

SPECIAL EXAMINER HEARING - MONDAY - NOVEMBER 17, 1997

8:15 AM - 2040 South Pacheco

Santa Fe, New Mexico

CASE 11602: (Continued from February 19, 1997, Examiner Hearing.)

Application of Bass Enterprises Production Company for approval of the expansion of the Atoka Participating Area in the James Ranch Unit, Eddy Country, New Mexico. Applicant seeks approval of the third expansion of the participating area for the Atoka formation in the James Ranch Unit Area including 1,683.13 acres, more or less, located in portions of Sections 35 and 36 of Township 22 South, Range 30 East, and portions of Sections 5, 6, 8, and 17 of Township 23 South, Range 31 East. Said unit is located approximately 15 miles east of Carlsbad, New Mexico.

CASE 11603: (Continued from February 19, 1997, Examiner Hearing.)

Application of Bass Enterprises Production Company for approval of the expansion of the Atoka Participating Area in the James Ranch Unit, Eddy Country, New Mexico. Applicant seeks approval of the fourth expansion of the participating area for the Atoka formation in the James Ranch Unit Area including 238.54 acres, more or less, located in portions of Section 12, Township 22 South, Range 30 East, and portions of Section 7, Township 22 South, Range 31 East. Said unit is located approximately 15 miles east of Carlsbad, New Mexico.

DOCKET: EXAMINER HEARING - MONDAY - MAY 5, 1997
9:00 AM - Legislative Committee Room, State Capitol Building
Santa Fe, New Mexico

CASE 11602: Application of Bass Enterprises Production Company for approval of the expansion of the Atoka Participating Area in the James Ranch Unit, Eddy County, New Mexico. Applicant seeks approval of the third expansion of the participating area for the Atoka formation in the James Ranch Unit Area including 1,683.13 acres, more or less, located in portions of Sections 35 and 36 of Township 22 South, Range 30 East, and portions of Sections 5, 6, 8, and 17 of Township 23 South, Range 31 East. Said unit is located approximately 15 miles east of Carlsbad, New Mexico.

CASE 11603: Application of Bass Enterprises Production Company for approval of the expansion of the Atoka Participating Area in the James Ranch Unit, Eddy County, New Mexico. Applicant seeks approval of the fourth expansion of the participating area for the Atoka formation in the James Ranch Unit Area including 238.54 acres, more or less, located in portions of Section 12, Township 22 South, Range 30 East, and portions of Section 7, Township 22 South, Range 31 East. Said unit is located approximately 15 miles east of Carlsbad, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - FEBRUARY 6, 1997

8:15 AM - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 6-97 and 7-97 are tentatively set for February 20, 1997 and March 6, 1997. 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 11714: Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the S/2, in all formations developed on 160-acre spacing underlying the SE/4, in all formations developed on 80-acre spacing underlying the S/2 SE/4, and in all formations developed on 40-acre spacing underlying the SW/4 SE/4 from the surface to the base of the Morrow formation in Section 3, Township 24 South, Range 33 East. Said unit is to be dedicated to its Quest "AQS" State Well No. 1 which will be drilled as a wildcat well at a standard location 660 feet from the South line and 1980 feet from the East line (Unit O) of said Section 3. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs 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 9 miles east of the intersection of Highway FAS 1271 with the Lea County/Eddy County line.

CASE 11269: (Reopened - Continued from December 19, 1997, Examiner Hearing.)

In the matter of Case No. 11269 being reopened pursuant to the provisions of Division Order No. R-10427, which order promulgated temporary special rules and regulations for the North Bell Lake-Ellenburger Gas Pool in Lea County, New Mexico. Operators in the subject pool may appear and show cause why said Temporary Special Rules and Regulations should not be rescinded.

CASE 11649: (Continued from January 9, 1997, Examiner Hearing.)

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the N/2, in all formations developed on 160-acre spacing underlying the NE/4, in all formations developed on 80-acre spacing underlying the N/2 NE/4, and in all formations developed on 40-acre spacing underlying the NW/4 NE/4 from the surface to the base of the Morrow formation, Cemetery-Morrow Gas Pool, of Section 26, Township 19 South, Range 25 East. Said units are to be dedicated to its Morris 26B Well No.1 which will be drilled at a standard location 660 feet from the North line and 1650 feet from the East line (Unit B) of said Section 26. 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 4 ½ miles west of Lakewood, New Mexico.

