

Dockets No. 1-91 and 2-91 are tentatively set for January 10, 1991 and January 24, 1991. Applications for hearing must be filed at least 22 days in advance of hearing date:

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 19, 1990

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

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

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for January, 1991, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for January, 1991, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 10146: (Continued from November 28, 1990, Examiner Hearing.)

Application of Giant Exploration & Production Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool, underlying Lots 1 and 2, the S/2 NE/4, and the SE/4 (E/2 equivalent) of Section 5, Township 25 North, Range 12 West, forming a standard 319.92-acre gas spacing and proration unit for said pool, said unit to be dedicated to a well to be drilled at a standard coal gas well location in the NE/4 equivalent 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 operator of the well and a charge for risk involved in the drilling of said well. Said unit is located approximately 7.75 miles west by south of the B.I.A. Huerfano Community School.

CASE 10176: Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 660 feet from the North line and 1650 feet from the West line (Unit C) of Section 33, Township 22 South, Range 26 East, to test the Morrow formation, in the Undesignated South Carlsbad-Morrow Gas Pool, or Undesignated Happy Valley-Morrow Gas Pool, the N/2 of said Section 33 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool(s). The proposed well site is located approximately 6 miles southwest of Carlsbad, New Mexico.

CASE 10154: (Continued from November 14, 1990, Examiner Hearing.)

Application of Greenhill Petroleum Corporation for waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Lovington San Andres Unit Waterflood Project, Lovington-San Juan Andres Pool, located in Townships 16 and 17 South, Ranges 36 and 37 East, by converting 18 producing wells into water injection wells. Said project area is located approximately 6 miles south-southeast of Lovington, New Mexico.

CASE 10177: Application of BTA Oil Producers for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its JV-P Pardue "C" Well No. 1 to be drilled 611 feet from the South line and 1504 feet from the West line (Unit N) of Section 11, Township 23 South, Range 28 East, to test the Delaware formation, East Loving-Deleware Pool. The SE/4 SW/4 of said Section 11 is to be dedicated to the well forming a standard 40-acre oil spacing and proration unit for said pool. Said unit is located approximately 3 miles northeast of Loving, New Mexico.

CASE 10178: Application of Nearburg Producing Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 16, Township 18 South, Range 25 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre gas spacing which presently includes, but is not necessarily limited to, the Undesignated Richard Knob Atoka-Morrow Gas Pool, Undesignated Penasco Draw-Atoka Gas Pool and Undesignated Eagle Creek-Strawn Gas Pool. Said unit is to be dedicated to the proposed Ewing State Well No. 1 located at a standard gas well location 1980 feet from the North and West lines (Unit F) of said Section 16. 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 10.5 miles northwest of Lakewood, New Mexico.

CASE 10179: Application of Stevens Operating Corporation for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation, Twin Lakes-Devonian Pool, in the perforated intervals from 7211 feet to 7405 feet (7211 feet to 7245 feet and 7392 feet to 7405 feet) in its O'Brien "C" Well No. 9 located 1870 feet from the North line and 80 feet from the West line (Unit E) of Section 1, Township 9 South, Range 28 East. Said well is located approximately 18 miles east of the Bitter Lake National Wildlife Refuge.

CASE 10156: (Continued from November 28, 1990, Examiner Hearing.)

Application of ARCO Oil and Gas 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 Ellenburger formation, underlying the S/2 of Section 32, Township 20 South, Range 37 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, said unit 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 the drilling of said well. Said unit is located approximately 2 miles north-northwest of Oil Center, New Mexico.

CASE 10180: Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from a depth of approximately 3595 feet to the base of the Delaware formation underlying the NW/4 SW/4 of Section 12, Township 18 South, Range 31 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent which presently includes but is not necessarily limited to the Undesignated East Shugart-Delaware Pool, said unit to be dedicated to the West Taylor "12" Well No. 1 to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 7.5 miles southwest of Maljamar, New Mexico.

CASE 10181: Application of Tahoe Energy, Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the E/2 E/2 of Section 3, Township 25 South, Range 37 East, Jalmat Gas Pool, said unit to be dedicated to its White Cloud Well No. 1 to be drilled at a standard gas well location 660 feet from the North and East lines (Unit A) of said Section 3. Said unit is located approximately 4.5 miles northeast of Jal, New Mexico.

CASE 10149: (Continued from November 28, 1990, Examiner Hearing.)

Application of Meridian Oil Inc. on behalf of Southland Royalty Company for dual completion and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, of the above-styled cause, seeks authorization to dually complete its existing Cain Well No. 3-R, located 1610 feet from the South line and 810 feet from the East line (Unit I) of Section 30, Township 29 North, Range 9 West, in both the Blanco-Mesaverde Pool and Basin-Fruitland Coal Gas Pool, Lots 8 through 15 (S/2 equivalent) of said Section 30 to be dedicated to both zones forming a 268.42-acre gas spacing and proration unit. Further, said well is located at an unorthodox coal gas well location, pursuant to the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by Division Order No. R-8768, in which the applicant requests approval. Said unit is located approximately 2 miles south-southeast of Blanco, New Mexico.

CASE 10150: (Continued from November 28, 1990, Examiner Hearing.)

Application of Meridian Oil Inc. for dual completion and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authorization to dually complete its San Juan Well No. 20A, located 850 feet from the North line and 1100 feet from the West line (Unit E) of Section 35, Township 29 North, Range 9 West, in both the Blanco-Mesaverde Pool and Basin-Fruitland Coal Gas Pool, the W/2 of said Section 35 to be dedicated to both zones forming a standard 320-acre gas spacing and proration unit. Further, said well is located at an unorthodox coal gas well location, pursuant to the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by Division Order No. R-8768, in which the applicant requests approval. Said unit is located approximately 5 miles southeast of Blanco, New Mexico.

CASE 10182: Application of Meridian Oil, Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox coal gas well location for its existing Angel Peak "B" Well No. 44 located 485 feet from the North line and 2310 feet from the West line (Unit C) of Section 24, Township 28 North, Range 11 West, Basin-Fruitland Coal Gas Pool, the N/2 of said Section 24 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 4.5 miles south-southeast of Bloomfield, New Mexico.

CASE 10183: Application of Meridian Oil, Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox coal gas well location for the existing Union Texas Petroleum Corporation Angel Peak "B" Well No. 31 located 990 feet from the North line and 1650 feet from the West line (Unit C) of Section 25, Township 28 North, Range 11 West, the W/2 of said Section 25 to be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 5.5 miles south by east of Bloomfield, New Mexico.

CASE 10184: Application of Lewis B. Burleson, 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 Langlie-Mattix Pool underlying the SW/4 NW/4 of Section 22, Township 25 South, Range 37 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent which presently includes but is not necessarily limited to the Langlie-Mattix Pool, said unit to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2 miles east of Jal, New Mexico.

CASE 10185: Application of Avon Energy Corporation for an unorthodox oil well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its Fren Well No. 37 to be drilled 100 feet from the South and East lines (Unit P) of Section 19, Township 17 South, Range 31 East, Grayburg-Jackson Pool, Atlantic Grayburg Jackson Friess-Fren Waterflood Project. Said well is to be simultaneously dedicated to an existing 40-acre oil spacing and proration unit comprising the SE/4 SE/4 of said Section 19 to which is currently dedicated the Fren Oil Co. Well No. 10 located at a standard oil well location 990 feet from the South line and 330 feet from the East line (Unit P) of said Section 19. Said unit is located approximately 8.5 miles southwest of Maljamar, New Mexico.

CASE 10186: Application of Avon Energy Corporation for an unorthodox oil well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its Friess Well No. 5 to be drilled 1270 feet from the North line and 100 feet from the East line (Unit A) of Section 30, Township 17 South, Range 31 East, Grayburg-Jackson Pool, Atlantic Grayburg Jackson Friess-Fren Waterflood Project. Said well is to be simultaneously dedicated to an existing 40-acre oil spacing and proration unit comprising the NE/4 NE/4 of said Section 30 to which is currently dedicated the Friess Well No. 2 located at a standard oil well location 660 feet from the North and East lines (Unit A) of said Section 30. Said unit is located approximately 8.5 miles southwest of Maljamar, New Mexico.

CASE 10187: Application of Avon Energy Corporation for an unorthodox oil well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location for its Turner "B" Well No. 99 to be drilled 2600 feet from the South line and 50 feet from the East line (Unit I) of Section 30, Township 17 South, Range 31 East, Grayburg-Jackson Pool, Turner "B" Grayburg-Jackson Waterflood Project. Said well is to be simultaneously dedicated to an existing 40-acre oil spacing and proration unit comprising the NE/4 SE/4 of said Section 30 to which is currently dedicated the Turner "B" Well No. 53 located at a standard oil well location 1980 feet from the South line and 660 feet from the East line (Unit I) of said Section 30. Said unit is located approximately 8.75 miles southwest of Maljamar, New Mexico.

CASE 10168: (Continued from November 28, 1990, Examiner Hearing.)

Application of Pacific Enterprises Oil Company, USA for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests below the top of the Wolfcamp formation underlying the E/2 of Section 16, Township 17 South, Range 31 East, 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 Fren-Pennsylvanian Gas Pool, said unit to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6.5 miles west by south of Maljamar, New Mexico.

