested parties to appear and show cause why the J. M. Lewelling Well No. 1 (API No. 30-035-20010), located 660 feet from the North and West lines (Unit D) of Section 12, Township 12 South, Range 9 East, Otero County, New Mexico (which is approximately 2.75 miles southeast of the Three Rivers, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Should the operator fail to properly plug said well, the Division should then be authorized to take such action as is deemed necessary to have the well properly plugged and abandoned and to direct the owner/operator to pay the costs of such plugging.

**CASE 11204:** In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the last known operator, Coal Creek Oil Co., and all other interested parties to appear and show cause why the Graham Well No. 1, also known as the W. E. Duggen Well No. 1, (API No. 30-045-08066) located approximately 1520 feet from the North line and 1120 feet from the East line in the NW/4 SE/4 NE/4 (Unit H) of Section 20, Township 29 North, Range 11 West, San Juan County, New Mexico (which is within the City of Bloomfield, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Should the operator fail to properly plug said well, the Division should then be authorized to take such action as is deemed necessary to have the well properly plugged and abandoned and to direct the owner/operator to pay the costs of such plugging.

**CASE 11205:** In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, W. R. Webb, and all other interested parties to appear and show cause why the Fee Well No. 1 (API No. 30-045-09996) located approximately 600 feet from the North line and 1000 feet from the West line (Lot 4/Unit D) of Section 6, Township 30 North, Range 11 West, San Juan County, New Mexico (which is approximately 3/4 of a mile northwest of the Aztec Municipal Airport, Aztec, New Mexico), should not be plugged and abandoned in accordance with a Division-approved plugging program. Should the operator fail to properly plug said well, the Division should then be authorized to take such action as is deemed necessary to have the well properly plugged and abandoned and to direct the owner/operator to pay the costs of such plugging.

**CASE 11191:** (Continued from January 19, 1995, Examiner Hearing.)

**Application of Great Western Drilling Company for an unorthodox gas well location, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location for its existing Glenn Cleveland Well No. 1 located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 7, Township 15 South, Range 35 East, in order to test and recomplete this well in the Morrow formation. The E/2 of said Section 7 to be dedicated to said well to form a standard 320-acre gas spacing and proration unit. Said unit is located approximately 7 miles northwest of Lovington, New Mexico.

**CASE 11206:** **Application of Strata Production Company for pool creation, the promulgation of special pool rules, and for an unorthodox oil well location, Lea and Chaves Counties, New Mexico.** Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Devonian formation underlying the E/2 E/2 of Section 36, Township 12 South, Range 31 East, Lots 1 through 4 (W/2 W/2 equivalent) of Section 31, Township 12 South, Range 32 East, Lot 1 and the SE/4 NE/4 (E/2 NE/4 equivalent) of Section 1, Township 13 South, Range 31 East, and Lots 4 and 5 (W/2 NW/4 equivalent) of Section 6, Township 13 South, Range 32 East (being approximately 11.5 miles south-southwest of Caprock, New Mexico) and for the promulgation of Special Rules and Regulations therefor including provisions for 80-acre oil spacing and proration units and designated well location requirements. Applicant further seeks approval of an unorthodox oil well location in this newly created Devonian oil pool for a well to be drilled 1435 feet from the North line and 757 feet from the East line (Unit H) of said Section 36, the E/2 NE/4 of said Section 36 to be dedicated to said well thereby forming a standard 80-acre oil spacing and proration unit in said pool.

**CASE 11207:** **Application of Meridian Oil, Inc. for a unit agreement, Lea County, New Mexico.** Applicant, in the above-styled cause, seeks approval of the East Corbin Delaware Unit Agreement for an area comprising 880 acres, more or less, of Federal and State lands in portions of Sections 15, 16, 21, and 22, Township 18 South, Range 33 East, which is centered approximately 10 miles west-southwest of Buckeye, New Mexico.

**CASE 11198:** (Continued from February 2, 1995, Examiner Hearing.)

**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 NW/4 of Section 21, Township 19 South, Range 25 East, forming a standard 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 North Dagger Draw-Upper Pennsylvanian Pool. Said unit is to be dedicated to its Hooper "AMP" Well No. 2, which has been drilled at a standard location 1980 feet from the North line and 660 feet from the West line (Unit E) 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 and completing said well. Said unit is located approximately 6.5 miles west by north of Lakewood, New Mexico.

**CASE 11199:** (Continued from February 2, 1995, Examiner Hearing.)

**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 SW/4 of Section 21, Township 19 South, Range 25 East, forming a standard 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 North Dagger Draw-Upper Pennsylvanian Pool. Said unit is to be dedicated to its Hooper "AMP" Well No. 1, which has been drilled at a standard location 820 feet from the South line and 660 feet from the West line (Unit M) of said Section 21. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 6.5 miles west by north of Lakewood, New Mexico.

**CASE 11200:** (Continued from February 2, 1995, Examiner Hearing.)

**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 21, Township 19 South, Range 25 East, forming a standard 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 its Patriot "AIZ" Well No. 5, which has been drilled at a standard location 660 feet from the South line and 1980 feet from the East line (Unit O) 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 and completing said well. Said unit is located approximately 6.25 miles west by north of Lakewood, New Mexico.

