

**DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 2, 1993**

8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING

SANTA FE, NEW MEXICO

Dockets Nos. 36-93 and 37-93 are tentatively set for December 16, 1993 and January 6, 1994. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

**CASE 10111: (Reopened)**

In the matter of Case 10111 being reopened pursuant to the provisions of Division Order No. R-8170-J, as amended, which order established minimum gas allowables in the Jalmat Gas Pool in Lea County. Operators in said pool may appear and present evidence and testimony relevant to the continuation of a minimum gas allowable in the Jalmat Gas Pool. This case will be continued to the January 6, 1994, hearing.

**CASE 10856: (Continued from November 4, 1993, Examiner Hearing.)**

Application of Hanson Operating Company, Inc., for a high angle/horizontal directional drilling pilot project and for special operating rules therefore, Roosevelt County, New Mexico. Applicant seeks authority to initiate a short-radius high angle/horizontal directional drilling pilot project in the NW/4 SE/4 of Section 17, Township 8 South, Range 37 East, being a standard 40-acre oil spacing and proration unit in the Undesignated North Allison-San Andres Pool. Applicant proposes to utilize its existing Tuxedo Federal Well No. 1 located 1990 feet from the South line and 2004 feet from the East line (Unit J) of said Section 17 by kicking-off from vertical at an approximate depth of 4825 feet, build angle to approximately 90 degrees with a short radius curve and continue with a horizontal drainhole in said pool. Applicant further seeks special rules and provisions within the project area including the designation of a prescribed area limiting the horizontal displacement of any drainhole in said project area to within 330 feet of the outer boundary of said 40-acre unit. Said project area is located approximately 9.75 miles south by east of Milnesand, New Mexico.

**CASE 10872: Application of Santa Fe Energy Operating Partners, L.P. for a unit agreement, Lea County, New Mexico.** Applicant seeks approval of the Sage Unit Agreement for an area comprising 3,840 acres, more or less, of State lands in Sections 3, 4, 5, 8, 9, and 10, Township 24 South, Range 33 East, which is centered approximately two miles north of State Highway 128 Mile Marker 27.**CASE 10873: Application of Mewbourne Oil Company for Special Pool Rules for the Walters Lake-Bone Spring Pool, Eddy County, New Mexico.** Applicant seeks an order providing for a gas/oil ratio of 5,000 cubic feet of gas per barrel of oil produced for the Walters Lake-Bone Spring Pool, which covers parts of Sections 2 and 3, Township 18 South, Range 30 East. Said pool is centered approximately 5 miles southwest of Maljamar, New Mexico.**CASE 10829: (Readvertised)**

Application of Mewbourne Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described areas in Section 32, Township 18 South, Range 34 East, and in the following manner: the S/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, the SE/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; the W/2 SE/4 forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, including the EK-Bone Spring Pool; and the NW/4 SE/4 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said unit is to be dedicated to the applicant's Larica 32 St. Well No. 1, to be drilled at an orthodox location within said S/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 3 miles west of the intersection of State Highway 529 and 8.

**CASE 10874: Application of Mewbourne Oil Company for compulsory pooling, unorthodox well location, and non-standard spacing units, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying following described areas in Section 19, Township 19 South, Range 29 East, and in the following manner: the W/2 forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, the SW/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; the SW/4 SW/4 forming a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said unit is to be dedicated to its Parkchester "19" State Well No. 1 to be drilled at an unorthodox location 990 feet from the South line and 740 feet from the West line of said Section 19. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 17 miles southeast of Artesia, New Mexico.

**CASE 10839:** (Continued from November 18, 1993, Examiner Hearing.)

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

**CASE 10840:** (Continued from November 18, 1993, Examiner Hearing.)

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

**CASE 10869:** (Continued from November 18, 1993, Examiner Hearing.)

**Application of Yates Petroleum Corporation for amendment of the Special Rules and Regulations of the South Dagger Draw-Upper Pennsylvanian Associated Pool (Division Order No. R-5353), Eddy County, New Mexico.** Applicant seeks the deletion of Rule 5(b) of Order No. R-5353 thereby authorizing simultaneous dedication of both gas wells and oil wells to the same spacing unit within the South Dagger Draw-Upper Pennsylvanian Associated Pool in portions of Township 20 South, Range 24 East. Said area is located approximately 10 miles southeast of Hope, New Mexico.