CASE 10169: (Continued from November 28, 1990, Examiner Hearing.)

Application of Pacific Enterprises Oil Company, USA for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests below the top of the Wolfcamp formation underlying the S/2 of Section 21, Township 19 South, Range 28 East, 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 South Millman-Atoka Gas Pool, Undesignated Winchester-Atoka Gas Pool, Undesignated Millman-Morrow Gas Pool and Undesignated Winchester-Morrow Gas Pool, said unit to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 11 miles east of Lakewood, New Mexico.

CASE 10188: Application of Yates Petroleum Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of the West Sombbrero State Unit Agreement for an area comprising 1920 acres, more or less, of State lands in all of Sections 9, 16, and 21, Township 16 South, Range 33 East, which is located approximately 6 miles northeast of Maljamar, New Mexico.

CASE 10158: (Continued from November 28, 1990, Examiner Hearing.)

Application of Morgan Richardson Operating Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the N/2 of Section 17, Township 28 North, Range 8 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to a well to be drilled at a standard coal gas well location in the NE/4 of said Section 17. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 8 miles east-southeast of Blanco, New Mexico.

CASE 10159: (Continued from November 28, 1990, Examiner Hearing.)

Application of Morgan Richardson Operating Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying the S/2 of Section 17, Township 28 North, Range 8 West, forming a standard 320-acre gas spacing and proration unit for said pool, said unit to be dedicated to a well to be drilled at a standard coal gas well location in the SW/4 of said Section 17. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 8 miles southeast by south of Blanco, New Mexico.

CASE 10189: Application of McKay Oil Corporation for a horizontal directional drilling pilot project and special operating rules therefor, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling pilot project in the NE/4 of Section 5, Township 5 South, Range 22 East, being a standard 160-acre gas spacing and proration unit in the Undesignated North Pecos Slope-Abo Gas Pool. The applicant proposes to utilize its West Fork Federal Well No. 14 to be drilled at a surface location 660 feet from the North line and 1980 feet from the East line (Unit B) of said Section 5 to a depth of approximately 3400 feet, kick off from vertical in an undetermined direction with a short radius curve building angle to 90 degrees and continue drilling horizontally for approximately 500 feet. Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the horizontal displacement of the wellbore such that the well can be no closer than 660 feet to the outer boundary of its assigned spacing and proration unit. Said project is located approximately 5 miles south-southeast of Mesa, New Mexico.

CASE 10190: Application of McKay Oil Corporation for a horizontal directional drilling pilot project and special operating rules therefor, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling pilot project in the SW/4 of Section 6, Township 5 South, Range 22 East, being a standard 160-acre gas spacing and proration unit in the Wildcat Abo Gas Pool. The applicant proposes to utilize its West Fork Federal Well No. 10 to be drilled at a surface location 1980 feet from the South and West lines (Unit K) of said Section 6 to a depth of approximately 3400 feet, kick off from vertical in an undetermined direction with a short radius curve building angle to 90 degrees and continue drilling horizontally for approximately 500 feet. Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the horizontal displacement of the wellbore such that the well can be no closer than 660 feet to the outer boundary of its assigned spacing and proration unit. Said project is located approximately 5 miles south of Mesa, New Mexico.

CASE 10191: Application of McKay Oil Corporation for a horizontal directional drilling pilot project and special operating rules therefor, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling pilot project in the NE/4 of Section 6, Township 5 South, Range 22 East, being a standard 160-acre gas spacing and proration unit in the Undesignated North Pecos Slope-Abo Gas Pool. The applicant proposes to utilize its West Fork Federal Well No. 12 to be drilled at a surface location 1650 feet from the North line and 990 feet from the East line (Unit H) of said Section 6 to a depth of approximately 3400 feet, kick off from vertical in an undetermined direction with a short radius curve building angle to 90 degrees and continue drilling horizontally for approximately 500 feet. Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the horizontal displacement of the wellbore such that the well can be no closer than 660 feet to the outer boundary of its assigned spacing and proration unit. Said project is located approximately 4.5 miles south of Mesa, New Mexico.

CASE 10175: (Continued from November 28, 1990, Examiner Hearing.)

Application of Maralex Resources, Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its Hammond W. N. Federal Well No. 11 to be drilled 205 feet from the North line and 130 feet from the East line (Unit A) of Section 34, Township 27 North, Range 8 West, Basin-Fruitland Coal 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 for said pool. Said unit is located approximately 7 miles east of Huerfano Peak.

CASE 10127: (Continued from November 28, 1990, Examiner Hearing.)

Application of Samuel Gary Jr. & Associates, Inc. for a non-standard oil proration unit, horizontal directional drilling project, and special operating rules therefor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a horizontal directional drilling pilot project in Lots 2 and 3, S/2 NW/4, and SW/4 (W/2 equivalent) of Section 6, Township 20 North, Range 2 West, forming a non-standard 297.79-acre oil spacing and proration unit in the Rio Puerco-Mancos Oil Pool. The applicant proposes to commence its SGA Johnson "6" Well No. 14 to be located on the surface 500 feet from the South line and 2100 feet from the West line (Unit N) of said Section 6, drill vertically and kick-off in a northwesterly direction, build angle to approximately 90 degrees, and drill horizontally in the Mancos formation. Applicant further requests that special operating provisions be established for said project area including the designation of a prescribed area limiting the horizontal extent of said wellbore such that it can be no closer than 660 feet to the outer boundary of said spacing unit. Said project area is located approximately 7.5 miles west by south of Cuba, New Mexico.

CASE 10128: (Continued from November 28, 1990, Examiner Hearing.)

Application of Samuel Gary Jr. & Associates, Inc. for a horizontal directional drilling project and special operating rules therefor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a horizontal directional drilling pilot project in the W/2 of Section 12, Township 20 North, Range 3 West, forming a standard 320-acre oil spacing and proration unit in the Rio Puerco-Mancos Oil Pool. The applicant proposes to commence its SGA San Isidro "12" Well No. 16 to be located on the surface 1200 feet from the South line and 1800 feet from the West line (Unit N) of said Section 12, drill vertically and kick-off in a northwesterly direction build angle to approximately 90 degrees, and drill horizontally in the Mancos formation. Applicant further requests that special operating provisions be established for said project area including the designation of a prescribed area limiting the horizontal extent of said wellbore such that it can be no closer than 660 feet to the outer boundary of said spacing unit. Said project area is located approximately 9 miles west-southwest of Cuba, New Mexico.

CASE 10129: (Continued from November 28, 1990, Examiner Hearing.)

Application of Samuel Gary Jr. & Associates, Inc. for a non-standard oil proration unit, horizontal directional drilling project, and special operating rules therefor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a horizontal directional drilling pilot project in Section 13, Township 20 North, Range 3 West, forming a non-standard 640-acre oil spacing and proration unit in the Rio Puerco-Mancos Oil Pool. The applicant proposes to commence its SGA San Isidro "13" Well No. 14 to be located on the surface 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 13, drill vertically and kick-off in a northwesterly direction, build angle to approximately 90 degrees, and drill horizontally in the Mancos formation. Applicant further requests that special operating provisions be established for said project area including the designation of a prescribed area limiting the horizontal extent of said wellbore such that it can be no closer than 660 feet to the outer boundary of said spacing unit and for special allowable provisions for the proposed double sized oil proration unit. Said project area is located approximately 9.5 miles west-southwest of Cuba, New Mexico.

CASE 10141: (Continued from November 28, 1990, Examiner Hearing.)

Application of Samuel Gary Jr. & Associates, Inc. for a gas reinjection/pressure maintenance project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a gas reinjection/pressure maintenance project in its San Isidro (Shallow) Unit Area located in Townships 20 and 21 North, Ranges 2 and 3 West, by the injection of gas into the Rio Puerco-Mancos Oil Pool through the open hole interval from approximately 3793 feet to 4188 feet in its San Isidro 11 Well No. 16 located 660 feet from the South line and 630 feet from the East line (Unit P) of Section 11, Township 20 North, Range 3 West. Said project area is located approximately 5 to 13 miles west-southwest of Cuba, New Mexico.

CASE 10192: Application of Beach Exploration Inc. for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its proposed Red Lake Unit Area (Division Case No. 10193) located in portions of Sections 24, 25, 35, and 36, Township 16 South, Range 28 East and portions of Sections 19 and 30, Township 16 South, Range 29 East, by the injection of water into the East Red Lake-Queen-Grayburg Pool, through 15 certain injection wells to be converted from producing oil wells to injection wells. Said project is located approximately 16 miles east-northeast of Artesia, New Mexico.

CASE 10193: Application of Beach Exploration Inc. for statutory unitization, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the Queen formation, East Red Lake-Queen Grayburg Pool, underlying 1182.17 acres, more or less, of State, Federal and Fee lands comprising portions of Sections 24, 25, 35, and 36, Township 16 South, Range 28 East and portions of Sections 19 and 30, Township 16 South, Range 29 East. Said Unit is to be designated the Red Lake Unit. Among the matters to be considered at the hearing will be necessity of unit operations; the designation of a unit operator; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and changes to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said Unit Area is located approximately 16 miles east-northeast of Artesia, New Mexico.

