

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION
OF HALLWOOD PETROLEUM, INC.
FOR COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 10850

APPLICATION

HALLWOOD PETROLEUM, INC., through its undersigned attorneys, hereby makes application pursuant to the provisions of N.M.Stat.Ann. § 70-2-17, (1978), for an order pooling all of the mineral interests in the W/2 of Section 14, Township 29 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, and in support thereof states:

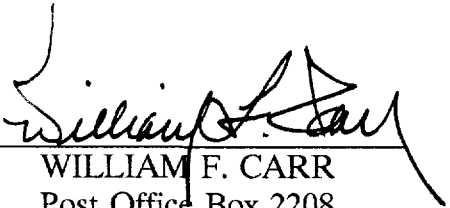
1. Applicant owns or represents over 57% of the working interest in the W/2 of said Section 14, and Applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration unit to a well to be drilled at a standard location in the W/2 of said Section 14, to a depth sufficient to test any and all formations from the surface to the base of the Pictured Cliffs formation, including the Fruitland formation, Basin-Fruitland Coal Gas Pool and the Pictured Cliffs formation, West Kutz-Pictured Cliffs Gas Pool.
3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the W/2 of said Section 14.
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before an Examiner of the Oil Conservation Division on October 21, 1993 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well.

Respectfully submitted,

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR HALLWOOD
PETROLEUM, INC.

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

IN THE MATTER OF THE APPLICATION
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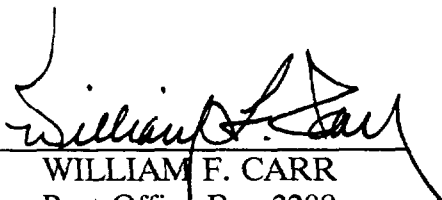
1. Applicant owns or represents over 57% of the working interest in the W/2 of said Section 14, and Applicant has the right to drill thereon.
2. Applicant proposes to dedicate the above-referenced spacing or proration unit to a well to be drilled at a standard location in the W/2 of said Section 14, to a depth sufficient to test any and all formations from the surface to the base of the Pictured Cliffs formation, including the Fruitland formation, Basin-Fruitland Coal Gas Pool and the Pictured Cliffs formation, West Kutz-Pictured Cliffs Gas Pool.
3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farmout from certain interest owners in the W/2 of said Section 14.
4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all mineral interests should be pooled, and Applicant should be designated the operator of the well to be drilled.

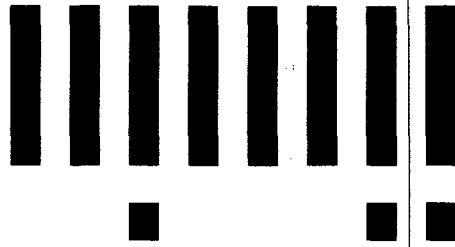
WHEREFORE, Applicant prays that this application be set for hearing before an Examiner of the Oil Conservation Division on October 21, 1993 and, after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well.

Respectfully submitted,

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& SHERIDAN, P.A.

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ATTORNEYS FOR HALLWOOD
PETROLEUM, INC.



LTR



Job separation sheet

DOCKET: EXAMINER HEARING - THURSDAY - OCTOBER 21, 1993
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 32-93 and 33-93 are tentatively set for November 4, 1993 and November 18, 1993. Applications for hearing must be filed at least 23 days in advance of hearing date.

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

CASE 10280: (Reopened - Continued from September 23, 1993, Examiner Hearing.)

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

CASE 10687: (Continued from September 23, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 500 feet below the top of the San Andres formation to the base of the Morrow formation underlying the following described areas in Section 17, Township 18 South, Range 28 East, and in the following manner: the E/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent; and the SE/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent. Said unit is to be dedicated to its Illinois Camp "17" State Well No. 2, to be drilled at a standard location within said E/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2 miles north of Illinois Camp.