CASE 11715: Application of Santa Fe Energy Resources, Inc. 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 S/2 of Section 29, Township 22 South, Range 34 East, to form 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, including the Undesignated Antelope Ridge-Atoka Gas Pool. Said unit is to be dedicated to its Gaucho Unit Well No. 2, to be drilled at an orthodox gas well location. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs 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 16 miles southwest of Eunice, New Mexico.

CASE 11684: (Continued from January 23, 1997, Examiner Hearing.)

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 4, Township 18 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the South Empire-Morrow Gas Pool, the North Empire-Atoka Gas Pool, and the South Empire-Wolfcamp Gas Pool, and forming a standard 160-acre gas spacing and proration unit underlying the NE/4 of said Section 4 for any and all formations/pools developed on 160-acre gas spacing, and forming a 40-acre spacing unit underlying the SE/4 NE/4 of said Section 4 for any and all formations and/or pools spaced on 40-acre spacing. Said unit is to be dedicated to its Hummer "4" State Com Well No. 1 to be drilled and completed at a standard well location in Unit H of said Section 4. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs 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 said well. Said unit is located approximately 14 miles southeast of Artesia, New Mexico.

CASE 11698: (Readvertised)

Application of Mallon 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 Brushy Canyon Member of the Delaware Mountain Group underlying the SE/4 NE/4 of Section 28, Township 26 South, Range 29 East, to form 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, including but not limited to the Brushy Draw-Delaware Pool. Said unit will be dedicated to its Pecos River 28 Well No. 1. 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 15 ½ miles south-southeast of Malaga, New Mexico.

CASE 11716: Application of Amerind Oil Company, Ltd. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying Lots 8 and 9 of Irregular Section 2, Township 16 South, Range 35 East, forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre oil spacing within said vertical extent, which presently may include but is not necessarily limited to the West Lovington-Strawn Pool. Said unit is to be dedicated to its State "AY" Com Well No. 1 to be drilled and completed at a standard well location in Lot 9 of said Section 2. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs 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 ½ miles west of Lovington, New Mexico.

CASE 11717: Application of Amerind Oil Company, Ltd. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying Lots 7 and 10 of Irregular Section 2, Township 16 South, Range 35 East, forming a standard 80-acre oil spacing and proration unit for any and all formations and/or pools developed on 80-acre oil spacing within said vertical extent, which presently may include but is not necessarily limited to the West Lovington-Strawn Pool. Said unit is to be dedicated to its State "AY" Com Well No. 2 to be drilled and completed at a standard well location in Lot 10 of said Section 2. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs 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 ½ miles west of Lovington, New Mexico.

CASE 11678: (Reopened)

Application of Burlington Resources Oil & Gas Company for compulsory pooling and unorthodox location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Rhodes-Yates Seven Rivers Gas Pool underlying the SW/4 of Section 23, Township 26 South, Range 37 East, forming a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within said vertical extent, including but not limited to the Rhodes-Yates Seven Rivers Gas Pool. Said unit is to be dedicated to Burlington Resources Oil & Gas Company's Rhodes "23" Federal Com Well No. 1 which is to be drilled at an unorthodox location 660 feet from the South line and 1100 feet from the West line (Unit M) of Section 23. Also to be considered will be the costs 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 well is located approximately 5 miles south-southwest of Jal, New Mexico.

CASE 11656: (Reopened)

Application of Texaco Exploration and Production, Inc. for compulsory pooling, a high angle/horizontal directional drilling pilot project, unorthodox location and special operating rules therefor, Lea County, New Mexico. Applicant seeks to establish a high angle/horizontal directional drilling pilot project in the Rhodes-Yates Seven Rivers Gas Pool within a standard 160-acre gas spacing and proration unit comprising the SW/4 of Section 23, Township 26 South, Range 37 East, whereby the extent of the wellbore for its proposed Rhodes "23" Federal Com Well No. 1, located at an unorthodox surface location 660 feet from the South line and 1100 feet from the West line (Unit M), is to be limited to a target window no closer than 660 feet to any boundary of the project area/proration unit. Further, the applicant seeks an order pooling all mineral interests within the Rhodes-Yates Seven Rivers Gas Pool underlying the aforementioned 160-acre project area/proration unit. Also to be considered will be the cost of drilling and completing the Rhodes "23" Federal Com Well No. 1 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 5 miles south-southwest of Jal, New Mexico.