CASE 9529: (Reopened) (Continued from November 28, 1990, Examiner Hearing.)

In the matter of Case 9529 being reopened pursuant to the provisions of Division Order No. R-8806, which order created the North King Camp-Devonian Pool in Chaves County, New Mexico, and promulgated temporary special rules and regulations therefor. Operators in said pool may appear and show cause why the North King Camp-Devonian Pool temporary rules should not be rescinded.

Dockets No. 3-91 and 4-91 are tentatively set for January 24, 1991 and February 7, 1991. Applications for hearing must be filed at least 22 days in advance of hearing date:

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 10, 1991

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

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

- ALLOWABLE:
- (1) Consideration of the allowable production of gas for February, 1991, from fourteen prorated gas pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for February, 1991, from four prorated gas pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 10194: Application of Bannon Energy, Inc. for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location 1288 feet from the North line and 1246 feet from the East line (Unit A) of Section 31, Township 24 North, Range 7 West, Lybrook-Gallup Oil Pool, the NE/4 NE/4 of said Section 31 to be dedicated to said well forming a standard 40-acre oil spacing and proration unit for said pool. Said unit is located approximately 7.5 miles east of Nageezi, New Mexico.

CASE 10195: Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 1, 3, 4, 8 and 9, the NW/4 NE/4, and the S/2 NE/4 (E/2 equivalent) of Section 27, Township 32 North, Range 9 West, to form a 312.49-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to its Federal Blancett Com C Well No. 1 to be drilled at a standard coal gas well location in the NE/4 equivalent 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 as well as terms of well operations. Said unit is located approximately 3 miles south of Mile Post No. 260 on the New Mexico/Colorado Stateline.

CASE 10196: Application of Merrion Oil & Gas Corporation for a horizontal directional drilling pilot project, special operating rules therefor, non-standard oil spacing and proration unit, and an unorthodox oil well location, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the formation of an 80-acre non-standard oil spacing and proration unit in the Undesignated Ojo Encino-Entrada Oil Pool comprising the W/2 NE/4 of Section 28, Township 20 North, Range 5 West, for the purpose of initiating a horizontal directional drilling pilot project. The applicant proposes to drill at a non-standard surface location 750 feet from the North line and 2450 feet from the East line (Unit B) of said Section 28, penetrate the Entrada formation whereby the zone will be evaluated to determine the proper direction for a horizontal extension. Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the horizontal displacement of the wellbore to a target window described as a rectangle 1320 feet wide and 1200 feet long, the northern side of which is located 550 feet from the North line of said Section 28, with the western side formed by the half section line of Section 28. Also to be considered will be special allowable provisions for a double sized proration unit for this pool. This area is located approximately 8.25 miles northwest by west of Torreon (Sandoval), New Mexico.

CASE 10197: Application of Strata Energy Resources 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 Abo formation or to a depth of 7000 feet, whichever is deeper, underlying the SW/4 NE/4 of Section 14, Township 19 South, Range 38 East, to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 40-acre oil spacing which presently includes, but is not necessarily limited to, the Undesignated Hobbs Grayburg-San Andres and Undesignated Nadine-Drinkard Abo Pools. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 3/4 mile south of the Everglade Cemetery.

CASE 10198: Application of Richmond Petroleum Inc. for a horizontal directional drilling pilot project, special operating rules therefor, an unorthodox oil well location, and a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling pilot project in Irregular Section 28, Township 27 North, Range 2 West, being a non-standard 430.56-acre oil spacing and proration unit in the Undesignated Gavilan-Mancos Oil Pool. The applicant proposes to utilize its Jicarilla-Richmond JV Well No. 28 to be drilled at an unorthodox oil well location 500 feet from the South and East lines (Unit I) of said Section 28 to a depth of approximately 7100 feet, kick off in a northwesterly direction with a medium radius curve building angle to 90 degrees and penetrate the Gavilan-Mancos Oil Pool at an estimated depth of 7412 feet and thence drilling horizontally in a northwesterly direction a distance not in excess of 2,000 feet. Said project is located approximately 28 miles south by west of Dulce, New Mexico.

CASE 10149: (Continued from December 19, 1990, Examiner Hearing.)

Application of Meridian Oil Inc. on behalf of Southland Royalty Company for dual completion and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, of the above-styled cause, seeks authorization to dually complete its existing Cain Well No. 3-R, located 1610 feet from the South line and 810 feet from the East line (Unit I) of Section 30, Township 29 North, Range 9 West, in both the Blanco-Mesaverde Pool and Basin-Fruitland Coal Gas Pool, Lots 8 through 15 (S/2 equivalent) of said Section 30 to be dedicated to both zones forming a 268.42-acre gas spacing and proration unit. Further, said well is located at an unorthodox coal gas well location, pursuant to the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by Division Order No. R-8768, in which the applicant requests approval. Said unit is located approximately 2 miles south-southeast of Blanco, New Mexico.

CASE 10150: (Continued from December 19, 1990, Examiner Hearing.)

Application of Meridian Oil Inc. for dual completion and an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authorization to dually complete its San Juan Well No. 20A, located 850 feet from the North line and 1100 feet from the West line (Unit E) of Section 35, Township 29 North, Range 9 West, in both the Blanco-Mesaverde Pool and Basin-Fruitland Coal Gas Pool, the W/2 of said Section 35 to be dedicated to both zones forming a standard 320-acre gas spacing and proration unit. Further, said well is located at an unorthodox coal gas well location, pursuant to the Special Rules and Regulations for the Basin-Fruitland Coal Gas Pool as promulgated by Division Order No. R-8768, in which the applicant requests approval. Said unit is located approximately 5 miles southeast of Blanco, New Mexico.

CASE 10182: (Continued from December 19, 1990, Examiner Hearing.)

Application of Meridian Oil, Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox coal gas well location for its existing Angel Peak "B" Well No. 44 located 485 feet from the North line and 2310 feet from the West line (Unit C) of Section 24, Township 28 North, Range 11 West, Basin-Fruitland Coal Gas Pool, the N/2 of said Section 24 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 4.5 miles south-southeast of Bloomfield, New Mexico.

CASE 10183: (Continued from December 19, 1990, Examiner Hearing.)

Application of Meridian Oil, Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox coal gas well location for the existing Union Texas Petroleum Corporation Angel Peak "B" Well No. 31 located 990 feet from the North line and 1650 feet from the West line (Unit C) of Section 25, Township 28 North, Range 11 West, the W/2 of said Section 25 to be dedicated to the subject well forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 5.5 miles south by east of Bloomfield, New Mexico.

CASE 10179: (Continued from December 19, 1990, Examiner Hearing.)

Application of Stevens Operating Corporation for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation, Twin Lakes-Devonian Pool, in the perforated intervals from 7211 feet to 7405 feet (7211 feet to 7245 feet and 7392 feet to 7405 feet) in its O'Brien "C" Well No. 9 located 1870 feet from the North line and 80 feet from the West line (Unit E) of Section 1, Township 9 South, Range 28 East. Said well is located approximately 18 miles east of the Bitter Lake National Wildlife Refuge.

CASE 10199: Application of Stevens Operating Corporation for approval of salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Undesignated Diablo-Fusselman Pool, in the perforated intervals from approximately 6904 feet to 6944 feet in its Hanland Well No. 1 located 1980 feet from the South line and 2310 feet from the West line (Unit N) of Section 16, Township 10 South, Range 27 East. Said well is located approximately 1.5 miles north-northeast of Mile Marker No. 173 on U.S. Highway 380.

CASE 10200: Application of OXY U.S.A., Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the base of the Wolfcamp formation to the base of the Morrow formation underlying the E/2 of Section 29, Township 21 South, Range 27 East, to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing which presently includes, but is not necessarily limited to, the Undesignated La Huerta-Strawn Gas Pool, Undesignated La Huerta-Atoka Gas Pool, and East Carlsbad-Morrow Gas Pool. Said unit is to be dedicated to its existing Simpson "A" Well No. 2Y located 1880 feet from the South line and 1980 feet from the East line (Unit J) 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2 miles northeast of Carlsbad, New Mexico.

CASE 10156: (Continued from December 19, 1990, Examiner Hearing.)

Application of ARCO Oil and Gas 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 Ellenburger formation, underlying the S/2 of Section 32, Township 20 South, Range 37 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, said unit 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 the drilling of said well. Said unit is located approximately 2 miles north-northwest of Oil Center, New Mexico.

CASE 10201: Application of Blackwood & Nichols Co. a Limited Partnership for directional drilling and an unorthodox coal gas well location, Rio Arriba and San Juan Counties, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Northeast Blanco Unit Well No. 475 from a proposed surface location 2560 feet from the South line and 1695 feet from the West line (Unit K) 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 within 50 feet of a point 1750 feet from the North line and 54 feet from the East line (Unit H) of adjoining Section 19, which is an unorthodox coal well location for said pool. The E/2 equivalent of said Section 19 which is in both Rio Arriba and San Juan Counties is to be dedicated to said well forming a standard 320-acre, more or less, gas spacing and proration unit for said pool. Said unit is located 1/4 mile east of the Navajo Reservoir Dam.