CASE 10829: (Continued from October 7, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, underlying the following described areas in Section 32, Township 18 South, Range 34 East, and in the following manner: the E/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent; the SE/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and the W/2 SE/4 forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, including the EK-Bone Spring Pool. Said unit is to be dedicated to the applicant's Larica 32 State Well No. 1, to be drilled at an orthodox location within said E/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 7.5 miles west of Arkansas Junction.

CASE 10850: Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the W/2 of Section 14, Township 29 North, Range 13 West. Said unit is to be dedicated to a well to be drilled at a standard location in the W/2 of said Section 14 to test any and all formations to the base of the Pictured Cliffs formation including the Fruitland formation, Basin-Fruitland Coal Gas Pool and the Pictured Cliffs formation, West Kutz-Pictured Cliffs 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 unit is located approximately 5 miles south of Berry Park.

CASE 10851: Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the S/2 of Section 28, Township 30 North, Range 12 West. Said unit is to be dedicated to a well to be drilled at a standard location in the S/2 of said Section 28 to test any and all formations to the base of the Pictured Cliffs formation including the Fruitland formation, Basin-Fruitland Coal Gas Pool and the Pictured Cliffs formation, Fulcher Kutz-Pictured Cliffs 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 unit is located approximately 1 mile south of Farmington Lake.

CASE 10772: (Continued from October 7, 1993, Examiner Hearing.)

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

CASE 10812: (Continued from October 7, 1993, Examiner Hearing.)

Application of Giant Exploration & Production Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Basin-Fruitland Coal Gas Pool, underlying the N/2 of Section 33, Township 26 North, Range 11 West, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent, which presently includes only the Basin Fruitland Coal Gas Pool. Said unit is to be dedicated to a well to be drilled at a standard location thereon in said Section 33. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said unit is located near the Huerfano Boarding School.

CASE 10852: Application of McKay Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation underlying the N/2 of Section 25, Township 20 South, Range 24 East, forming a standard 320-acre spacing and proration unit for the Wolfcamp production from said well. Said unit is to be dedicated to the re-entry of its Charolette McKay Federal Com Well No. 3 which is located in Unit C of said Section 25. Applicant further proposes that it be designated the operator and that the Division consider the costs of reentering and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision and a charge for risk involved in reentering and completing said well. Said well is located approximately 20 miles southwest from Artesia, New Mexico.

CASE 10853: Application of Matador Petroleum Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant seeks approval of an unorthodox gas well location 660 feet from the North and East lines (Unit A) of Section 30, Township 15 South, Range 28 East, for production from any formation and/or pool developed on 320-acre gas proration and spacing units including but not limited to the Buffalo Valley-Pennsylvanian Gas Pool. The N/2 of said Section 30 will be dedicated to the well forming a standard 320-acre gas spacing and proration unit for said pool(s). Said unit is located approximately 3 miles northwest of Nakee Ishee Lake, New Mexico.

CASE 10854: Application of Phillips Petroleum Company for a special oil allowable for the Cabin-Lake Delaware Pool, Eddy County, New Mexico. Applicant seeks an order establishing a special oil allowable of 187 barrels of oil per day at a 2,000 to 1 GOR for the Cabin lake-Delaware Pool located in portions of Townships 21 and 22 South, Range 30 East. Applicant further seeks the cancellation of any overproduction charged against any well in the pool as of the effective date of any order entered in this case. This pool is in the Nash Draw area and its center is located approximately 1 mile north of Smith, New Mexico.

CASE 10830: (Readvertised)

Application of Conoco, Inc. for special pool rules or, in the alternative, for a temporary special testing allowable, Lea County, New Mexico. Applicant seeks an order promulgating special pool rules for the Paddock Pool, located in portions of Townships 21 and 22 South, Ranges 36, 37 and 38 East, including a provision for a limiting gas-oil ratio of 6,000 cubic feet of gas per barrel of oil. IN THE ALTERNATIVE, the applicant seeks an order establishing a special one-year testing allowable for its Lockhart A-27 Lease comprising the N/2 of Section 27, Township 21 South, Range 37 East, whereby each pool well in the project area may be produced at its capacity up to a limiting gas-oil ratio of 6000 to one; further any production in excess of the limits set forth in General Rules 505 and 506 would not constitute overproduction for the one-year testing period. Said project area is located approximately one mile northeast of Eunice, New Mexico.

