

DOCKET: EXAMINER HEARING - THURSDAY – JULY 12, 2001
8:15 A.M. - 1220 South St. Francis
Santa Fe, New Mexico

Docket Nos. 24-01 and 25-01 are tentatively set for July 26, 2001 and August 9, 2001. 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 12683: **Application of Yates Petroleum Corporation for Compulsory Pooling, Chaves County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Ordovician formation underlying the following described acreage in Section 3, Township 8 South, Range 26 East, as follows: the E/2 to form a standard 320-acre spacing and proration unit for any formation or pool spaced on 320 acres within this vertical extent; the NE/4 and SE/4 forming two standard 160-acre spacing and proration units for any formations or pools spaced on 160 acres within this vertical extent, which presently includes, but is not necessarily limited to the Pecos Slope-Abo Gas Pool. These units are to be dedicated to its Coronet "TI" Well No. 3 to be drilled at a standard location 1980 feet from the North and East lines (Unit G) of Section 3. **In addition**, the applicant seeks to pool these interests for its Coronet "TI" Well No. 1 located 660 feet from the North and East lines (Unit A), its Coronet "TI" Well No. 2 located 1980 feet from the North line and 1000 feet from the East line (Unit H), and its Percentage "APR" Well No. 1 located 660 feet from the South line and 1110 feet from the East line (Unit P), all in Section 3, all three which have been drilled and are currently producing from various formations on the proration unit(s). Also to be considered will be the cost of drilling and completing said wells and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for the risk involved in drilling said wells. This unit is located approximately 4 miles Northeast of the Bitter Lake National Wildlife Refuge.

CASE 12674: **Continued from June 28, 2001, Examiner Hearing.**

Application of Concho Resources, Inc. for compulsory pooling, Eddy 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 acreage in Section 32, Township 18 South, Range 24 East, and in the following manner: The S/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Antelope Sink-Morrow Gas Pool; and the SW/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent. The units are to be dedicated to applicant's Southern Cross "32" State Com. Well No. 1, to be located at an orthodox location in the NE/4 SW/4 of Section 32. Also to be considered will be the cost of drilling and completing the 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 the risk involved in drilling and completing the well. The units are located approximately 10½ miles southeast of Hope, New Mexico.

CASE 12684: **Application of Beach Exploration, Inc. for statutory unitization, Eddy County, New Mexico.** Applicant seeks an order unitizing all mineral interests in the designated and undesignated High Lonesome-Queen Pool underlying parts of Sections 17, 18, 19, and 20, Township 16 South, Range 29 East, comprising 1156.60 acres, more or less, of state and federal lands for its proposed West High Lonesome Queen Unit. Among the matters to be considered at the hearing, pursuant to the New Mexico Statutory Unitization Act, NMSA 1978 §§70-7-1 *et. seq.*, will be: The necessity of unit operations; 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 investments, to each of the tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary

and appropriate. Said unit is centered approximately 10 miles northwest of Loco Hills, New Mexico.

CASE 12685: **Application of Beach Exploration, Inc. for approval of a waterflood project and to qualify the project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Eddy County, New Mexico.** Applicant seeks approval to institute a waterflood project in the Designated and Undesignated High Lonesome-Queen Pool underlying its proposed West High Lonesome Queen Unit covering parts of Sections 17, 18, 19, and 20, Township 16 South, Range 29 East, by the injection of water into 18 wells located thereon. Applicant further seeks to qualify the project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said project is centered approximately 10 miles northwest of Loco Hills, New Mexico.

CASE 12609: **Continued from June 14, 2001, Examiner Hearing.**

Application of Chevron U.S.A., Inc. for an unorthodox infill gas well location and simultaneous dedication, Lea County, New Mexico. Applicant seeks an exception to the well location requirements provided within the "*Special Rules and Regulations for the Eumont Gas Pool*", as promulgated by Division Order No. R-8170, as amended, for an unorthodox Eumont infill gas well location within an existing non-standard 480-acre gas spacing and proration unit (authorized by Division Administrative Order NSP-944, dated April 12, 1974, and upheld by Division Order No. R-5549, issued in Case No. 6041 on October 25, 1977) comprising the NE/4 and the S/2 of Section 22, Township 21 South, Range 36 East, which is located approximately one mile northwest of the Eunice-Lea County Airport. The applicant's proposed Harry Leonard NCT-A Well No. 15 (**API No. 30-025-35396**) is to be drilled at an unorthodox infill gas well location 1980 feet from the South line and 760 feet from the West line (Unit L) of Section 22. This unit is currently dedicated to Chevron U.S.A., Inc.'s:

- (i) Harry Leonard NCT-A Well No. 3 (**API No. 30-025-04757**), located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 22;
- (ii) Harry Leonard NCT-A Well No. 7 (**API No. 30-025-04760**), located 660 feet from the South and West lines (Unit M) of Section 22;
- (iii) Harry Leonard NCT-A Well No. 12 (**API No. 30-025-25496**), located at an unorthodox infill gas well location (approved by Division Order No. R-5549) 990 feet from the South line and 660 feet from the East line (Unit P) of Section 22;
- (iv) Harry Leonard NCT-A Well No. 13 (**API No. 30-025-31320**), located at a standard infill gas well location 1650 feet from the South line and 2310 feet from the East line (Unit J) of Section 22;
- (v) Harry Leonard NCT-A Well No. 6 (**API No. 30-025-04759**), located at an unorthodox infill gas well location [approved by Division Administrative Order NSL-3253 (SD), dated May 28, 1993] 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 22;
- (vi) Harry Leonard NCT-A Well No. 14 (**API No. 30-025-32154**), located at a standard infill gas well location 1760 feet from the North line and 990 feet from the East line (Unit H) of Section 22, which is a new gas well that was included in this unit in February, 1998.

Further, the applicant, pursuant to the rules governing the Eumont Gas Pool and the stipulated declaratory judgement issued by the First Judicial District Court in Santa Fe County, New Mexico on December 15, 2000, seeks to simultaneously dedicate Eumont gas production to this 480-acre unit from

all seven of the above-described Harry Leonard NCT-A Wells No. 3, 6, 7, 12, 13, 14, and 15.

Note: Records indicate that Chevron U.S.A., Inc.'s Harry Leonard NCT-A Well No. 8 (API No. 30-025-04761), located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 22, is a Eumont oil well that is currently dedicated to a standard 40-acre oil spacing and proration unit comprising the SW/4 SE/4 of Section 22. It will be necessary for the applicant to address this matter at the time of the hearing.

CASE 12610: Continued from June 14, 2001, Examiner Hearing.

Application of Chevron U.S.A., Inc. for simultaneous dedication, Lea County, New Mexico.

Applicant, pursuant to the rules governing the Eumont Gas Pool and the stipulated declaratory judgement issued by the First Judicial District Court in Santa Fe County, New Mexico on December 15, 2000, seeks to simultaneously dedicate Eumont gas production to the previously approved 160-acre non-standard gas spacing and proration unit comprising the SE/4 of Section 28, Township 21 South, Range 36 East (approved by Division Administrative Order NSP-272, dated June 27, 1956) from the following four wells:

- existing S. E. Felton Well No. 1 (API No. 30-025-04815) located at a standard gas well location 660 feet from the South and East lines (Unit P) of Section 28;
- existing S. E. Felton Well No. 2 (API No. 30-025-25352) located at a standard gas well location either 800 feet or 880 feet from the South line and 1980 feet from the East line (Unit O) of Section 28; and,
- existing S. E. Felton Well No. 5 (API No. 30-025-33796) located at a standard Eumont gas well location 1980 feet from the South and East lines (Unit J) of Section 28; and
- proposed S. E. Felton Well No. 6 (API No. 30-025-35395) to be drilled at a standard infill gas well location 1980 feet from the South line and 660 feet from the East line (Unit I) of Section 28.

This unit is located approximately eight miles southwest of Monument, New Mexico.

CASE 12686: **Application of Chevron U.S.A., Inc. for a non-standard gas proration unit, Lea County, New Mexico.** Applicant seeks to establish a non-standard 160-acre gas spacing and proration unit within the Tubb Oil and Gas Pool comprising the N/2 NE/4, SE/4 NE/4, and NE/4 NW/4 of Section 30, Township 22 South, Range 38 East, which is located approximately 6.5 miles south-southeast of Eunice, New Mexico. This unit is to be dedicated to the existing Vivian Well No. 11 (API No. 30-025-28590), located at a standard gas well location 660 feet from the North line and 990 feet from the East line (Unit A) of Section 30.