CASE 10154: (Continued from December 19, 1990, Examiner Hearing.)

Application of Greenhill Petroleum Corporation for waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Lovington San Andres Unit Waterflood Project, Lovington-San Juan Andres Pool, located in Townships 16 and 17 South, Ranges 36 and 37 East, by converting 18 producing wells into water injection wells. Said project area is located approximately 6 miles south-southeast of Lovington, New Mexico.

CASE 10202: Application of Seay Exploration, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to be base of the Abo formation underlying the following described acreage and in the following described manner: Lots 1 and 2 and the S/2 NE/4 (NE/4 equivalent) of Section 6, Township 20 South, Range 39 East, forming a 160.12-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 160-acre spacing, which presently includes but is not necessarily limited to the House-Yates Seven Rivers Gas Pool and the SW/4 NE/4 of said Section 6 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 40-acre spacing, which presently includes but is not necessarily limited to the House-San Andres, Undesignated House-Blinbry and House-Drinkard Pools. Said units are to be dedicated to a single well to be drilled at a standard location in the SW/4 NE/4 (Unit G) of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 3 miles east-southeast of the community of Nadine, New Mexico.

CASE 10203: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 14, Township 19 South, Range 24 East, to test both the Undesignated Penasco Draw-Permian Pennsylvanian Gas Pool and Boyd-Morrow Gas Pool, the N/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for both zones. The proposed well site is located approximately 14.5 miles southeast of Hope, New Mexico.

CASE 10204: Application of Yates Petroleum Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water into the Morrow, Mississippian, Devonian and Ellenburger formations in the perforated interval from approximately 8,925 feet to 11,150 feet in its Mimosa "AHS" Federal Well No. 1 located 1980 feet from the South line and 810 feet from the East line (Unit I) of Section 4, Township 20 South, Range 24 East. Said well is located approximately 9.5 miles west of Seven Rivers, New Mexico.

CASE 10175: (Continued from December 19, 1990, Examiner Hearing.)

Application of Maralex Resources, Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location for its Hammond W. N. Federal Well No. 11 to be drilled 205 feet from the North line and 130 feet from the East line (Unit A) of Section 34, Township 27 North, Range 8 West, Basin-Fruitland Coal 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 for said pool. Said unit is located approximately 7 miles east of Huerfano Peak.



CASE 10190: (Continued from December 19, 1990, Examiner Hearing.)

Application of McKay Oil Corporation for a horizontal directional drilling pilot project and special operating rules therefor, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling pilot project in the SW/4 of Section 6, Township 5 South, Range 22 East, being a standard 160-acre gas spacing and proration unit in the Wildcat Abo Gas Pool. The applicant proposes to utilize its West Fork Federal Well No. 10 to be drilled at a surface location 1980 feet from the South and West lines (Unit K) of said Section 6 to a depth of approximately 3400 feet, kick off from vertical in an undetermined direction with a short radius curve building angle to 90 degrees and continue drilling horizontally for approximately 500 feet. Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the horizontal displacement of the wellbore such that the well can be no closer than 660 feet to the outer boundary of its assigned spacing and proration unit. Said project is located approximately 5 miles south of Mesa, New Mexico.

CASE 10205: Application of McKay Oil Corporation for a horizontal directional drilling project and special operating rules therefor, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling project in the SE/4 of Section 32 Township 4 South, Range 22 East, being a standard 160-acre gas spacing and proration unit in the Undesignated North Pecos Slope-Abo Gas Pool. The applicant proposes to utilize its West Fork Federal Unit Well No. 3 to be drilled at a surface location 1980 feet from the South and East lines (Unit J) of said Section 32 to a depth of approximately 3400 feet, kick off from vertical in an undetermined direction with a short radius curve building angle to 90 degrees and continue drilling horizontally for approximately 500 feet. Applicant further seeks special rules and provisions within the project area including the designation of a prescribed area limiting the horizontal displacement of the wellbore such that the well can be no closer than 660 feet to the outer boundary of its assigned spacing and proration unit. Said project is located approximately 3 miles west of the junction of U.S. Highway No. 285 and New Mexico State Road No. 20.

CASE 10206: Application of McKay Oil Corporation for a horizontal directional drilling project and special operating rules therefor, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling project in the NE/4 of Section 32, Township 4 South, Range 22 East, being a standard 160-acre gas spacing and proration unit in the Undesignated North Pecos Slope-Abo Gas Pool. The applicant proposes to utilize its West Fork Unit Well No. 6 to be drilled at a surface location 1650 feet from the North and East lines (Unit G) of said Section 32 to a depth of approximately 3400 feet, kick off from vertical in an undetermined direction with a short radius curve building angle to 90 degrees and continue drilling horizontally for approximately 500 feet. Applicant further seeks special rules and provisions within the project area including the designation of a prescribed area limiting the horizontal displacement of the wellbore such that the well can be no closer than 660 feet to the outer boundary of its assigned spacing and proration unit. Said project is located approximately 3 miles west of the junction of U.S. Highway No. 285 and New Mexico State Road No. 20.

CASE 10207: Application of McKay Oil Corporation for a horizontal directional drilling project and special operating rules therefor, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling project in the SW/4 of Section 32, Township 4 South, Range 22 East, being a standard 160-acre gas spacing and proration unit in the Undesignated North Pecos Slope-Abo Gas Pool. The applicant proposes to utilize its West Fork Unit Well No. 4 to be drilled at a surface location 1650 feet from the South and West lines (Unit K) of said Section 32 to a depth of approximately 3400 feet, kick off from vertical in an undetermined direction with a short radius curve building angle to 90 degrees and continue drilling horizontally for approximately 500 feet. Applicant further seeks special rules and provisions within the project area including the designation of a prescribed area limiting the horizontal displacement of the wellbore such that the well can be no closer than 660 feet to the outer boundary of its assigned spacing and proration unit. Said project is located approximately 3 miles west of the junction of U.S. Highway No. 285 and New Mexico State Road No. 20.

CASE 10208: Application of McKay Oil Corporation for a horizontal directional drilling project and special operating rules therefor, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a horizontal directional drilling project in the NE/4 of Section 25, Township 5 South, Range 21 East, being a standard 160-acre gas spacing and proration unit in the Undesignated West Pecos Slope-Abo Gas Pool. The applicant proposes to utilize its West Fork Federal Unit Well No. 5 to be drilled at a non-standard surface location 660 feet from the North line and 460 feet from the East line (Unit A) of said Section 25 to a depth of approximately 3400 feet, kick off from vertical in an undetermined direction with a short radius curve building angle to 90 degrees and continue drilling horizontally for approximately 500 feet. Applicant further seeks special rules and provisions within the project area including the designation of a prescribed area limiting the horizontal displacement of the wellbore such that the well can be no closer than 330 feet to the outer boundary of its assigned spacing and proration unit. Said project is located approximately 7 miles southwest of the junction of U.S. Highway No. 285 and New Mexico State Road No. 20.

CASE 10141: (Continued from December 19, 1990, Examiner Hearing.)

Application of Samuel Gary Jr. & Associates, Inc. for a gas reinjection/pressure maintenance project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a gas reinjection/pressure maintenance project in its San Isidro (Shallow) Unit Area located in Townships 20 and 21 North, Ranges 2 and 3 West, by the injection of gas into the Rio Puerco-Mancos Oil Pool through the open hole interval from approximately 3793 feet to 4188 feet in its San Isidro 11 Well No. 16 located 660 feet from the South line and 630 feet from the East line (Unit P) of Section 11, Township 20 North, Range 3 West. Said project area is located approximately 5 to 13 miles west-southwest of Cuba, New Mexico.

**CASE 10192:** (Continued from December 19, 1990, Examiner Hearing.)

Application of Beach Exploration Inc. for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its proposed Red Lake Unit Area (Division Case No. 10193) located in portions of Sections 24, 25, 35, and 36, Township 16 South, Range 28 East and portions of Sections 19 and 30, Township 16 South, Range 29 East, by the injection of water into the East Red Lake-Queen-Grayburg Pool, through 15 certain injection wells to be converted from producing oil wells to injection wells. Said project is located approximately 16 miles east-northeast of Artesia, New Mexico.

**CASE 10193:** (Continued from December 19, 1990, Examiner Hearing.)

Application of Beach Exploration Inc. for statutory unitization, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the Queen formation, East Red Lake-Queen Grayburg Pool, underlying 1182.17 acres, more or less, of State, Federal and Fee lands comprising portions of Sections 24, 25, 35, and 36, Township 16 South, Range 28 East and portions of Sections 19 and 30, Township 16 South, Range 29 East. Said Unit is to be designated the Red Lake Unit. Among the matters to be considered at the hearing will be necessity of unit operations; the designation of a unit operator; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and changes to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said Unit Area is located approximately 16 miles east-northeast of Artesia, New Mexico.