CASE 10850: (Continued from October 21, 1993, Examiner Hearing.)

Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the W/2 of Section 14, Township 29 North, Range 13 West. Said unit is be dedicated to a well to be drilled at a standard location in the W/2 of said Section 14 to test any and all formations to the base of the Pictured Cliffs formation including the Fruitland formation, Basin-Fruitland Coal Gas Pool and the Pictured Cliffs formation, West Kutz-Pictured Cliffs 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 unit is located approximately 5 miles south of Berry Park.

CASE 10851: (Continued from October 21, 1993, Examiner Hearing.)

Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the S/2 of Section 28, Township 30 North, Range 12 West. Said unit is be dedicated to a well to be drilled at a standard location in the S/2 of said Section 28 to test any and all formations to the base of the Pictured Cliffs formation including the Fruitland formation, Basin-Fruitland Coal Gas Pool and the pictured Cliffs formation, Fulcher Kutz-Pictured Cliffs 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 unit is located approximately 1 mile south of Farmington Lake.

CASE 10860: Application of Armstrong Energy Corporation an unorthodox oil well location, Lea County, New Mexico. Applicant seeks authorization to drill to the Delaware formation, Northeast Lea-Delaware Pool, its Mobil Lea State Well No. 4 at an unorthodox oil well location 1155 feet from the South line and 1770 feet from the West line (Unit N) of Section 2, Township 20 South, Range 34 East. The SE/4 SW/4 of said Section 2 is to be dedicated to said well forming a standard 40-acre spacing and proration unit. Said unit is located approximately 1 mile south of mile marker 80 on U.S. Highway 180/62.

CASE 10772: (Continued from October 21, 1993, Examiner Hearing.)

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

CASE 10861: Application of Collins & Ware, Inc. for a high angle/horizontal directional drilling pilot project and special operating rules therefor, Lea County, New Mexico. Applicant seeks to initiate a horizontal drilling project in the Devonian formation, Denton-Devonian Pool, underlying the SW/4 NE/4 of Section 35, Township 14 South, Range 37 East. Applicant proposes to re-enter its S. & J. Operating T.D. Pope Well No. 5 which is at an orthodox surface location 1980 feet from the North and East lines (Unit G) of Section 35, kick-off from vertical in a northeasterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 100 feet to any boundary of the proration unit. Said project is located approximately 3 miles southeast of Prairieview.

CASE 10711: (Continued from October 7, 1993, Examiner Hearing.)

Application of Yates Petroleum Corporation for approval of a waterflood project and qualification for the recovered oil tax rate, Eddy County, New Mexico. Applicant seeks approval of its Creek AL Lease Waterflood Project by injection of water into the Shugart, Penrose and Middle Grayburg formations through 108 injection wells located in Township 18 South, Range 30 East as follows: Section 23: E/2 SE/4; Section 24: S/2, S/2 and NW/4 SW/4; Section 25: NW/4 and E/2 NE/4. The applicant requests that the Division establish procedures for the administrative approval of additional injection wells within the unit area without the necessity of further hearings and the adoption of any provisions necessary for such other matters as may be appropriate for said waterflood operations. Applicant further seeks to qualify this project for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Said area of interest is located approximately 1 mile east of Walters Lake, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 4, 1993
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 34-93 and 35-93 are tentatively set for November 18, 1993 and December 2, 1993. Applications for hearing must be filed at least 23 days in advance of hearing date.