CASE 12687: **Application of Chevron U.S.A., Inc. for a non-standard gas proration unit and an unorthodox gas well location, Lea County, New Mexico.** Applicant seeks to establish a non-standard 160-acre gas spacing and proration unit within the Tubb Oil and Gas Pool comprising the NE/4 SW/4, S/2 SW/4, and SW/4 SE/4 of Section 30, Township 22 South, Range 38 East, which is located approximately 6.5 miles south-southeast of Eunice, New Mexico. This unit is to be simultaneously dedicated to the: (i) existing Drinkard (NCT-B) Well No. 7 (API No. 30-025-28590), located at an unorthodox gas well location 2120 feet from the South line and 1980 feet from the West line (Unit K) of Section 30; and (ii) existing Drinkard (NCT-B) Well No. 8 (API No. 30-025-28594), located

at a standard gas well location 810 feet from the South line and 1980 feet from the West line (Unit N) of Section 30.

CASE 12320: Continued from May 31, 2001, Examiner Hearing.

Application of Chevron U.S.A. Production Co. for Approval to convert the EMSU Wells No. 210, 212, 222, 252 and 258 to Injection in the Eunice Monument South Unit, Lea County, New Mexico. Applicant seeks approval to convert its EMSU Wells No. 210, 212, 222, 252 and 258 to injection in the Eunice Monument South Unit (EMSU). These wells are designed to improve recovery efficiency of the waterflood patterns and enhance production of the EMSU secondary recovery project. The wells are located in the following locations: No. 210 - Section 4, Unit K, Township 21 South, Range 36 East; No. 252 - Section 5, Unit I, Township 21 South, Range 36 East; No. 222 - Section 6, Unit O, Township 21 South, Range 36 East; No. 252 - Section 6, Unit W, Township 21 South, Range 36 East; No. 258 - Section 4, Unit U, Township 21 South, Range 36 East. Water will be injected into the unitized interval of the Eunice Monument Grayburg-San Andres Pool which has an upper limit of 100 feet below mean sea level or the top of the Grayburg formation, whichever is higher, to a lower limit of the base of the San Andres formation. Injection will occur at an expected maximum pressure rate of 1500 barrels of water per day and an expected maximum pressure of 750 pounds per square inch. This area is approximately one mile west-southwest of Oil Center, New Mexico.

CASE 12678: (READVERTISED) Amended Application of Raptor Resources, Inc. for two unorthodox infill gas well locations and simultaneous dedication, Lea County, New Mexico. Applicant seeks an exception to the well location requirements provided within the "Special Pool Rules and Regulations for the Jalmat Gas Pool," as promulgated by Division Order No. R-8170, as amended, for the following two unorthodox Jalmat infill gas well locations within an existing standard 480-acre spacing and proration unit comprised of the N/2 and SW/4 of Section 9, Township 22 South, Range 36 East:

- (A) The State "A" A/C-2 Well No. 31 (API No. 30-025-08856) which is to be re-entered and re-completed at an unorthodox infill gas location 1980 feet from the North and West lines (Unit F) of Section 9; and
- (B) The State "A" A/C-2 Well No. 52 (API No. 30-025-08859) which is to be re-entered and re-completed at an unorthodox gas well location 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 9.

This unit is currently dedicated to Raptor Resources, Inc.'s:

- (A) State "A" A/C-2 Well No. 1 (API No. 30-025-08849), located at an unorthodox location 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 9;
- (B) State "A" A/C-2 Well No. 4 (API No. 30-025-08853), located at an unorthodox gas well location 660 feet from the South and West lines (Unit M) of Section 9;
- (C) State "A" A/C-2 Well No. 29 (API No. 30-025-08854), located at an unorthodox gas well location 660 feet from the North and West lines (Unit D) of Section 9;

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- (D) State "A" A/C-2 Well No. 30 (API No. 30-025-08855), located at an unorthodox gas well location 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 9,
- (E) State "A" A/C-2 Well No. 38 (API No. 30-025-08847), located at an unorthodox gas well location 1980 feet from the South and West lines (Unit K) of Section 9;
- (F) State "A" A/C-2 Well No. 40 (API No. 30-025-08848), located at a standard gas well location 990 feet from the North and East lines (Unit A) of Section 9;
- (G) State "A" A/C-2 Well No. 48 (API No. 30-025-08845), located at an unorthodox gas well location 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 9,
- (H) State "A" A/C-2 Well No. 57 (API No. 30-025-20297), located at an unorthodox gas well location 1980 feet from the North and East lines (Unit G) of Section 9,
- (I) State "A" A/C-2 Well No. 63 (API No. 30-025-25543), located at a standard gas well location 990 feet from the North line and 2310 feet from the West line (Unit C) of Section 9;
- (J) State "A" A/C-2 Well No. 67 (API No. 30-025-28276), located at a standard gas well location 2615 feet from the South line and 1345 feet from the West line (Unit K) of Section 9; and
- (K) State "A" A/C-2 Well No. 72 (API No. 30-025-28281), located at a standard gas well location 1410 feet from the South line and 1440 feet from the West line (Unit K) of Section 9.