**CASE 10209:** Application of Petroleum Corporation of Delaware for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 1, Township 20 South, Range 29 East, and in the following manner: Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) to form a 321.20-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 Undesignated East Burton Flat-Strawn Gas Pool, Undesignated Parkway-Atoka Gas Pool and Undesignated East Burton Flat-Morrow Gas Pool; Lots 1 and 2 and the S/2 NE/4 (NE/4 equivalent) to form a 160.22-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 Parkway-Strawn Pool; the S/2 NE/4 to form an 80-acre oil spacing and proration unit for any and all pools developed on 80-acre spacing within said vertical extent, of which presently there are none; and, the SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent (which presently includes but is not necessarily limited to the Undesignated Parkway-Bone Spring and Undesignated Parkway-Delaware Pools. Said units are to be dedicated to a single well to be drilled at a standard location in the SW/4 NE/4 (Unit G) of said Section 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 5 miles north by west of the junction of U.S. Highway 62/180 and New Mexico State Road 31.

**CASE 10210:** Application of Santa Fe Energy Operating Partners, L.P. for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its Kachina 5 Well No. 1 to be drilled 330 feet from the South line and 1980 feet from the East line (Unit O) of Section 5, Township 18 South, Range 33 East, to test the Undesignated South Corbin-Wolfcamp Pool, the S/2 SE/4 of said Section 5 is to be dedicated to the well forming a standard 80-acre oil spacing and proration unit for said pool. Said unit is located approximately 7.5 miles southeast by south of Maljamar, New Mexico.

**CASE 10211:** Application of Santa Fe Energy Operating Partners, L.P. 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 Wolfcamp formation underlying the following described acreage in Section 8, Township 18 South, Range 33 East, and in the following manner: the W/2 NW/4 to form 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 South Corbin-Wolfcamp Pool; and the SW/4 NW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated West Corbin-Delaware Pool, Undesignated Central Corbin-Queen Pool, Undesignated West Corbin-San Andres Pool, and Undesignated Corbin- Bone Spring Pool. Said units are to be dedicated to a single well to be drilled at a standard oil well location 1980 feet from the North line and 660 feet from the West line of said Section 8. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 7.5 miles southeast by south of Maljamar, New Mexico.

CASE 10212: Application of Santa Fe Energy Operating Partners, L.P. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 17, Township 24 South, Range 25 East, and in the following manner: the S/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 Mosley Canyon-Strawn Gas and Undesignated Baldridge Canyon-Morrow Gas Pools; 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, the E/2 SW/4 to form an 80-acre oil spacing and proration unit for any and all pools developed on 80-acre spacing within said vertical extent, of which presently there are none; and, the SE/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 oil spacing within said vertical extent. Said units are to be dedicated to a single well to be drilled at a standard location in the SE/4 SW/4 (Unit M) of said Section 17. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 3.5 miles northwest of White City, New Mexico.

CASE 10213: Application of Mewbourne Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 14, Township 17 South, Range 26 East, to test the Undesignated Kennedy Farms-Morrow Gas Pool, the N/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. The proposed well site is located approximately 2.5 miles east of Artesia, New Mexico.

CASE 10214: Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 29, Township 20 South, Range 27 East, and in the following manner: the E/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 Avalon-Upper Pennsylvanian Gas Pool, Undesignated Avalon-Strawn Gas Pool, and the Avalon-Morrow Gas Pool; the NE/4 to form a 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 Avalon-Bone Spring Gas Pool; the S/2 NE/4 to form an 80-acre oil spacing and proration unit for any and all pools developed on 80-acre spacing within said vertical extent, and presently there are none; and the SE/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre oil spacing within said vertical extent (which presently includes but is not necessarily limited to the Undesignated Penlon-Bone Spring and Undesignated Avalon-Wolfcamp (Oil) Pool. Said units are to be dedicated to a single well to be drilled at a standard location in the SE/4 NE/4 (Unit H) 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 operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 8 miles east-southeast of Seven Rivers, New Mexico.

CASE 10008: (Continued from November 28, 1990, Examiner Hearing.)

Application of Doyle Hartman for a non-standard gas proration unit, 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 in the Jalmat Gas Pool underlying Lots 3 and 4, the SE/4 NW/4, and the E/2 SW/4 of Section 6, Township 24 South, Range 37 East, forming a 197.75-acre non-standard gas spacing and proration unit in the Jalmat Gas Pool to be dedicated to a well to be drilled at an unorthodox gas well location 660 feet from the North line and 924 feet from the West line (Unit D) of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 10 miles north-northeast of Jal, New Mexico.

CASE 10215: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, assigning a discovery allowable, contracting, and extending certain pools in Chaves and Eddy Counties, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Abo production and designated as the Bear Grass Draw-Abo Pool. The discovery well is the Phillips Pet. Corp. Grayburg Deep Unit Well No. 5 located in Unit A of Section 25, Township 17 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM  
Section 25: NE/4

- (b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Cass Draw-Bone Spring Pool. The discovery well is the Lanexco, Inc. Cerro Com Well No. 1 located in Unit E of Section 11, Township 23 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM  
Section 11: NW/4

- (c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the East Catclaw Draw-Delaware Pool. The discovery well is the Chi Operating Inc. Oxy State Well No. 1 located in Unit K of Section 9, Township 21 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM  
Section 9: W/2

- (d) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Pennsylvanian production and designated as the Diablo-Pennsylvanian Gas Pool. The discovery well is the Stevens Operating Corp. Hanland State Well No. 1 located in Unit K of Section 16, Township 10 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM  
Section 16: S/2

- (e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Dog Canyon-Wolfcamp Pool. The discovery well is the Cheyenne Resources Crow Flat Fed. Com Ut. Well No. 1 located in Unit K of Section 30, Township 16 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM  
Section 30: SW/4

- (f) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for San Andres production and designated as the Elkins-San Andres Gas Pool. The discovery well is the N. Dale Nichols J. O'Brien Well No. 1 located in Unit L of Section 25, Township 7 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 7 SOUTH, RANGE 28 EAST, NMPM  
Section 25: SW/4  
Section 26: E/2

- (g) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Forehand Ranch-Bone Spring Pool. The discovery well is the Harvey E. Yates Forehand Well No. 1 located in Unit K of Section 15, Township 23 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM  
Section 15: SW/4

- (h) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for Cisco/Canyon production and designated as the High Lonesome-Upper Pennsylvanian Pool. The discovery well is the McClellan Oil Corp. Golden Bear Fed. Com Well No. 1 located in Unit N of Section 24, Township 16 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM  
Section 24: SW/4

- (i) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Livingston Ridge-Bone Spring Pool. The discovery well is the Union Oil Co. of California Medano State Well No. 1 located in Unit K of Section 36, Township 22 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPM  
Section 36: SW/4

- (j) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Palmillo-Bone Spring Pool. The discovery well is the Hondo Drilling Co. Sivley Fed. Well No. 2 located in Unit G of Section 30, Township 18 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM  
Section 30: NE/4

- (k) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Cisco/Canyon production and designated as the North Parkway-Upper Pennsylvanian Pool. The discovery well is the Southland Royalty Co. Parkway C State Com Well No. 1 located in Unit F of Section 15, Township 19 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 15: NW/4

In addition, the discovery well for said North Parkway-Upper Pennsylvanian Pool, the Southland and Royalty Co. Parkway C State Com Well No. 1 located in Unit F of Section 15, Township 19 South, Range 29 East, NMPM, is entitled to and should receive a bonus discovery allowable in the amount of 49,035 barrels of oil to be assigned over a two-year period.

- (l) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Glorieta/Yeso production and designated as the Red Lake Glorieta-Yeso Pool. The discovery well is the Mondo Oil and Gas Co. Pitcher Fed Well No. 1 located in Unit C of Section 8, Township 18 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM  
Section 8: NW/4

- (m) CONTRACT the Bullseye-San Andres Pool in Chaves County, New Mexico, by the deletion of the following area:

TOWNSHIP 7 SOUTH, RANGE 29 EAST, NMPM

Section 7: S/2 S/2  
Section 17: All  
Section 18: All  
Section 19: All  
Section 20: All  
Section 29: All  
Section 30: All  
Section 31: W/2

TOWNSHIP 7 SOUTH, RANGE 28 EAST, NMPM

Section 24: SE/4  
Section 25: All  
Section 26: NE/4

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

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 10: SW/4  
Section 15: NW/4

- (o) EXTEND the East Burton Flat-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 1: S/2

- (p) EXTEND the East Burton-Flat-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM

Section 17: SW/4

- (q) EXTEND the North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM

Section 34: SE/4

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 2: SE/4

- (r) EXTEND the South Dagger Draw-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 22: W/2

- (s) EXTEND the Grayburg-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 15: N/2

- (t) EXTEND the East Hess-Morrow Gas Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 23 SOUTH, RANGE 23 EAST, NMPH  
Section 34: E/2
- (u) EXTEND the Indian Basin-Morrow Gas Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPH  
Section 9: All
- (v) EXTEND the Indian Basin-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPH  
Section 8: All
- (w) EXTEND the Kennedy Farms-Morrow Gas Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPH  
Section 14: S/2
- (x) EXTEND the Livingston Ridge-Delaware Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 22 SOUTH, RANGE 31 EAST, NMPH  
Section 23: SE/4
- (y) EXTEND the Logan Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPH  
Section 27: SE/4
- (z) EXTEND the East Loving-Delaware Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPH  
Section 10: NE/4  
Section 11: SE/4  
Section 22: NE/4
- (aa) EXTEND the South Loving-Delaware Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPH  
Section 20: SW/4  
Section 29: NW/4
- (bb) EXTEND the Lucky Lake-Queen Pool in Chaves County, New Mexico, to include therein:  
TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPH  
Section 10: SW/4
- (cc) EXTEND the Palmillo-Bone Spring Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPH  
Section 6: NW/4
- (dd) EXTEND the South Sand Dunes-Lower Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:  
TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPH  
Section 10: W/2