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

CASE 10856: 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 10857: Application of Phillips Petroleum Company for an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval of an unorthodox gas well location for its Lone Ranger Well No. 21 to be drilled 2260 feet from the South line and 450 feet from the East line and (Unit I) of Section 27, Township 12 South, Range 34 East, West Ranger Lake-Devonian Gas Pool. The E/2 of said Section 27 is to be dedicated to said well forming a standard 320-acre gas spacing unit. Said unit is located approximately 10 miles west of Tatum, New Mexico.

CASE 10858: 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 south of Highway 180 some 10 miles northeast of the intersection of Highways 176 and 180 and are approximately 8 miles northeast of Laguna Gatuna, New Mexico.

CASE 10521: (Reopened)

In the matter of Case No. 10521 being reopened pursuant to the provisions of Order No. R-8170-L which order promulgated special rules and regulations for the South Blanco-Pictured Cliffs Pool establishing a minimum gas allowable for said pool. Operators in the subject pool should be prepared to appear and present evidence and testimony should it become apparent that continuation of a minimum gas allowable will not serve to prevent waste and protect correlative rights. This cause will be continued to a January 1994 docket.

CASE 10036: (Reopened)

In the matter of Case No. 10036 being reopened pursuant to the provisions of Order No. R-8170-G which order promulgated special rules and regulations for the Eumont Gas Pool, establishing a minimum gas allowable for said pool. Operators in the subject pool should be prepared to appear and present evidence and testimony relevant to the continuation of a minimum gas allowable in the Eumont Gas Pool. This cause will be continued to a January 1994 docket.

CASE 10859: Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the E/2 of Section 33, Township 30 North, Range 12 West. Said unit is to be dedicated to a well to be drilled at a standard location in the E/2 of said Section 33 to test any and all formations to the base of the Pictured Cliffs formation including the Fruitland formation, Basin-Fruitland Coal Gas Pool and the Pictured Cliffs formation, Fulcher Kutz-Pictured Cliffs Gas 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 2 miles southeast of Flora Vista, New Mexico.

NOTICE: The Commission Hearing is scheduled for Wednesday, November 10, 1993, at 9:00 AM, Morgan Hall, State Land Office Building, Santa Fe, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 18, 1993
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Dockets Nos. 35-93 and 36-93 are tentatively set for December 2nd, 1993 and December 16, 1993. 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 10865: Application of Merrion Oil & Gas Corporation for a short-radius horizontal directional drilling pilot project and special operating rules therefor, McKinley County, New Mexico. Applicant seeks authority to initiate a short-radius horizontal directional drilling pilot project in the Arena Blanca-Entrada Pool on its Arena Blanca Lease comprising the N/2 SE/4 of Section 36, Township 20 North, Range 5 West. Initially the applicant proposes to utilize the existing Arena Blanca Entrada Well No. 1 located in Unit I of said Section 36 by plugging back from the existing Entrada interval, kicking off from vertical, building angle to approximately 90 degrees with a short-radius curve, and continuing to drill approximately 400 feet of horizontal drainhole in a westerly direction. Applicant further seeks special rules and regulations within the project area including the designation of a prescribed area limiting the horizontal displacement of the well's producing interval within 100 feet to the outer boundary of the 80-acre proration unit. The center of said project area is located approximately 2 miles southeast of the Ojo Encino Trade School.

CASE 10866: Application of OXY USA Inc. for expansion of the waterflood project in the East Eumont Unit, Lea County, New Mexico. Applicant seeks to expand its authority for injection into the Queen formation in the East Eumont Unit, Eumont Yates-Seven Rivers-Queen Pool, granted by Division Order No. R-2901, by drilling an additional injection well in the north area of said unit. The East Eumont Unit comprises portions of Townships 18, 19, and 20 South, Range 37 East. Said unit is located south of Hobbs, New Mexico.