CASE 11201: (Reopened)

In the matter of Case No. 11201 being reopened pursuant to the provisions of Division Order No. R-10313, which order promulgated temporary special rules and regulations and assigned a special depth bracket oil allowable for the South Midway-Strawn Pool in Lea County, New Mexico. Operators in the subject pool may appear and show cause why the rules should not be rescinded.

CASE 11089 (Reopened)

In the matter of Case No. 11089 being reopened pursuant to the provisions of Division Order No. R-46-A, which order promulgated Temporary Special Pool Rules and Regulations for the Parker Dome-Akah/Upper Barker Creek, Barker Dome-Desert Creek and Barker Dome-Ismay Pools in San Juan, County, New Mexico. Operators should appear and show cause why the rules should not be rescinded.

CASE 11718: Application of Wiser Oil Company for an expansion of its waterflood project, Eddy County, New Mexico. Applicant seeks to expand its Skelly Unit Waterflood Project and inject water into 62 additional wells: 9 wells in Section 14, 11 wells in Section 15, 10 wells in Section 21, 7 wells in Section 22, 10 wells in Section 23, 1 well in Section 26, 4 wells in Section 27, and 10 wells in Section 28, all within Township 17 South, Range 31 East, to provide additional injection service for the existing Skelly Unit Waterflood approved by Order No. R-3214. The zones to be injected into are the Vacuum-Grayburg and San Andres at an average TD of 3900' with a maximum injection rate of 250 BWPd/well at a maximum pressure of 2600 psi. Said project is located approximately 7 miles east of Loco Hills, New Mexico.

CASE 11703: (Continued from January 23, 1997, Examiner Hearing.)

Application of Parker & Parsley Development, L. P. for statutory unitization, Lea County, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing a water injection project, all mineral interests in the West Lusk-Delaware Pool underlying its proposed Lusk West (Delaware) Unit Area encompassing some 1520 acres, more or less, of Federal lands comprising all of Sections 20 and 21 and NW/4, N/2 SW/4 of Section 21, all in Township 19 South, Range 32 East. Among the matters to be considered at the hearing, pursuant to the New Mexico Statutory Unitization Act", Sections 70-7-1 et. seq., NMSA, will be the necessity of unit operations; the designation of a unit operator; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable and equitable allocation of production and costs of production, including capital investments, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to unit voting procedures; selection, removal or substitution of the unit operator; and time of commencement and termination of unit operations. Said unit area is centered approximately 13 miles southeast of Loco Hills, New Mexico.

CASE 11704: (Readvertised)

Application of Parker & Parsley Development, L. P. for a water injection project for secondary recovery of hydrocarbons and for qualification for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval to institute a water injection project in the West Lusk-Delaware Pool within its proposed Lusk West (Delaware) Unit Area (being the subject of Case No. 11703) located in Township 19 South, Range 32 East, by the injection of produced water through perforated intervals into the West Lusk-Delaware Pool. Applicant also seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said project is located approximately 13 miles southeast of Loco Hills, New Mexico.

CASE 11602: (Continued from January 23, 1997, Examiner Hearing.)

Application of Bass Enterprises Production Company for approval of the expansion of the Atoka Participating Area in the James Ranch Unit, Eddy County, New Mexico. Applicant seeks approval of the third expansion of the participating area for the Atoka formation in the James Ranch Unit Area including 1,683.13 acres, more or less, located in portions of Sections 35 and 36 of Township 22 South, Range 30 East, and portions of Sections 5, 6, 8, and 17 of Township 23 South, Range 31 East. Said unit is located approximately 15 miles east of Carlsbad, New Mexico.

CASE 11603: (Continued from January 23, 1997, Examiner Hearing.)

Application of Bass Enterprises Production Company for approval of the expansion of the Atoka Participating Area in the James Ranch Unit, Eddy County, New Mexico. Applicant seeks approval of the fourth expansion of the participating area for the Atoka formation in the James Ranch Unit Area including 238.54 acres, more or less, located in portions of Section 12, Township 22 South, Range 30 East, and portions of Section 7, Township 22 South, Range 31 East. Said unit is located approximately 15 miles east of Carlsbad, New Mexico.

CASE 11719: In the matter of the hearing called by the Oil Conservation Division upon its own motion for an order extending certain existing pools in Rio Arriba and San Juan Counties, New Mexico.

