

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.

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.

CASE 10878: (Readvertised - Continued from December 2, 1993, Examiner Hearing.)

Application of Kinlaw Oil Corporation for a leasewide high angle/horizontal directional drilling pilot project and for the promulgation of special operating rules therefor, Lea County, New Mexico. Applicant seeks to establish a high angle/horizontal directional drilling pilot project in the Denton-Devonian Pool within its Mexico "F" (State) Lease comprising Lots 1 through 4 (N/2 N/2 equivalent) and the SW/4 NE/4 and SW/4 NW/4 of Section 2, Township 15 South, Range 37 East. Further, the applicant seeks the promulgation of special operating rules and procedures for wells within said lease including provisions for administrative authorization for horizontal/high angle wellbores, the formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, and the assignment a special oil allowable or formula for the project area. The Mexico "F" Lease is located approximately 3.5 miles south southeast of Prairieview, New Mexico.

CASE 10856: (Continued from December 2, 1993, Examiner Hearing.)

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

CASE 10887: Application of Kaiser-Francis Oil Company for directional drilling, Eddy County, New Mexico. Applicant seeks to test and develop the Undesignated Los Medanos-Delaware and/or Undesignated West Sand Dunes-Delaware Pools underlying the NE/4 of Section 20 and the W/2 NE/4 and NW/4 of Section 21, Township 23 South, Range 31 East, by drilling directional into the ten 40-acre standard oil well spacing and proration units comprising said area from ten various surface locations around its periphery in Sections 16, 17, 20 and 21. Said area is located approximately 5.5 miles northwest of the Lea/Eddy County line on State Highway No. 128.

CASE 10888: Application of Merrion Oil & Gas Corporation for compulsory pooling and a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant seeks an order pooling all mineral interests in the Basin Dakota Pool underlying Lots 1 through 8 (N/2 equivalent) of Section 24, Township 27 North, Range 7 West, being a non-standard 352.07 acre gas spacing and proration unit presently dedicated to a well located 1720 feet from the North line and 1000 feet from the East line (Unit H) of said Section 24. The applicant proposes to drill an infill well at a standard gas well location in Lot 3 (NE/4 NW/4 equivalent) of said Section 24 in which said unit is also to be simultaneously dedicated. Also to be considered will be the cost of drilling and completing said infill 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 infill well. Said area is located approximately 20 miles southeast by east of Blanco, New Mexico.

CASE 10748: (Reopened)

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

CASE 10882: (Continued from December 2, 1993, Examiner Hearing.)

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

CASE 10889: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Chaves and Eddy Counties, New Mexico.

- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Penn production and designated as the Dagger Draw-Upper Penn., Northwest Gas Pool. The discovery well is the Yates Petroleum Corp. Irish Hills KW State Well No. 3 located in Unit A of Section 2, Township 19 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM

Section 2: N/2

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Indian Basin-Strawn, Northwest Gas Pool. The discovery well is the Central Resources, Inc. Shell Federal Well No. 1 located in Unit R of Section 6, Township 21 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM

Section 6: S/2

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Livingston Ridge-Atoka, Northeast Gas Pool. The discovery well is the Mitchell Energy Corp. Apache 13 Federal Well No. 1 located in Unit H of Section 13, Township 22 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM

Section 13: E/2

- (d) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Livingston Ridge-Delaware, South Pool. The discovery well is the Devon Energy Corp. Barclay 11G Federal Well No. 7 located in Unit G of Section 11, Township 23 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM

Section 11: NE/4

- (e) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for Siluro-Devonian production and designated as the Long Arroyo-Siluro Devonian Pool. Further, assign a discovery allowable of approximately 39,655 barrels of oil to the discovery well, the Hanagan Petroleum Corp. Charlie State Well No. 1 located in Unit G of Section 7, Township 13 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 28 EAST, NMPM

Section 7: NE/4

- (f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the McMillan-Atoka, Southwest Gas Pool. The discovery well is the Barbara Fasken Lake McMillan Federal Well No. 1 located in Unit I of Section 30, Township 19 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM

Section 30: E/2

- (g) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Poker Lake-Delaware, Southwest Pool. The discovery well is the Fortson Oil Co. Poker Lake Unit No. 78 located in Unit A of Section 25, Township 24 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 30 EAST, NMPM

Section 25: NE/4

- (h) EXTEND the Acme-San Andres, Southeast Pool in Chaves County, New Mexico, to include therein.