- (ee) EXTEND the Shugart Yates-Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 30 EAST, NMPM

Section 2: SW/4

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM

Section 11: W/2

- (ff) EXTEND the North Shugart-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 17: N/2

- (gg) EXTEND the Tamano-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 10: SE/2

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DOCKET NO. 2-91

DOCKET: COMMISSION HEARING - THURSDAY - JANUARY 17, 1991

9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

CASE 9949: (De Novo)

Application of Chevron U.S.A., Inc. for a non-standard gas proration unit, unorthodox gas well locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a non-standard 400-acre gas spacing and proration unit comprising Lots 11 through 14 of Section 5 and Lots 15 and 16 and the SE/4 of Section 6, all in Township 21 South, Range 36 East, Eumont Gas Pool, said unit to be simultaneously dedicated to a well to be drilled at an unorthodox location 1175 feet from the South line and 1375 feet from the East line (Unit W) of said Section 6, to its Orcutt (NCT-A) Well No. 1 properly located 4600 feet from the North line and 1980 feet from the West line (Unit N) of said Section 5 (which is unorthodox for this proration unit) and to its Graham State (NCT-E) Well No. 2 located at an unorthodox location 1980 feet from the South and East lines (Unit R) of said Section 6. Said unit is located approximately 2.25 miles west by north of Oil Center, New Mexico. Upon application of Doyle Hartman, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9994: (De Novo)

Application of Doyle Hartman for compulsory pooling, a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying either the SE/4 of Section 5 and the NE/4 of Section 8, Township 21 South, Range 36 East, forming a non-standard 320-acre gas spacing and proration unit for said pool, or IN THE ALTERNATIVE, the N/2 SE/4 and SE/4 SE/4 of said Section 5 and the NE/4 of said Section 8, forming a non-standard 280-acre non-standard gas spacing and proration unit for said pool. In either instance the applicant proposes to simultaneously dedicate all production from the Eumont Gas Pool to the existing State "A" Well No. 4 located 660 feet from the North and East lines (Unit A) of said Section 8, which is unorthodox for the proposed 280-acre unit, and to a second well to be drilled, completing and equipping a new infill well, plus a 200% risk factor for drilling, completing and equipping such new infill well, plus an equitable and proper percentage of the value of the existing wellbore of said State "A" Well No. 1, and all costs of supervision and operation of such unit, and that such order also provide for any other relief which may be deemed equitable and proper. The subject area is located approximately 1.25 miles west of Oil Center, New Mexico. Upon application of Chevron, U.S.A. Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9854: (De Novo) (This case will be dismissed.)

Application of Stevens Operating Corporation for pool creation and special pool rules, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Fusselman formation comprising the S/2 of Section 21 and the N/2 of Section 28, Township 10 South, Range 27 East, and for the promulgation of special rules and regulations therefor including provisions for 320-acre oil spacing and proration units, designated well location requirements, a special gas-oil ratio limitation of 20,000 cubic feet of gas per barrel of oil, and a special 320-acre oil allowable of 650 barrels per day. Said area is located at Mile Post No. 174 on U.S. Highway 380. Upon application of Yates Petroleum Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Dockets Nos. 14-91 and 15-91 are tentatively set for May 16, 1991 and May 30, 1991. Applications for hearing must be filed at least 23 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - THURSDAY - MAY 2, 1991**

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

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

- CASE 10292:** Application of Chevron USA, Inc. to amend Division Order No. R-1084-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-1084-A, dated November 10, 1969, which authorized a 480-acre non-standard gas spacing and proration unit in the Eumont Gas Pool comprising the SW/4 of Section 1 and the N/2 of Section 12, both in Township 22 South, Range 36 East, to be simultaneously dedicated to its H. T. Mattern (NCT-E) Well Nos. 10 and 11 located in Unit N of Section 1 and Unit B of Section 12, respectively. At this time the applicant requests to delete the SW/4 NW/4 of said Section 12 from the proration unit reducing the acreage to 440 acres for both Eumont Gas wells. Said unit area is located approximately 4 miles west-southwest of Eunice, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS MATTER WILL BE TAKEN UNDER ADVISEMENT.**
- CASE 10293:** Application of Yates Energy Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of the Scratchy Ranch State Exploratory Unit Agreement for an area comprising 5,120.00 acres, more or less, of State lands in Township 15 South, Range 32 East, which is located approximately 11 miles north-northeast of Maljamar, New Mexico.
- CASE 10294:** Application of Yates Energy Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of the Eidson Ranch Exploratory Unit Agreement for an area comprising 2990.08 acres, more or less, of State, Federal, and Fee lands in Township 16 South, Range 33 East, which is located approximately 8 miles northeast by north of Maljamar, New Mexico.
- CASE 10295:** Application of Yates Energy 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 Delaware formation or to a depth of 5600 feet, whichever is appropriate, underlying the SW/4 SW/4 (Unit M) of Section 1, Township 18 South, Range 31 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 40-acre spacing, which presently includes but is not necessarily limited to the Undesignated Shurgart Pool and the North Shurgart-San Andres Pool. Said unit is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 7 miles southwest by south of Maljamar, New Mexico.
- CASE 10281:** (Continued from April 18, 1991, Examiner Hearing.)
- Application of Yates Energy 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 Delaware formation underlying the SE/4 NE/4 of Section 12, Township 18 South, Range 31 East, forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 40-acre spacing, which presently includes but is not necessarily limited to the Shugart Pool, Undesignated North Shugart-San Andres Pool, and Undesignated East Shugart-Delaware Pool. Said well is to be dedicated to a well to be drilled at a standard oil well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 7 miles southwest by south of Maljamar, New Mexico.
- CASE 10280:** (Continued from April 18, 1991, Examiner Hearing.)
- Application of Knox Industries Inc. for special pool rules, Lea and Roosevelt Counties, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special pool rules for the Milnesand-Abo Pool, including a provision for 80-acre spacing and designated well location requirements. Said pool is located in portions of Sections 33 and 34, Township 8 South, Range 35 East, and Section 3, Township 9 South, Range 35 East, straddling the Roosevelt/Lea County line approximately 4 miles north by west of Crossroads, New Mexico.



EXAMINER HEARING - THURSDAY - MAY 2, 1991

CASE 10282: (Continued from April 18, 1991, Examiner Hearing.)

Application of Woodbine Petroleum, Inc. for an exception to Division Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Division Order No. R-3221, as amended, to permit the disposal of water produced in conjunction with the production of oil and gas from its surrounding leases into an unlined pit to be located in the SW/4 SE/4 (Unit O) of Section 11, Township 19 South, Range 31 East. Said area is located approximately 13.5 miles south-southwest of Maljamar, New Mexico.

CASE 10263: (Continued from April 18, 1991, Examiner Hearing.)

Application of Giant Exploration & Production Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the E/2 of Section 30, Township 25 North, Range 12 West, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled at a standard coal gas well location in the NE/4 of said Section 30. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 9 miles southwest by west of the B.I.A. Huerfano Community School.

CASE 10296: Application of Mewbourne Oil Company for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, 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 acreage in Section 1, Township 18 South, Range 27 East, and in the following manner: Lots 1 through 4 and the S/2 N/2 (N/2 equivalent) forming a standard 320.52-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 Empire-Pennsylvanian Gas Pool, Undesignated Scoggin Draw-Strawn Gas Pool, Undesignated Scoggin Draw-Atoka Gas Pool, Undesignated North Illinois Camp-Morrow Gas Pool, and Undesignated Scoggin Draw-Morrow Gas Pool; 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. Said units are to be dedicated to a single well to be drilled at an unorthodox location 1650 feet from the North line and 1350 feet from the West line (Unit F) 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 5 miles southeast of Riverside, New Mexico.CASE 10289: (Continued from April 18, 1991, Examiner Hearing.)

Application of BHP Petroleum (Americas) Inc. for amendment of Division Order No. R-9351, Lea County, New Mexico. Division Order No. R-9351 authorized an unorthodox oil well location to test the Strawn formation 1250 feet from the South line and 1725 feet from the East line (Unit O) of Section 20, Township 17 South, Range 37 East, whereby the SW/4 SE/4 of said Section 20 would be dedicated to said well to form a standard 40-acre oil proration unit. At this time the applicant, in the above-styled cause, seeks to deepen its Kimbrough State Well No. 1 to the base of the Devonian formation and to amend said Order No. R-9351 to include all formations from the base of the Strawn formation to the base of the Devonian formation in the provisions set forth in said Order. Said well is located approximately 3.5 miles west-northwest of Humble City, New Mexico.

CASE 10290: (Continued from April 18, 1991, Examiner Hearing.)