- (a) EXTEND the Barker Dome-Desert Creek Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 32 NORTH, RANGE 14 WEST, NMPM

Section 30: E/2

- (b) EXTEND the South Bisti-Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 11 WEST, NMPM

Section 11: E/2 NE/4

- (c) EXTEND the Blanco-Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 4 WEST, NMPM

Section 4: All

Section 5: N/2

Section 9: All

Section 16: All

TOWNSHIP 30 NORTH, RANGE 4 WEST, NMPM

Section 28: All

Sections 32 and 33: All

- (d) EXTEND the Blanco-Pictured Cliffs Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 7 WEST, NMPM

Section 4: W/2

Section 5: E/2

- (e) EXTEND the Carracas-Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 32 NORTH, RANGE 4 WEST, NMPM

Section 23: NW/4

- (f) EXTEND the Ensenada-Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM

Section 20: SW/4

Section 26: W/2

Section 27: SE/4 and N/2

Section 28: N/2

Section 29: All

Section 34: SE/4

Sections 35 and 36: All

- (g) EXTEND the Fulcher Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM

Section 1: S/2

Section 2: S/2

Continued to Wed. 2-19-97

@ 3:00 PM

for a Pre-

Hearing

Conf.

- (h) EXTEND the West Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH. RANGE 11 WEST. NMPM

Section 7: E/2

Section 8: W/2

- (i) EXTEND the La Jara-Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 29 NORTH. RANGE 7 WEST. NMPM

Section 10: NW/4

- (j) EXTEND the Otero-Chacra Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 29 NORTH. RANGE 9 WEST. NMPM

Section 30: N/2

TOWNSHIP 29 NORTH. RANGE 10 WEST. NMPM

Section 25: N/2

- (k) EXTEND the WAW-Fruitland Sand-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH. RANGE 12 WEST. NMPM

Section 5: W/2

Section 6: All

Section 7: NE/4

Section 8: NW/4

TOWNSHIP 27 NORTH. RANGE 12 WEST. NMPM

Section 31: S/2 and NW/4

Section 32: SW/4

TOWNSHIP 27 NORTH. RANGE 13 WEST. NMPM

Section 13: SW/4

Section 14: S/2

Section 15: S/2

Section 16: S/2

Section 21: NE/4

Section 22: N/2

Section 23: All

Section 24: W/2

Section 25: N/2 and SW/4

Section 26: N/2 and SE/4

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

DOCKET: COMMISSION HEARING - THURSDAY - FEBRUARY 13, 1997

9:00 A.M. - 2040 SOUTH PACHECO - SANTA FE, NEW MEXICO
The Land Commissioner's designee for this hearing will be Jami Bailey

The Oil Conservation Commission will adopt its annual resolution setting forth reasonable notice standards for Commission public meetings, pursuant to the New Mexico Open Meetings Act, 10-15-1.D. NMSA 1978.

The Annual "Industry Speaks - Commission Listens" Meeting will begin at 9:30 A.M. The cases listed below will be heard at the conclusion of this meeting.

CASE 11720: Application of the Oil Conservation Division to amend Rule 103 of its Rules to change, add or delete certain information on well signs. The Division has determined that Rule 103 needs amending in order to: (i) change, add or delete the information required to be posted on well signs; (ii) change the sign location requirement from 20 feet to 50 feet from the well; and (iii) require that the well API number be included on the sign.

CASE 11721: The Oil Conservation Division is calling a hearing on its own motion to consider proposed April, 1997 -- September, 1997 gas allowables for the prorated gas pools in New Mexico. Allowable assignment factors are being distributed with an OCD Memorandum dated January 24, 1997. If requests for changes are not received at the February 13, 1997 hearing, these factors will be used to assign allowables for the April - September period.

CASE 10994: (Reopened - Continued from January 16, 1997, Commission Hearing.)

Application of Phillips Petroleum Company to Reopen De Novo Case No. 10994, Roosevelt County, New Mexico. Case 10994 will be reopened for consideration of oil allowables for future production from the South Peterson-Fusselman Pool, Roosevelt County, New Mexico.