TOWNSHIP 8 SOUTH, RANGE 27 EAST, NMPM.

Section 1: SW/4

Section 12: NW/4

- (i) EXTEND the Avalon-Bone Spring, East Gas Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM.

Section 29: S/2

Section 32: NW/4

- (j) EXTEND the Brushy Draw-Delaware Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 26 SOUTH, RANGE 29 EAST, NMPM.

Section 9: N/2

- (k) EXTEND the Burton-Yates, South Gas Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM.

Section 28: NW/4

- (l) EXTEND the Burton Flat-Strawn, West Gas Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM.

Section 12: S/2

- (m) EXTEND the Cabin Lake-Delaware Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM.

Section 2: NW/4

Section 12: SW/4

- (n) EXTEND the Dagger Draw-Upper Penn., South Associated Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM.

Section 34: E/2

- (o) EXTEND the Dos Hermanos-Morrow, Northeast Gas Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM.

Section 12: W/2 and NE/4

- (p) EXTEND the Hackberry-Strawn, South Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 20 SOUTH, RANGE 31 EAST, NMPM.

Section 4: N/2, N/2, SE/4 and SW/4, SE/4

- (q) EXTEND the Herradura Bend-Delaware, East Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM.

Section 1: NW/4

- (r) EXTEND the Illinois Camp-Morrow, North Gas Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM.

Section 17: W/2

- (s) EXTEND the Indian Basin-Upper Penn Associated Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 22 SOUTH, RANGE 24 EAST, NMPM.

Section 2: W/2

- (t) EXTEND the Indian Draw-Delaware, East Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM.

Section 3: SE/4

- (u) EXTEND the Indian Flats-Delaware Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM.

Section 26: NE/4 and S/2

- (v) EXTEND the Ingle Wells-Delaware Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM.

Section 23: SE/4

Section 24: NW/4

Section 36: NW/4

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM.

Section 2: SW/4

Section 11: NW/4

- (w) EXTEND the La Huerta-Delaware Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM.

Section 16: NE/4

- (x) EXTEND the Logan Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM.

Section 35: E/2 and NW/4

- (y) EXTEND the Los Medanos-Delaware Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM.

Section 8: SE/4

Section 16: NE/4

- (z) EXTEND the Nash Draw-Brushy Canyon Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM.

Section 13: SE/4

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM.

Section 18: NW/4

- (aa) EXTEND the Power-Grayburg San Andres Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM.

Section 1: SE/4

- (bb) EXTEND the Quahada Ridge-Delaware, Southeast Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 23 SOUTH, RANGE 30 EAST, NMPM.

Section 1: N/2

- (cc) EXTEND the Red Lake-Atoka Morrow Gas Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM.

Section 14: W/2

- (dd) EXTEND the Sand Dunes-Delaware, South Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM.

Section 6: SE/4

- (ee) EXTEND the Sand Dunes-Delaware, West Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM.

Section 33: SW/4

TOWNSHIP 24 SOUTH, RANGE 31 EAST, NMPM

Section 4: NW/4

Section 5: E/2

- (ff) EXTEND the Walters Lake-Bone Spring Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM.

Section 11: NW/4

- (gg) EXTEND the Willow Lake-Delaware Pool in Eddy County, New Mexico, to include therein.

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM.

Section 36: E/2

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 31: SW/4

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 2, 1993
8:15 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

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

CASE 10111: (Reopened)

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

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

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

CASE 10872: Application of Santa Fe Energy Operating Partners, L.P. for a unit agreement, Lea County, New Mexico. Applicant seeks approval of the Sage Unit Agreement for an area comprising 3,840 acres, more or less, of State lands in Sections 3, 4, 5, 8, 9, and 10, Township 24 South, Range 33 East, which is centered approximately two miles north of State Highway 128 Mile Marker 27.