Application of Avon Energy Corporation for amendment of Division Order Nos. R-3185, R-3185-A and R-3528 to expand the vertical limits and to establish an injection pressure limitation for the Turner "B" Lease Waterflood Project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an amendment to Division Order No. R-3185, R-3185-A, and R-3528 to expand the vertical limits and to establish an injection pressure limitation for the Turner "B" Lease Waterflood Project to 450 psi above the formation parting pressure as determined from step-rate tests for four (4) certain injection wells in the entire Grayburg-San Andres formation of the Grayburg-Jackson Pool within the project area being all or parts of Sections 17, 20, 29, and 30 of Township 17 South, Range 31 East. Said project area is located approximately 4.5 miles east of Loco Hills, New Mexico.

CASE 10245: (Reopened)

In the matter of Case 10245 being reopened pursuant to the provisions of Division Order No. R-9467-A, which order stayed Division Order No. R-9467, dated March 15, 1991, which order in turn created, designated and promulgated Special Rules and Regulations for the Warren-Blinebry Tubb Oil and Gas Pool, located in Township 20 South, Range 38 East, Lea County. Said order was a companion case to the Division's approval of Conoco's request for expansion of its Conoco Southland Blinebry Cooperative Waterflood Project in Division Case No. 10220 (Order No. R-6906-B). Further, Division Order No. R-9467 with an effective date of March 1, 1991 also provided for the following:

1. an expansion and contraction to the horizontal limits of the Blinebry Oil and Gas Pool;
2. a contraction to the horizontal limits of the Warren-Tubb Gas Pool; and
3. the creation and designation of the East Warren-Tubb Gas Pool.

CASE 10234: (Continued from April 18, 1991, Examiner Hearing.)

Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Ordovician formation underlying the following described acreage in Section 29, Township 9 South, Range 26 East, and in the following manner: the N/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated Foor Ranch-PrePermian Gas Pool and Undesignated East Bitter Lakes-Wolfcamp Gas Pool; the NE/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the South Pecos Slope-Abo Gas Pool; and the SW/4 NE/4 to form a standard 40-acre oil spacing and proration unit for any and all formations developed on 40-acre oil spacing within said vertical extent. Said units are to be dedicated to a single well to be drilled 1980 feet from the North line and 2310 feet from the East line (Unit G) of said Section 29, which is a standard oil and gas well location for zones spaced on 320 acres and 40 acres but is an unorthodox gas well location for zones spaced on 160 acres. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 7 miles north of Mile Marker No. 167 on U.S. Highway 380.

CASE 10272: (Reopened)

Application of Amoco Production Company for directional drilling and an unorthodox bottomhole gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to recomplete its existing Smith Federal Gas Com Well No. 1 located 1613 feet from the North line and 2336 feet from the West line (Unit F) of Section 12, Township 22 South, Range 23 East, by directionally drilling from the existing wellbore in such a manner as to bottom the deviated well in the Indian Basin-Upper Pennsylvanian Gas Pool at an unorthodox gas well location within a target area described as a rectangle 1800 to 2000 feet from the North line and 330 feet to 430 feet from the West line in Unit E of said Section 12, all of Section 12 to be dedicated to said well forming a standard 640-acre gas spacing and proration unit for said pool. Said unit is located approximately 20 miles west of Carlsbad, New Mexico.

CASE 10297: Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location to be drilled 2500 feet from the North line and 330 feet from the West line (Unit E) of Section 15, Township 22 South, Range 27 East, to test both the Undesignated Carlsbad-Strawn Gas Pool and Undesignated South Carlsbad-Morrow Gas Pool, the W/2 of said Section 15 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for both pools. Said unit is located approximately 3 miles north-northwest of Otis, New Mexico.

CASE 10283: (Continued from April 18, 1991, Examiner Hearing.)

Application of Nearburg Producing 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 Devonian formation, in the open hole interval from approximately 10,300 feet to 10,700 feet in the previously plugged and abandoned Coquina Oil Corporation Aikman State Well No. 1 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 27, Township 19 South, Range 25 East. Said well is located approximately 5.5 miles west of Lakewood, New Mexico.

CASE 10287: (Continued from April 18, 1991, Examiner Hearing.)

Application of BTA Oil Producers for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Shinnery-Queen Pool, in the open hole and perforated interval from approximately 3,972 feet to 4,285 feet in its existing Cinco de Mayo Federal Well No. 3 located 990 feet from the North and West lines (Unit D) of Section 24, Township 18 South, Range 32 East. Said well is located approximately 8.5 miles south by east of Maljamar, New Mexico.

CASE 10298: Application of Collins & Ware, Inc. for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location to be drilled 660 feet from the South line and 990 feet from the East line (Unit P) of Section 14, Township 8 South, Range 27 East, to test the Montoya formation, the S/2 of said Section 14 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 9 miles southwest of Elkins, New Mexico.

CASE 10299: Application of Collins & Ware, 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 Morrow formation underlying the N/2 of Section 13, Township 20 South, Range 33 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing, which presently includes but is not necessarily limited to the Undesignated Teas-Pennsylvanian Gas Pool and Undesignated Quail Ridge-Morrow Gas Pool. Said unit is to be dedicated to a well to be drilled at an unorthodox gas well location 990 feet from the North line and 1750 feet from the East line (Unit B) 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 operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1 mile south of U.S. Highway 62/180 at milepost No. 75.

CASE 10285: (Continued from April 18, 1991, Examiner Hearing.)

Application of American Hunter Exploration, Ltd. for a high angle/ horizontal/directional drilling pilot project, special operating rules therefor, and a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the formation of a 640-acre non-standard oil spacing and proration unit in the East Puerto Chiquito-Mancos Oil Pool comprising all of Section 8, Township 27 North, Range 1 East, for the purpose of initiating a high angle/horizontal directional drilling pilot project. The applicant proposes to commence its Jicarilla 8-I Well No. 1 to be located at a standard oil well location 2000 feet from the South line and 500 feet from the East line (Unit I) of said Section 8, drill vertically to a depth of approximately 2300 feet, evaluate the pay zone, plug-back to an appropriate depth and kick-off in a westerly direction, build angle to approximately 80 degrees, and continue to drill a high angle hole in the Mancos formation for approximately 2000 feet. Applicant further requests that special operating provisions be established for said project area including the designation of a prescribed area limiting the horizontal extent of said wellbore to a target window described as a rectangle 1250 to 2750 feet from the South line and 500 to 3000 feet from the East line of said Section 8. Also to be considered will be special allowable provisions for a quadruple sized oil proration unit for this pool. Said unit is located approximately 7 miles west by south of El Vado, New Mexico.

CASE 10286: (Continued from April 18, 1991, Examiner Hearing.)

Application of American Hunter Exploration, Ltd. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, and two non-standard oil proration units, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a high angle/horizontal directional drilling pilot project in Sections 4 and 6, Township 27 North, Range 1 West, forming two non-standard oil spacing and proration units for said pool comprising 651.76 acres and 620.97 acres, respectively. Within each proration unit the applicant proposes to commence from surface unorthodox oil well locations (Section 4: 330 feet from the North and East lines and Section 6: 450 feet from the North line and 400 feet from the East line), drill vertically to a depth of 7500 feet, plug back to an appropriate depth and kick-off in a westerly direction, build angle to approximately 80 degrees, and continue to drill a high angle hole in the Mancos formation for approximately 2000 feet. Applicant further requests that special operating provisions be established for said project area including the designation of a prescribed area limiting the horizontal extent of each wellbore in each proration unit to the following described target windows: Section 4: 330 to 1830 feet from the North line and 330 to 2830 feet from the East line; and, Section 6: 330 to 1950 feet from the North line and 400 to 2900 feet from the East line. Said area is located approximately 24 miles south of Dulce, New Mexico.

**CASE 10300:** Application of American Hunter Exploration, Ltd. for a high angle/horizontal/ directional drilling pilot project, special operating rules therefor, and a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the formation of a 640-acre non-standard oil spacing and proration unit in the East Puerto Chiquito-Mancos Oil Pool comprising all of Section 6, Township 27 North, Range 1 East, for the purpose of initiating a high angle/horizontal directional drilling pilot project. The applicant proposes to commence its Jicarilla 6-A Well No. 1 to be located at a standard oil well location 660 feet from the North line and 700 feet from the East line (Unit A) of said Section 6, drill vertically to a depth of approximately 2850 feet, evaluate the pay zone, plug-back to an appropriate depth and kick-off in a westerly direction, build angle to approximately 80 degrees, and continue to drill a high angle hole in the Mancos formation for approximately 2000 feet. Applicant further requests that special operating provisions be established for said project area including the designation of a prescribed area limiting the horizontal extent of said wellbore to a target window described as a rectangle 330 to 2160 feet from the North line and 700 to 3200 feet from the East line of said Section 6. Also to be considered will be special allowable provisions for a quadruple sized oil proration unit for this pool. Said unit is located approximately 22.5 miles south of Monero, New Mexico.