**CASE 10875:** **Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Canyon formation underlying the S/2 of Section 10, Township 20 South, Range 24 East, forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent. Said unit is to be dedicated to a well to be drilled at a standard location 660 feet from the South and East lines in the S/2 of said Section 10 to test any and all formations to the base of the Canyon formation, South Dagger Draw-Upper Pennsylvanian Pool. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said area is located approximately 3 miles west of Seven Rivers, New Mexico.

**CASE 10862:** (Continued from November 4, 1993, Examiner Hearing.)

**Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks authorization to drill to the Morrow formation, Crooked Creek Morrow Gas Pool, its Redbone BP Federal Well No. 2 at an unorthodox gas well location 1980 feet from the North line and 510 feet from the East line (Unit H) of Section 10, Township 24 South, Range 24 East. The N/2 of said Section 10 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 4 miles west by southwest of Mosley Spring.

**CASE 10748:** (Reopened)

In the matter of Case No. 10748 being reopened upon application of Yates Petroleum Corporation to amend the spacing requirements for the Indian Basin-Upper Pennsylvanian Associated Pool established by Order No. R-9922, Eddy County, New Mexico. Division Order No. R-9922 granted the application of Yates Petroleum Corporation for creation of the Indian Basin-Upper Pennsylvanian Associated Pool and the adoption of temporary Special Rules and Regulations therefor including 320-acre spacing. At this time Yates Petroleum Corporation requests the Division to amend the Special Rules and Regulations for said pool to provide for 160-acre spacing and proration units. Said area is located approximately 2 miles east of Lone Butte.

**CASE 10876:** Application of Klabzuba Oil and Gas for an unorthodox oil well location, Chaves County, New Mexico. Applicant seeks authority to drill its White "B" Well No. 1 at an unorthodox oil well location 611 feet from the South line and 1297 feet from the East line (Unit P) of Section 1, Township 10 South, Range 27 East, in the Devonian formation, Undesignated Devonian Oil Pool. The SE/4 SE/4 of said Section 1 should be dedicated to the well. Said area is located approximately 4 miles west of Silman Lake.

**CASE 10877:** Application of Klabzuba Oil and Gas for an unorthodox oil well location, Chaves County, New Mexico. Applicant seeks authority to drill its White "A" Well No. 1 at an unorthodox oil well location 598 feet from the North line and 1308 feet from the East line (Unit A) of Section 12, Township 10 South, Range 27 East, in the Devonian formation, Race Track-Devonian Pool. The NE/4 NE/4 of said Section 12 should be dedicated to the well. Said area is located approximately 4 miles west of Silman Lake.

**CASE 10878:** Applicant seeks to initiate a horizontal directional drilling pilot project in the Devonian formation, South Crossroads-Devonian Pool, underlying the N/2 N/2, SW/4 NW/4 and SW/4 NE/4 of Section 2, Township 15 South, Range 37 East. Applicant proposes to reenter its existing wells in the project area, kick-off from vertical in a direction to be determined while drilling and build angle at an appropriate rate to vertically and horizontally traverse the proposed project area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 100 feet to any boundary of the project area; for special project allowables; and an administrative procedure for approval of additional horizontal wellbores in the project area. Said project is located approximately 7 miles northeast of Lovington, New Mexico.

**CASE 10879:** Application of Texaco Exploration and Production Inc. for downhole commingling, Lea County, New Mexico. Applicant seeks approval to downhole commingle Jalmat and Langlie Mattix oil production within seven certain wells (two existing and five to be drilled) in its Cooper Jal Unit located in Sections 13 and 24, Township 24 South, Range 36 East and Section 19, Township 24 South, Range 37 East. Said area is located approximately six miles north by west of Jal, New Mexico.