CASE 10873: Application of Mewbourne Oil Company for Special Pool Rules for the Walters Lake-Bone Spring Pool, Eddy County, New Mexico. Applicant seeks an order providing for a gas/oil ratio of 5,000 cubic feet of gas per barrel of oil produced for the Walters Lake-Bone Spring Pool, which covers parts of Sections 2 and 3, Township 18 South, Range 30 East. Said pool is centered approximately 5 miles southwest of Maljamar, New Mexico.

CASE 10829: (Readvertised)

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

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

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

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

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

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

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

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

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

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

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

CASE 10748: (Reopened)

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

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

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

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

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

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

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

CASE 10858: (Readvertised)

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

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

CASE 10871: (Readvertised)

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

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

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

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.

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 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: (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 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 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.

CASE 10862: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks authorization to drill to the Morrow formation, Crooked Creek Morrow Gas Pool, its Redbone BP Federal Well No. 2 at an unorthodox gas well location 1980 feet from the North line and 510 feet from the East line (Unit H) of Section 10, Township 24 South, Range 24 East. The N/2 of said Section 10 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit. Said unit is located approximately 4 miles west by southwest of Mosley Spring.

CASE 10863: Application of Yates Petroleum Corporation for a horizontal directional drilling pilot project and special operating rules therefor, Chaves County, New Mexico. Applicant seeks authority to institute a horizontal directional drilling pilot project in the Tomahawk-San Andres Pool on its Loveless LQ State Lease in the SW/4 of Section 36, Township 7 South, Range 31 East. Applicant proposes to drill its Loveless LQ State Well No. 9 at a surface location 990 feet from the South line and 2310 feet from the West line (Unit N); kicking off from vertical, build angle to approximately 90 degrees with a medium radius curve and continue drilling 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 to within 100 feet of the boundary of the project area. Further, the applicant seeks the promulgation of special operating rules and procedures for said project area including the formation of an oversized and irregular shaped spacing and proration unit to accommodate such wellbore, and the assignment of a special oil allowable to this unit. Said project area is located approximately 12 miles south by east of Kenna, New Mexico.

CASE 10748: (Reopened)

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

CASE 10864: Application of Texaco Exploration and Production Inc. for nine lease line injection wells, Rhodes Yates Waterflood, Lea County, New Mexico. Applicant seeks authority to drill the following nine lease line injection wells in its Rhodes Yates Cooperative Waterflood for injection into the Yates and Seven Rivers formations, Rhodes Yates-Seven Rivers Pool, in the following wells in Township 26 South, Range 37 East:

Rhodes NCT Coop Fed. Com-1 No. 1, to be located 1572 feet FSL, 2375 feet FEL of Section 27;
Rhodes NCT Coop Fed. Com-1 No. 2, to be located 2310 feet FNL and FEL of Section 27;
Rhodes NCT Coop Fed. Com-1 No. 3, to be located 1155 feet FNL, 2376 feet FEL of Section 27;
Rhodes Yates Coop Fed. Com-2 No. 1, to be located 2551 feet FNL, 44 feet FWL of Section 27;
Rhodes Yates Coop Fed. Com-3 No. 1, to be located 1360 feet FSL, 50 feet FWL of Section 27;
Rhodes Yates Coop Fed. Com-4 No. 1, to be located 1430 feet FSL, 10 feet FEL of Section 21;
Rhodes Yates Coop Fed. Com-5 No. 1, to be located 130 feet FNL, 10 feet FWL of Section 27;
Rhodes Yates Coop Fed. Com-4 No. 2, to be located 130 feet FNL, 1310 feet FWL of Section 27;
Rhodes Yates Coop Fed. Com-6 No. 1, to be located 130 feet FNL, 2588 feet FWL of Section 27.

This project is located approximately 6 miles south by southeast of Jal, New Mexico.