CASE 10867: Application of OXY USA Inc. for Enhanced Oil Recovery Project Qualification for the recovered oil tax rate for the East Eumont Unit, Lea County, New Mexico. Applicant seeks an order pursuant to the rules and procedures for Qualification of Enhanced Oil Recovery Project and Certification for the Recovery Oil Tax Rate, as promulgated by Division Order No. R-9708, qualifying the north portion of the East Eumont Unit for the Recovered Oil Tax Rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). The portion of the East Eumont Unit to be included in the project area is as follows: Portions of Sections 33 and 34, Township 18 South, Range 37 East; portions of Sections 3, 4, 9, 10, 15, and 16, Township 19 South, Range 37 East. Said project is located south of Hobbs, New Mexico.

CASE 10868: Application of Kinlaw Oil Corporation for a high angle/horizontal directional drilling pilot project, special operating rules therefor and an unorthodox well location, Lea County, New Mexico. Applicant seeks to initiate a high angle/horizontal directional drilling pilot project in the Devonian formation, Denton-Devonian Pool, underlying the SW/4 NE/4 of Section 2, Township 15 South, Range 37 East. Applicant proposes to reenter its Mexico "F" Well No. 2 which is at a standard surface location 1980 feet from the North and East lines (Unit G) of said Section 2, kick-off from vertical in a northeasterly direction commencing to build angle at an appropriate rate to vertically and horizontally traverse the proposed producing area. Applicant further seeks the adoption of special operating provisions and rules within the project area including the designation of a target window such that the horizontal or producing portion of the wellbore shall be no closer than 330 feet to any boundary of the non-standard unit. Said project is located approximately 4.5 miles southeast of Prairieview, New Mexico.

CASE 10859: (Continued from November 4, 1993, Examiner Hearing.)

Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the E/2 of Section 33, Township 30 North, Range 12 West. Said unit is to be dedicated to a well to be drilled at a standard location in the E/2 of said Section 33 to test any and all formations to the base of the Pictured Cliffs formation including the Fruitland formation, Basin-Fruitland Coal Gas Pool and the Pictured Cliffs formation, Fulcher Kutz-Pictured Cliffs Gas 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 2 miles southeast of Flora Vista, New Mexico.

CASE 10850: (Continued from November 4, 1993, Examiner Hearing.)

Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the W/2 of Section 14, Township 29 North, Range 13 West. Said unit is to be dedicated to a well to be drilled at a standard location in the W/2 of said Section 14 to test any and all formations to the base of the Pictured Cliffs formation including the Fruitland formation, Basin-Fruitland Coal Gas Pool and the Pictured Cliffs formation, West Kutz-Pictured Cliffs 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 unit

CASE 10851: (Continued from November 4, 1993, Examiner Hearing.)

Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the S/2 of Section 28, Township 30 North, Range 12 West. Said unit is to be dedicated to a well to be drilled at a standard location in the S/2 of said Section 28 to test any and all formations to the base of the Pictured Cliffs formation including the Fruitland formation, Basin-Fruitland Coal Gas Pool and the Pictured Cliffs formation, Fulcher Kutz-Pictured Cliffs 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 unit is located approximately 1 mile south of Farmington Lake.

CASE 10869: 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 10870: Application of Pogo Producing Company for special pool rules for the Los Medanos-Delaware and West Sand Dunes-Delaware Pools, Eddy County, New Mexico. Applicant seeks the promulgation of special pool rules for both the Los Medanos-Delaware and West Sand Dunes-Delaware Pools including a provision for a gas-oil ratio limitation of 8,000 cubic feet of gas per barrel of oil. The Los Medanos-Delaware Pool covers all or parts of Sections 9, 16, and 17 and the West Sand Dunes-Delaware Pool covers all or parts of Sections 20, 21, 28, 29, 32, and 33, all in Township 23 South, Range 31 East. Said area is located approximately at mile marker 15 on State Highway 128.

CASE 10687: (Continued from October 21, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from 500 feet below the top of the San Andres formation to the base of the Morrow formation underlying the following described areas in Section 17, Township 18 South, Range 28 East, and in the following manner: the E/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent; and the SE/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent. Said unit is to be dedicated to its Illinois Camp "17" State Well No. 2, to be drilled at a standard location within said E/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2 miles north of Illinois Camp.

