

**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be prepared to appear and show cause why the Temporary Special Pool Rules for the Milnesand-Abo Pool should not be rescinded and said pool not be developed on 40-acre spacing units.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 10855:** Application of Meridian Oil Inc. to amend Division Order No. R-9921, San Juan County, New Mexico. Applicant seeks to amend Division Order No. R-9921, dated July 9, 1993, specifically those provisions which established an economic limit for downhole commingling gas production from the Ballard-Pictured Cliffs Pool and the Basin-Fruitland Coal Gas Pool within the wellbores of its existing Huerfano Unit Well No. 46 located in the SW/4 (Unit K) and the W/2 of Section 23, Township 26 North, Range 9 West, and its Huerfano Unit Well No. 59 located in the NE/4 (Unit B) and the N/2 of Section 26, Township 26 North, Range 9 West, and from the West Kutz-Pictured Cliffs Pool and the Basin-Fruitland Coal Gas Pool within the wellbore to be drilled for the Huerfano Unit Well No. 549 to be located in the NE/4 (Unit A) and the E/2 of Section 33 Township 27 North, Range 10 West, with the identified 320-acre spacing and proration unit for the Basin-Fruitland Coal Gas Pool and the corresponding 160-acre spacing and proration unit for the Pictured Cliffs production to be dedicated to each said well as indicated above. Said wells are located in an area approximately 13 miles north of Nageezi, New Mexico.

**CASE 10848:** (Continued from October 7, 1993, Examiner Hearing.)

Application of Conoco Inc. and Marathon Oil Company for exceptions to Rule 5(b) of the special rules and regulation 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 Pennsylvania Pool as promulgated by Order No. R-5353 as amended, thereby authorizing simultaneous dedication of acreage to both gas well 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.