Further, the applicant, pursuant to the rules governing the Jalmat Gas Pool and the Stipulated Declaratory Judgment issued by the First Judicial District Court in Santa Fe County, New Mexico on December 15, 2000, seeks to simultaneously dedicate Jalmat production to this 480-acre unit from all ten of the above-described State "A" A/C-2 Wells No. 1, 4, 29, 30, 31, 38, 40, 48, 52, 57, 63, 67, and 72.

This spacing unit is located approximately 4.5 miles southwest of Eunice, New Mexico.

CASE 12551: Continued from June 28, 2001, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the following described spacing and proration units in Section 14, Township 21 South, Range 34 East, as follows: the S/2 for all formations and/or pools developed on 320-acre spacing which includes but is not necessarily limited to the Wilson-Morrow Gas Pool and the Undesignated South Wilson- Pennsylvanian Gas Pool; and the SE/4 for all formations and/or pools developed on 160-acre spacing. Said units are to be dedicated to its Side Pocket "14" State Com Well No. 1 to be drilled at a standard location 1980 feet from the South line and 660 feet from the East line of Section 14 to a depth sufficient to test all formations from the surface to the base of the Morrow formation. 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 Nearburg Producing Company as operator

of the well and a charge for risk involved in drilling said well. Said area is located approximately 20 miles Southeast of Halfway, New Mexico.

CASE 12647: Continued from June 28, 2001, Examiner Hearing.

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling and an unorthodox well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the following described spacing and proration units in Section 8, Township 17 South, Range 37 East as follows: the S/2 NW/4 for all formations and/or pools developed on 80-acre spacing which includes but is not necessarily limited to the Undesignated Shipp-Strawn Pool; and the SW/4 NW/4 for all formations and/or pools developed on 40-acre spacing which includes but is not necessarily limited to the Midway-Devonian Pool. Said units are to be dedicated to its Midway "8" Well No. 1 to be drilled at an unorthodox Strawn well location 1650 feet from the North line and 990 feet from the West line of said Section 8 to a depth sufficient to test all formations from the surface to the base of the Devonian formation. 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 Nearburg Producing Company as operator of the well and a charge for risk involved in drilling said well. Said area is located approximately 8 miles southeast of Lovington, New Mexico.

CASE 12688: **Application of McElvain Oil & Gas Properties, Inc. for a non-standard gas spacing and proration unit, Rio Arriba County, New Mexico.** Applicant seeks an order approving a 505.20-acre gas spacing and proration unit comprised of Lots 3 and 4, S/2 NW/4 and SW/4 of Section 5 and Lots 1 through 4 of Section 6, Township 25 North, Range 2 West, for all formations and/or pools developed on 320-acre spacing. Said unit is to be dedicated to a well to be drilled to a depth sufficient to test the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the NW/4 of said Section 5. Said area is located approximately 11 miles northwest of Lindrieth, New Mexico.

CASE 12689: **Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations from the base of the Pictured Cliffs formation to the base of the Dakota formation in the N/2 of Section 32, Township 26 North, Range 2 West, for all formations and/or pools developed on 320-acre spacing within this vertical extent. Said unit is to be dedicated to its Cougar Com 32 Well No. 1 to be drilled to a depth sufficient to test all formations to the base of the Dakota formation, Basin-Dakota Gas Pool, at a standard location in the NE/4 of said Section 32. 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 12.4 miles northwest of Lindrieth, New Mexico.

CASE 12690: **Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.** Applicant an order pooling all mineral interests in all formations from the base of the Pictured Cliffs formation to the base of the Dakota formation in the W/2 of Section 11, Township 25 North, Range 2 West, for all formations and/or pools developed on 320-acre spacing within this vertical extent. Said unit is to be dedicated to its Badger Com 11 Well No. 1 to be drilled to a depth sufficient to test all formations to the base of the Dakota formation, Basin-Dakota Gas Pool, at a standard location in the SW/4 of said Section 11. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved

in drilling said well. Said area is located approximately 9.2 miles northeast of Lindrith, New Mexico.