CASE 10848: (Continued from October 21, 1993, Examiner Hearing.)

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

DOCKET: COMMISSION HEARING - THURSDAY - NOVEMBER 10, 1993
9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO
The Land Commissioner's designee for this hearing will be Jami Bailey and Gary Carlson

CASES 10446,
10447, 10448,
10449:

The application for the rehearing of Cases 10446, 10447, 10448, and 10449 is hereby set for oral argument before the Oil Conservation Commission on November 10, 1993. The Commission shall hear argument based upon the record made in this case. Argument shall be limited to the issues raised in the applications for rehearing filed by New Mexico Potash. No additional evidence will be offered or accepted. Based upon that argument the Commission may determine if additional evidence is necessary.

CASE 10719: (De Novo - Continued from October 14, 1993, Commission Hearing).

Application of Anadarko Petroleum Corporation for directional drilling and an unorthodox bottomhole gas well location, Eddy County, New Mexico. Applicant seeks authority to directionally drill its proposed Power Federal Com Well No. 2 from a surface location 1400 feet from the South line and 660 feet from the East line (Unit I) of Section 26, Township 17 South, Range 30 East, in such a manner as to bottom the well in the Cedar Lake-Morrow Gas Pool at an unorthodox subsurface gas well location within 75 feet of a point 660 feet from the South and East lines (Unit P) of said Section 26. The E/2 of said Section 26 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is located approximately 3 miles east-southeast of Loco Hills, New Mexico. Upon application of Anadarko Petroleum Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10771: (De Novo)

Application of OXY USA Inc. to authorize the expansion of a portion of its Skelly Penrose "B" Unit Waterflood Project and qualify said expansion for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act," Lea County, New Mexico. Applicant seeks an order pursuant to the rules and procedures for Qualification of Enhanced Oil Recovery Projects and Certification for the Recovery Oil Tax Rate, as promulgated by Division Order No. R-9708, qualifying a portion of its Skelly Penrose "B" Unit Waterflood Project in Sections 4, 5, and 8 of Township 23 South, Range 37 East, Queen (Penrose) formation of the Langlie Matix Seven Rivers-Queen-Grayburg Pool, for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Applicant further seeks authority to expand a portion of said project by means of a significant change in process including conversion to 40-acre five spot injection patterns. Said project area is located approximately 6 miles south of Eunice, New Mexico. Upon application of OXY USA Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 10653: (Continued from October 14, 1993, Commission Hearing.)

Application of Armstrong Energy Corporation for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special rules and regulations for the Northeast Lea-Delaware Pool including a provision for a special oil allowable of 300 barrels of oil per day. Said pool is located in portions of Townships 19 and 20 South, Range 34 East, located near the Warren Gas Company Compressor Station.

CASE 10773: (Continued from October 14, 1993, Commission Hearing.)

Application of Armstrong Energy Corporation for pool extension and abolishment, Lea County, New Mexico. Applicant, in the above-styled cause, and in association with De Novo Case No. 10653, seeks to abolish the Quail Ridge-Delaware Pool comprising the SW/4 of Section 3, SE/4 of Section 4, NE/4 of Section 9, N/2 and SW/4 of Section 10, all in Township 20 South, Range 34 East and the concomitant extension of the horizontal limits of the Northeast Lea-Delaware Pool to include all of above-described acreage plus the SE/4 of said Section 3. This area is centered approximately 1.5 miles south of U.S. Highway 62/180 at Milemarker No. 79.

CASE 10345: (De Novo - Continued from September 22, 1993, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #390 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.

CASE 10346: (De Novo - Continued from September 22, 1993, Commission Hearing.)

Application of Louise Y. Locke to consider objections to well costs, San Juan County, New Mexico. Applicant requests the Commission review actual well costs charged against her interest by BHP Petroleum (Americas), Inc., for the drilling of the Gallegos Canyon Unit Well #391 to determine the reasonableness of such costs pursuant to the provisions of Commission Order No. R-9581-A. Said well is located at the southeast edge of Farmington, New Mexico.