CASE 10829: (Continued from October 21, 1993, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base the Morrow formation, underlying the following described areas in Section 32, Township 18 South, Range 34 East, and in the following manner: the E/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent; the SE/4 forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; and the W/2 SE/4 forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent, including the EK-Bone Spring Pool. Said unit is to be dedicated to the applicant's Larica 32 State Well No. 1, to be drilled at an unorthodox location within said E/2 proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well. Said unit is located approximately 7.5 miles west of Arkansas Junction.

CASE 10886: Application of Exxon Corporation for acreage reorientation and for two non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to reorient the existing acreage currently dedicated in the Blinebry Gas Pool to its New Mexico "S" State Well No. 12, being the 79.50 acres comprising Lots 1 and 2 (N/2 NE/4 equivalent) of Section 2, Township 22 South, Range 37 East, and its New Mexico "S" State Well No. 14, being the 39.78 acres comprising Lot 3 (NE/4 NW/4 equivalent) of said Section 2, both non-standard units previously approved by Division Administrative Orders NSP-954-A and NSP-1599, respectively. The applicant now proposes to combine Lots 2 and 3 (the NW/4 NE/4 and NE/4 NW/4 equivalents) of said Section 2 to form a non-standard 79.52-acre gas spacing and proration unit in the Blinebry Gas Pool for the No. 14 well located at a standard gas well location 660 feet from the North line and 1980 feet from the West line (Unit C) of said Section 2 and to dedicate the remaining 39.74 acres comprising Lot 1 (NE/4 NE/4 equivalent) to the No. 12 located 660 feet from the North and East lines (Unit A) of said Section 2. This acreage is located approximately two miles east southeast of Eunice, New Mexico.

CASE 10854: (Reopened)

Application of Phillips Petroleum Company for a special oil allowable for the Cabin-Lake Delaware Pool, Eddy County, New Mexico. Applicant seeks an order establishing a special oil allowable of 187 barrels of oil per day at a 2,000 to 1 GOR for the Cabin Lake-Delaware Pool located in portions of Townships 21 and 22 South, Range 30 East. Applicant further seeks the cancellation of any overproduction charged against any well in the pool as of the effective date of any order entered in this case. This pool is in the Nash Draw area and its center is located approximately 1 mile north of Smith, New Mexico.

CASE 10859: (Continued from November 18, 1993, Examiner Hearing.)

Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the E/2 of Section 33, Township 30 North, Range 12 West. Said unit is be dedicated to a well to be drilled at a standard location in the E/2 of said Section 33 to test any and all formations to the base of the Pictured Cliffs formation including the Fruitland formation, Basin-Fruitland Coal Gas Pool and the Pictured Cliffs formation, Fulcher Kutz-Pictured Cliffs Gas 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 2 miles southeast of Flora Vista, New Mexico.

CASE 10850: (Continued from November 18, 1993, Examiner Hearing.)

Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the W/2 of Section 14, Township 29 North, Range 13 West. Said unit is be dedicated to a well to be drilled at a standard location in the W/2 of said Section 14 to test any and all formations to the base of the Pictured Cliffs formation including the Fruitland formation, Basin-Fruitland Coal Gas Pool and the Pictured Cliffs formation, West Kutz-Pictured Cliffs 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 unit is located approximately 5 miles south of Berry Park.

CASE 10851: (Continued from November 18, 1993, Examiner Hearing.)

Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Pictured Cliffs formation underlying the S/2 of Section 28, Township 30 North, Range 12 West. Said unit is be dedicated to a well to be drilled at a standard location in the S/2 of said Section 28 to test any and all formations to the base of the Pictured Cliffs formation including the Fruitland formation, Basin-Fruitland Coal Gas Pool and the pictured Cliffs formation, Fulcher Kutz-Pictured Cliffs 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 unit is located approximately 1 mile south of Farmington Lake.