**CASE 10301:** Application of American Hunter Exploration, Ltd. for a high angle/horizontal/ directional drilling pilot project, special operating rules therefor, and a non-standard oil proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the formation of a 640-acre non-standard oil spacing and proration unit in the East Puerto Chiquito-Mancos Oil Pool comprising all of Section 18, Township 27 North, Range 1 East, for the purpose of initiating a high angle/horizontal directional drilling pilot project. The applicant proposes to commence its Jicarilla 18-A Well No. 1 to be located at a standard oil well location 660 feet from the North line and 750 feet from the East line (Unit A) of said Section 18, drill vertically to a depth of approximately 3650 feet, evaluate the pay zone, plug-back to an appropriate depth and kick-off in a westerly direction, build angle to approximately 80 degrees, and continue to drill a high angle hole in the Mancos formation for approximately 2000 feet. Applicant further requests that special operating provisions be established for said project area including the designation of a prescribed area limiting the horizontal extent of said wellbore to a target window described as a rectangle 330 to 2160 feet from the North line and 750 to 3250 feet from the East line of said Section 18. Also to be considered will be special allowable provisions for a quadruple sized oil proration unit for this pool. Said unit is located approximately 24.5 miles south of Monero, New Mexico.

**CASE 10302:** Application of American Hunter Exploration, Ltd. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, and an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project within a standard 645.28-acre oil spacing and proration unit in the West Puerto Chiquito-Mancos Oil Pool comprising all of Section 2, Township 27 North, Range 1 West. The applicant proposes to commence its Jicarilla 2A Well No. 1 to be located at an unorthodox oil well location 600 feet from the North line and 1150 feet from the East line (Unit A) of said Section 2, drill vertically to a depth of approximately 4550 feet, evaluate the pay zone, plug back to an appropriate depth and kick-off in a westerly direction, build angle to approximately 80 degrees, and continue to drill a high angle hole in the Mancos formation for approximately 2000 feet. Applicant further requests that special operating provisions be established for said project area including the designation of a prescribed area limiting the horizontal extent of said wellbore to a target window described as a rectangle 330 to 2100 feet from the North line and 1150 to 3650 feet from the East line of said Section 2. Said unit is located approximately 24 miles south by east of Dulce, New Mexico.

**CASE 10286:** (Readvertised)

Application of American Hunter Exploration, Ltd. for a high angle/horizontal directional drilling pilot project, special operating rules therefor, two non-standard oil proration units, and two unorthodox oil well locations, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a high angle/horizontal directional drilling pilot project in Sections 4 and 6, Township 27 North, Range 1 West, forming two non-standard oil spacing and proration units in the West Puerto Chiquito-Mancos Oil Pool comprising 651.76 acres and 620.97 acres, respectively. Within each proration unit the applicant proposes to commence from surface unorthodox oil well locations (Section 4: 330 feet from the North and East lines and Section 6: 450 feet from the North line and 400 feet from the East line), drill vertically to a depth of 7500 feet, plug back to an appropriate depth and kick-off in a westerly direction, build angle to approximately 80 degrees, and continue to drill a high angle hole in the Mancos formation for approximately 2000 feet. Applicant further requests that special operating provisions be established for said project area including the designation of a prescribed area limiting the horizontal extent of each wellbore in each proration unit to the following described target windows: Section 4: 330 to 1830 feet from the North line and 330 to 2830 feet from the East line; and Section 6: 330 to 1950 feet from the North line and 400 to 2900 feet from the East line. Said area is located approximately 24 miles south of Dulce, New Mexico.

CASE 10303: Application of BASF Corporation for amendment of Division Order No. R-9255, as amended by Order No. R-9255-A, to provide for a horizontal drilling pilot project, special operating rules therefor, a non-standard oil proration unit, and an unorthodox oil well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-9255, as amended by R-9255-A, to form a new 160-acre non-standard oil spacing and proration unit for its horizontal directional drilling pilot project comprising the N/2 SW/4, SW/4 SW/4, and NW/4 SE/4 of Section 28, Township 31 North, Range 14 West, as projected into the unsurveyed Ute Mountain Indian Reservation. The applicant proposes to utilize its existing Ute Mt. Tribal "28" Well No. 14 located at an unorthodox surface location 1284 feet from the South line and 1112 feet from the West line (Unit M) of said Section 28, kick-off from vertical at a depth of approximately 4,435 feet in a northeasterly direction. Applicant further seeks special rules and provisions within the pilot project area including the designation of a prescribed area limiting the horizontal displacement of the wellbore such that its productive interval can be no closer than 50 feet to the outer boundary of its assigned spacing and proration unit and special allowable provisions for the corresponding sized oil proration unit. Said project area is located approximately 12 miles northwest by north of Farmington, New Mexico.

CASE 10291: (Continued from April 18, 1991, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and assigning discovery allowables to certain pools in Lea County, New Mexico.

- (a) Create a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated the South Shoe Bar-Wolfcamp Pool. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM  
Section 1: NE/4

In addition, the discovery well for said South Shoe Bar-Wolfcamp Pool, the Mobil Exploration and Producing US Inc. Lovington Deep State Well No. 3 located in Unit G of Section 1, Township 17 South, Range 35 East, NMPM, is entitled to and should receive a bonus discovery allowable in the amount of 51,240 barrels of oil to be assigned over a two year period.

- (b) Assign a bonus discovery allowable of 37,930 barrels of oil to the Mitchell Energy Corporation Geronimo Federal Well No. 1 located in Unit D of Section 31, Township 19 South, Range 33 East, NMPM, the discovery well for the Geronimo-Delaware Pool. This discovery allowable is to be assigned over a two-year period.

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DOCKET 13-91

DOCKET: COMMISSION HEARING - THURSDAY - MAY 9, 1991

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 10251: (De Novo)

Application of Kaiser-Francis Oil Company for a pool creation, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of gas from the Delaware formation comprising the SE/4 of Section 8, Township 21 South, Range 26 East. Said area is located approximately 7 miles northwest of Carlsbad, New Mexico. Upon application of Kaiser-Francis Oil Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9931: (De Novo)

Application of Arco Oil & Gas Company for pressure maintenance expansion and an unorthodox gas injection well, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Empire-Abo Unit Pressure Maintenance Project, authorized by Division Order No. R-4549, as amended, by converting its Empire-Abo Unit "J" Well No. 10, located 2310 feet from the North and West lines (Unit F) of Section 3 and Empire Abo Unit "J" Well No. 13, located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 2, both in Township 18 South, Range 27 East, Empire-Abo Pool, Empire-Abo Unit Area, from producing oil wells to gas injection wells. Applicant further seeks an exception to Rule 7A of the Special Rules and Regulations for the Empire-Abo Unit Pressure Maintenance Project, as promulgated by said Order No. R-4549, as amended, for the "J" Well No. 13 which is located at an unorthodox gas injection well location. Both wells are located in an area approximately 4.25 miles south-southeast of Riverside, New Mexico. Upon application of Arco Oil & Gas Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

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[REDACTED] (De Novo)

Application of Beach Exploration Inc. for statutory unitization, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests in the Queen formation, East Red Lake-Queen Grayburg Pool, underlying 1182.17 acres, more or less, of State, Federal and Fee lands comprising portions of Sections 24, 25, 35, and 36, Township 16 South, Range 28 East and portions of Sections 19 and 30, Township 16 South, Range 29 East. Said unit is to be designated the Red Lake Unit. Among the matters to be considered at the hearing will be necessity of unit operations; the designation of a unit operator; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and changes to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not limited to, unit voting procedures, selection, removal or substitution of unit operator, and time of commencement and termination of unit operations. Applicant also requests that any such order issued in this case include a provision for carrying any non-consenting working interest owner within the unit area upon such terms and conditions to be determined by the Division as just and reasonable. Said Unit Area is located approximately 16 miles east-northeast of Artesia, New Mexico. Upon application of Beach Exploration, Inc. this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10211: (De Novo)

Application of Santa Fe Energy Operating Partners, L.P. 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 Wolfcamp formation underlying the following described acreage in Section 8, Township 18 South, Range 33 East, and in the following manner: the W/2 NW/4 to form 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 South Corbin-Wolfcamp Pool; and the SW/4 NW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated West Corbin-Delaware Pool, Undesignated Central Corbin-Queen Pool, Undesignated West Corbin-San Andres Pool, and Undesignated Corbin-Bone Spring Pool. Said units are to be dedicated to a single well to be drilled at a standard oil well location 1980 feet from the North line and 660 feet from the West line of said Section 8. 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 7.5 miles southeast by south of Maljamar, New Mexico. Upon application of Hanley Petroleum Inc. this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10219: (De Novo)

Application of Hanley 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 Wolfcamp formation underlying the following described acreage in Section 8, Township 18 South, Range 33 East, and in the following manner: the W/2 NW/4 to form 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 South Corbin-Wolfcamp Pool; and the SW/4 NW/4 to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent, which presently includes but is not necessarily limited to the Undesignated West Corbin-Delaware Pool, Undesignated Central Corbin-Queen Pool, Undesignated West Corbin-San Andres Pool, and Undesignated Corbin-Bone Spring Pool. Said units are to be dedicated to a single well to be drilled at a standard oil well location 1980 feet from the North line and 660 feet from the West line of said Section 8. 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 7.5 miles southeast by south of Maljamar, New Mexico. Upon application of Hanley Petroleum Inc. this case will be heard De Novo pursuant to the provisions of Rule 1220.