CASE 12691: **Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations from the base of the Pictured Cliffs formation to the base of the Dakota formation in the S/2 of Section 32, Township 26 North, Range 2 West, for all formations and/or pools developed on 320-acre spacing within this vertical extent. Said unit is to be dedicated to its Cougar Com 32 Well No. 2 to be drilled to a depth sufficient to test all formations to the base of the Dakota formation, Basin-Dakota Gas Pool, at a standard location in the SE/4 of said Section 32. 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 11.6 miles northwest of Lindrith, New Mexico.

CASE 12692: **Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations from the base of the Pictured Cliffs formation to the base of the Dakota formation in the N/2 of Section 29, Township 26 North, Range 2 West, for all formations and/or pools developed on 320-acre spacing within this vertical extent. Said unit is to be dedicated to its Bear Com 29 Well No. 2 to be drilled to a depth sufficient to test all formations to the base of the Dakota formation, Basin-Dakota Gas Pool, at a standard location in the NE/4 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 13.6 miles northwest of Lindrith, New Mexico.

CASE 12693: **Application of McElvain Oil & Gas Properties, Inc. for compulsory pooling, Rio Arriba County, New Mexico.** Applicant seeks an order pooling all mineral interests in all formations from the base of the Pictured Cliffs formation to the base of the Mesaverde formation in the E/2 of Section 5, Township 25 North, Range 2 West, for all formations and/or pools developed on 320-acre spacing within this vertical extent. Said unit is to be dedicated to its Cougar Com 5 Well No. 2 to be drilled to a depth sufficient to test all formations to the base of the Mesaverde formation, Blanco-Mesaverde Gas Pool, at a standard location in the SE/4 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 drilling said well. Said area is located approximately 10.5 miles northwest of Lindrith, New Mexico.

CASE 12648: **Continued from June 28, 2001, Examiner Hearing.**

Application of EOG Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface through the top 100 feet of the Mississippian Chester formation in all formations developed on 320-acre spacing underlying the S/2 which include but are not necessarily limited to the Undesignated East Red Tank-Cisco Gas Pool, Undesignated East Red Tank-Atoka Gas Pool, Undesignated East Red Tank-Morrow Gas Pool and Undesignated Bootleg Ridge-Morrow Gas Pool; in all formations developed on 160-acre spacing underlying the SW/4; and in all formations developed on 40-acre spacing underlying the SW/4 SW/4 which include but are not necessarily limited to the West Red Tank-Delaware Pool and the Red Tank-Bone Spring Pool; all in Section 24, Township 22 South, Range 32 East. Applicant proposes to

dedicate the pooled units to its Red Tank "24" Federal Well No. 3 to be drilled at a standard gas well location 660 feet from the South and West lines of said Section 24. 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 13 miles southeast of the intersection of State Highway 176 and U. S. Highway 62/180.

CASE 12694: **Application of McKay Oil Corporation for an unorthodox gas well location, Chaves County, New Mexico.** Applicant seeks authority to drill its Tanner Fee Com Well No. 1 at an unorthodox gas well location 2310 feet from the North line and 660 feet from the West line (Unit E) of Section 35, Township 6 South, Range 22 East, to test the Abo formation, West Pecos Slope-Abo Gas Pool. The NW/4 of Section 35 is to be dedicated to the well forming a standard 160-acre gas spacing and proration unit for said pool. This unit is located approximately 20 miles northwest of Haystack Mountain.

CASE 12695: **Application of McKay Oil Corporation for an unorthodox gas well location, Chaves County, New Mexico.** Applicant seeks authority to drill its Cactus "B" Federal Well No. 6 at an unorthodox gas well location 330 feet from the South line and 2430 feet from the West line (Unit N) of Section 35, Township 6 South, Range 22 East, to test the Abo formation, West Pecos Slope-Abo Gas Pool. The SW/4 of Section 35 is to be dedicated to the well forming a standard 160-acre gas spacing and proration unit for said pool. This unit is located approximately 20 miles northwest of Haystack Mountain.