**CASE 10880:** Application of Meridian Oil Inc. for an unorthodox coal gas well location, San Juan County, New Mexico. Applicant seeks authority to drill its Huerfano Unit Well No. 504 at an unorthodox ("off-pattern") coal gas well location 1495 feet from the South line and 1740 feet from the East line (Unit J) of Section 22, Township 26 North, Range 9 West, to be dedicated to a standard 320-acre spacing unit consisting of the S/2 of said Section 22. Said location is approximately 7 miles north-northeast from the Blanco Trading Post, New Mexico.

**CASE 10881:** Application of Conoco Inc. to amend Rule 5(b) and Rule 6 of the Special Rules and Regulations for the South Dagger Draw-Upper Pennsylvanian Pool (Division Order No. R-5353), and pool extension, Eddy County, New Mexico. Applicant seeks an amendment to Rule 5(b) of Order No. R-5353 thereby authorizing simultaneous dedication of both gas wells and oil wells to the same spacing unit and an amendment to Rule 6 of Order R-5353 to reduce the limiting gas-oil ratio to 4,500 cubic feet of gas for each barrel of oil produced in said pool. Applicant further seeks the extension of said pool to include the E/2 of Section 16, E/2 of Section 34, and all of Section 35, Township 20 South, Range 24 East and all of Sections 34 and 35, Township 20-1/2 South, Range 23 East. The approximate center of said pool is located approximately 10 miles southeast of Hope, New Mexico.

**CASE 10858:** (Readvertised)

Application of Mitchell Energy Corporation for a waiver of the salt protection string requirements of Order No. R-111-P for certain wells, Lea County, New Mexico. Applicant seeks authority to delete the salt protection string requirements of Order No. R-111-P from ten wells to be located in Section 4, Township 20 South, Range 33 East, and to be drilled to test for production in the West Teas Yates-Seven Rivers Pool. The subject wells are located north of Highway 180 some 4.75 miles northeast of the intersection of Highways 176 and 180 and are approximately 2.75 miles northeast of Laguna Gatuna, New Mexico.

**CASE 10882:** Application of James C. Brown, Trustee, and Bayshore Production Co., Limited Partnership, to vacate and void Division Administrative Orders NSP-1632(L)(SD) and NSP-1633(L), Lea County, New Mexico. Applicants seeks approval of an order from the Division vacating and voiding Administrative Order NSP-1633(L) covering the N/2 N/2 (equivalent) and Administrative Order NSP-1632(L) (SD) covering the S/2 N/2 (equivalent) of Section 7, Township 23 South, Range 37 East, Jalmat Gas Pool. The said units are located approximately 8 miles south-southwest of Eunice, New Mexico.

**CASE 10871: (Readvertised)**

Application of Santa Fe Energy Partners, L.P. for compulsory pooling and to shut-in a producing well, and for a non-standard spacing and proration unit, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the South Dagger Draw-Upper Pennsylvanian Associated Pool underlying the W/2 of Section 10, Township 20 South, Range 24 East, forming a standard 320-acre spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, including the South Dagger Draw-Upper Pennsylvanian Associated Pool. Said unit is to be dedicated to a well to be drilled at an orthodox location within said W/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Applicant also requests that the existing Yates Petroleum Corporation Judith "AD" Fed. Well No. 1, located 660 feet from the South and East lines of Section 9, Township 20 South, Range 24 East, be shut-in pending the drilling and completion of applicant's proposed well. Further, applicant requests approval for a non-standard spacing and proration unit in the South Dagger Draw-Upper Pennsylvanian Associated Pool for the proposed Ocotillo "ACI" Fed. Com Well No. 2 to be located at a standard location in the SE/4 of Section 10, Township 20 South, Range 24 East. Said area is located approximately 2 miles west of Seven Rivers, New Mexico.

**CASE 10848: (Continued from November 4, 1993, Examiner Hearing.)**

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