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 16, 1993**8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING****SANTA FE, NEW MEXICO**

Dockets Nos. 1-94 and 2-94 are tentatively set for January 6, 1994 and January 20, 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 10883: Application of PG&E Resources Company for a unit agreement, Sandoval County, New Mexico. Applicant seeks approval of the Hatch Lake Unit Agreement for an area comprising 24,852.84 acres, more or less, of State, Federal and Fee lands in a portion of Townships 21 and 22 North, Range 1 West, which is located in an area between the communities of Cuba and Regina, New Mexico.

CASE 10884: Application of Gecko, Inc. for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks authority to drill its Gecko State "35" Well No. 1 at an unorthodox oil well location 434 feet from the North line and 1762 feet from the East line (Unit B) of Section 35, Township 16 South, Range 37 East, to test the Undesignated Casey-Strawn Pool, the N/2 NE/4 of said Section 35 is to be dedicated to said well forming a standard 80-acre oil spacing and proration unit for said pool. Said unit is located approximately 6 miles north of Humble City, New Mexico.

CASE 10870: (Continued from November 18, 1993, Examiner Hearing.)

Application of Pogo Producing Company for special pool rules for the Los Medanos-Delaware and West Sand Dunes-Delaware Pools, Eddy County, New Mexico. Applicant seeks the promulgation of special pool rules for both the Los Medanos-Delaware and West Sand Dunes-Delaware Pools including a provision for a gas-oil ratio limitation of 8,000 cubic feet of gas per barrel of oil. The Los Medanos-Delaware Pool covers all or parts of Sections 9, 16, and 17 and the West Sand Dunes-Delaware Pool covers all or parts of Sections 20, 21, 28, 29, 32, and 33, all in Township 23 South, Range 31 East. Said area is located approximately at mile marker 15 on State Highway 128.

CASE 10866: (Readvertised)

Application of OXY USA, Inc. to amend Division Order No. R-2901 and to either institute a new waterflood project or for waterflood expansion, Lea County, New Mexico. Applicant seeks to renew its authority, originally granted by Division Order No. R-2901, dated May 4, 1965, to inject water into the Eumont (Yates-Seven Rivers-Queen) Gas Pool within a portion of its East Eumont Unit located in Sections 33 and 34, Township 18 South, Range 37 East and in Sections 3, 4, 9, 10, 15 and 16, Township 19 South, Range 37 East, through 21 certain wells to be converted and one to be drilled. That portion of said Unit Area is covered in this application is located approximately 2 miles west of the Hobbs-Lea County, New Mexico.

CASE 10867: (Continued from November 18, 1993, Examiner Hearing.)

Application of OXY USA Inc. for Enhanced Oil Recovery Project Qualification for the recovered oil tax rate for the East Eumont Unit, Lea County, New Mexico. Applicant seeks an order pursuant to the rules and procedures for Qualification of Enhanced Oil Recovery Project and Certification for the Recovery Oil Tax Rate, as promulgated by Division Order No. R-9708, qualifying the north portion of the East Eumont Unit for the Recovered Oil Tax Rate under the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). The portion of the East Eumont Unit to be included in the project area is as follows: Portions of Sections 33 and 34, Township 18 South, Range 37 East; portions of Sections 3, 4, 9, 10, 15, and 16, Township 19 South, Range 37 East. Said project is located south of Hobbs, New Mexico.

CASE 10874: (Continued from December 2, 1993, Examiner Hearing.)

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 10885: Application of Meridian Oil, Inc. for an unorthodox gas well location, San Juan County, New Mexico. Applicant seeks authority to drill its Ute Well No. 24 at an unorthodox gas well location 1595 feet from the North line and 1250 feet from the West line (Unit E) of Section 20, Township 32 North, Range 14 West, to be dedicated to a standard 640-acre spacing unit consisting of all of said Section 20. Said location is approximately 8 miles west-northwest of La Plata, New Mexico.