CASE 12696: **Application of McKay Oil Corporation for an unorthodox gas well location, Chaves County, New Mexico.** Applicant seeks authority to drill its Cactus Federal Well No. 7 at an unorthodox gas well location 380 feet from the South line and 2130 feet from the East line (Unit O) of Section 35, Township 6 South, Range 22 East, to test the Abo formation, West Pecos Slope-Abo Gas Pool. The SE/4 of Section 35 is to be dedicated to the well forming a standard 160-acre gas spacing and proration unit for said pool. This unit is located approximately 20 miles northwest of Haystack Mountain.

CASE 12563: **Continued from March 31, 2001, Examiner Hearing.**

Application of the New Mexico Oil Conservation Division for termination of gas prorationing in the Jalmat and Eumont Gas Pools and to amend the special rules governing both pools, Lea County, New Mexico. Applicant seeks to terminate gas prorationing in the Jalmat and Eumont Gas Pools and to exclude both pools from the provisions of Division Rules 601 through 605 (Gas Proration Rules). Once gas prorationing is terminated, it will be necessary to amend the special rules and regulations currently governing both pools (set forth in Division Order No. R-8170, as amended) by whatever means may be necessary to prevent waste, maintain orderly development, and to protect correlative rights of interest owners. The combined area of both pools currently encompasses a relatively large geographical area in Townships 18, 19, 20, 21, 22, 23, 24, 25, and 26 South, Ranges 35, 36, 37, and 38 East, which can roughly be described as an area that extends three to ten miles east and west of a line between Arkansas Junction and Jal.

CASE 12417: **Reopened**

Application of Saga Petroleum, L.L.C. for statutory unitization, Lea County, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing an enhanced recovery project, all

mineral interests in the Devonian formation, Crossroads Siluro-Devonian Pool, underlying 800 acres, more or less, of fee lands in the following acreage:

Township 9 South, Range 36 East, N.M.P.M.
Section 27: N/2, SE/4
Section 34: E/2

The unit is to be designated the Crossroads Siluro-Devonian Unit. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the designation of horizontal and vertical limits of the unit area; the determination of the fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations; including but not 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. The unit area is located approximately 6 miles east of Crossroads, New Mexico.

CASE 12418: Reopened

Application of Saga Petroleum, L.L.C. for approval of a waterflood project for its Crossroads Siluro-Devonian Unit Area and qualification of said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval of its Crossroads Siluro-Devonian Unit Waterflood Project for injection of water into the Devonian formation, Crossroads Siluro-Devonian Pool, through four injection wells located in the following described area:

Township 9 South, Range 36 East, N.M.P.M.
Section 27: N/2, SE/4
Section 34: E/2

The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the project area without the necessity of further hearings and the adoption of such other provisions as are necessary for said waterflood operations. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). The unit is located approximately 6 miles east of Crossroads, New Mexico.

CASE 12627: Continued from June 28, 2001, Examiner Hearing.

Application of Pogo Producing 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 acreage in Section 23, Township 22 South, Range 32 East: The SE/4 to form a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within that vertical extent; and the E/2 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within that vertical extent, including the Undesignated East Red Tank-Cisco Canyon Gas Pool, Undesignated East

Red Tank-Atoka Gas Pool, Undesignated East Red Tank-Morrow Gas Pool, and Undesignated Bootleg Ridge-Morrow Gas Pool. The units are to be dedicated to a well to be drilled at an orthodox location in the NE/4 SE/4 of Section 23. **IN THE ALTERNATIVE**, applicant requests that the S/2 of Section 23 be dedicated to the well for all pools or formations developed on 320-acre spacing within that vertical extent, including those described above. Also to be considered will be the cost of drilling and completing the 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 the risk involved in drilling and completing the well. The units are located approximately 12½ miles southeast of the intersection of State Highway 176 and U.S. Highway 62/180.

CASE 12552: Continued from June 28, 2001, Examiner Hearing.

Application of EOG Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface through the top 100 feet of the Mississippian Chester formation underlying the S/2 of Section 23, Township 22 South, Range 32 East, for all formations and/or pools developed on 320-acre spacing which includes but it not necessarily limited to the Undesignated Bootleg-Ridge Morrow Gas Pool and the Undesignated East Red Tank-Atoka Gas Pool. Applicant proposes to dedicate the pooled units to its Red Tank "23" Federal Com Well No. 1 to be drilled at a standard gas well location in the NW/4 SE/4 of Section 23. 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 30 miles west of Eunice, New Mexico.