**CASE 11176:** (Continued from February 2, 1995, Examiner Hearing.)

**Application of Amoco Production Company to amend Division Order No. R-10174 to include provisions for an unorthodox surface gas well location, simultaneous dedication, and an exception to Rule 2(b) of the Special Rules governing the Blanco-Mesaverde Pool, San Juan County, New Mexico.** Applicant, in the above-styled cause, seeks to amend Division Order No. R-10174, issued in Case 11054 and dated August 25, 1994, which order authorized Amoco Production Company to initiate a high angle/horizontal directional drilling pilot project within an existing non-standard 327.11-acre gas spacing and proration unit in the Blanco-Mesaverde Pool comprising Lots 8, 9, 10, and 11 and the SE/4 (E/2 equivalent) of Section 6, Township 30 North, Range 8 West, by changing the surface location of its proposed Florance "H" Well No. 37-R to an unorthodox surface gas well location 465 feet from the South line and 1660 feet from the East line (Unit O) of said Section 6. Applicant further seeks an exception to Rule 2(b) of the Special Rules and Regulations for the Blanco-Mesaverde Pool, as promulgated by Division Order No. R-8170, as amended, allowing for a third well to be drilled on a spacing unit and for production from all three wells to be simultaneously dedicated to said 327.11-acre proration unit. Said project area is located approximately 5 miles northwest of the Navajo Reservoir Dam. In the absence of objection, this application will be taken under advisement.

**CASE 11208:** Application of Meridian Oil, Inc. for a waterflood project and qualification for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act", Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to institute a waterflood project in its proposed East Corbin Delaware Unit Area (being the subject of Case No. 11207), located in portions of Sections 15, 16, 21, and 22, Township 18 South, Range 33 East, by the injection of water into the West Corbin-Delaware Pool through three existing wells to be converted from oil producers. 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 west-southwest of Buckeye, New Mexico.

**CASE 10556:** (Reopened)

In the matter of Case No. 10556 being reopened pursuant to the provisions of Division Order No. R-5353-M, which order reclassified the Old Millman Ranch-Bone Spring Pool in Townships 19 and 20 South, Range 28 East, Eddy County, New Mexico, as an "associated pool" to be governed by the General Rules and Regulations for the Associated Oil and Gas Pools of Northwest and Southeast New Mexico, as contained within Division Order No. R-5353, as amended, with temporary special pool rules and regulations therefor. All interested parties and operators in the subject pool may appear and show cause why the Old Millman Ranch-Bone Spring Associated Pool should not be reclassified as an oil pool to be governed by "statewide" rules.

**CASE 10653:** (Reopened - Continued from January 19 1995, Examiner Hearing.)

In the matter of Case No. 10653 being reopened pursuant to the provisions of Division Order No. R-9842-A, which order provided for an increase in allowable to 300 BOPD for the Northeast Lea-Delaware Pool, in Eddy County, New Mexico. Operators in the subject pool may appear and present evidence and show cause why said 300 BOPD allowable should not revert to the standard 107 BOPD depth bracket allowable.

**CASE 11209:** Application of Amoco Production Company for surface commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval to surface commingle Blanco-Mesaverde Pool gas production with South Blanco-Pictured Cliffs Pool gas production within the wellbore of its Jones "A-LS" Well No. 1A (API No. 30-045-22747), located 1460 feet from the South line and 1750 feet from the East line (Lot 2/Unit J) of irregular Section 10, Township 28 North, Range 8 West. Said well is located approximately 10 miles east-southeast of Blanco, New Mexico. IN THE ABSENCE OF OBJECTION THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.

**CASE 11172:** (Continued from February 2, 1995, Examiner Hearing.)

Application of Purvis Operating Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to dispose of produced salt water into the Gladiola-Wolfcamp Pool through the perforated interval from approximately 9103 feet to 9674 feet in its Lea "AV" State Well No. 4 located 1980 feet from the North and West lines (Unit F) of Section 19, Township 12 South, Range 38 East, which is located approximately 2.5 miles east-northeast of Gladiola, New Mexico.

**DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 23, 1995**  
**9:00 A.M. - 2040 SOUTH PACHECO**  
**SANTA FE, NEW MEXICO**

**CASE 11211:** The Oil Conservation Division is calling a hearing on its own motion to consider proposed April-September, 1995 gas allowables for the prorated gas pools in New Mexico. Allowable assignment factors are being distributed with an OCD Memorandum dated February 3, 1995. If requests for changes are not received at the February 23 hearing, these factors will be used to assign allowables for the April-September period.

**CASE 11048:** (De Novo - Continued from January 12, 1995, Commission Hearing.)

**Application of Bass Enterprises Production Co. for compulsory pooling, Eddy County, New Mexico.** Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Morrow formation underlying the S/2 of Section 30, Township 23 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. Said unit is to be dedicated to a well to be drilled and completed 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 6.0 miles northwest of Poker Lake. Upon application of Maralo, Inc., and Santa Fe Energy Operating Partners, L. P., this case will be heard De Novo pursuant to the provisions of Rule 1220.

**CASE 10994:** (De Novo - Continued from January 12, 1995, Commission Hearing.)

**Application of Enserch Exploration, Inc. for the assignment of a special depth bracket oil allowable, Roosevelt County, New Mexico.** Applicant, in the above-styled cause, seeks a special depth bracket oil allowable, pursuant to General Rule 505(d), of 500 barrels of oil per day for the South Peterson-Fusselman Pool, which is located in portions of Townships 5 and 6 South, Ranges 32 and 33 East, being approximately 14 miles east of Kenna, New Mexico. Upon application of Enserch Exploration, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.