CASE 11515: (De Novo - Continued from December 12, 1996, Commission Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator Woosley Oil Co., American Employers' Insurance Company, and all other interested parties to appear and show cause why the Santa Fe Energy Well No. 1 located in Unit P of Section 8, Township 19 North, Range 6 West; Santa Fe Energy Well No. 2 located in Unit A of Section 17, Township 19 North, Range 6 West; State Well No. 1 located in Unit D of Section 16, Township 19 North, Range 6 West; State Well No. 2 located in Unit C of Section 16, Township 19 North, Range 6 West; State Well No. 3 located in Unit A of Section 16, Township 19 North, Range 6 West; Ptasynski A Well No. 1 located in Unit I of Section 11, Township 19 North, Range 5 West; and Ptasynski A Well No. 2 located in Unit J of Section 11, Township 19 North, Range 5 West; all located in McKinley County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program, authorizing the Division to plug said wells, and ordering a forfeiture of the plugging bond. The center of the area encompassing said wells is located approximately 10 miles southeast of Chaco Canyon National Monument, New Mexico. Upon application of Commercial Union Insurance Companies and American Employers' Insurance Company, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 11666: (De Novo)

Application of InterCoast Oil and Gas Company for compulsory pooling and unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 20, Township 20 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, including but not limited to the Burton Flat-Morrow Gas Pool and the Undesignated West Burton Flat-Atoka Gas Pool. Said unit will be dedicated to its InterCoast State 20 Well No. 1 to be drilled at an unorthodox location 990 feet from the North line and 990 feet from the East line (Unit A) of said Section 20. 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 10 miles east-southeast of Lakewood, New Mexico. Upon application of Yates Petroleum Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 11677: (De Novo)

Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 20, Township 20 South, Range 28 East, Eddy County, forming a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, which presently may include but is not necessarily limited to the Burton Flat-Morrow Gas Pool and the Undesignated West Burton Flat-Atoka Gas Pool. Said unit is to be dedicated to its Stonewall AQK State Com Well No. 1 to be drilled and completed at an unorthodox well location 990 feet from the north and east lines (Unit A) of said Section 20. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Yates Petroleum Corporation as the operator of the well and a charge for risk involved in drilling said well. Said well is located approximately 11 miles east-southeast of Lakewood, New Mexico. Upon application of Yates Petroleum Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

AWAITING FINAL COMMISSION ACTION

CASE 11352: In the matter of the hearing called by the Oil Conservation Division to amend Rule 116 of its General Rules and Regulations pertaining to the notification of fires, breaks, leaks, spills and blowouts. The proposed amendments to Rule 116 would include and/or exclude certain situations from its coverage.

CASE 11635: In the matter of the hearing called by the Oil Conservation Division to enact a new rule establishing methods and standards for the prevention and abatement of water pollution associated with operations in the oil and gas industry.

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 19, 1996

8:15 AM - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 38-96 and 39-97 are tentatively set for January 9, 1997 and January 23, 1997. 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 11639: (Continued from December 5, 1996, Examiner Hearing.)

Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the base of the Abo formation to the base of the Morrow formation underlying the N/2 of Section 8, Township 18 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing. Applicant proposes to dedicate this pooled unit to its Scoggin Draw "8" State Well No. 1, to be drilled at an orthodox location 660 feet from the North line and 2250 feet from the East line (Unit B) of said Section 8. 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 11 miles southwest of Artesia, New Mexico.

CASE 11659: (Continued from December 5, 1996, Examiner Hearing.)

Application of Santa Fe Energy Resources, Inc. for compulsory pooling and an unorthodox oil well location, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Devonian formation underlying the SE/4 SE/4 of Section 27, Township 15 South, Range 34 East, 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 Grassland "27" Well No. 1, to be drilled at an unorthodox oil well location 1243 feet from the South line and 353 feet from the East line (Unit P) of said Section 27. 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 11 miles west by north of McDonald, New Mexico.

CASE 11641: (Readvertised)

Application of ARCO Permian, a Division of Atlantic Richfield Company for compulsory pooling and unorthodox well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the W/2, in all formations developed on 160-acre spacing underlying the SW/4, in all formations developed on 80-acre spacing underlying the S/2 SW/4, and in all formations developed on 40-acre spacing underlying the SE/4 SW/4, from the surface to the base of the Morrow formation, of Section 34, Township 17 South, Range 28 East. Said units are to be dedicated to its Galileo 34 State Com Well No. 1 which will be drilled at an unorthodox location 1017 feet from the South line and 1379 feet from the West line (Unit N) of said Section 34 to a depth sufficient to test all formations to the base of the Morrow formation, Undesignated South Empire-Morrow 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 14 miles east-southeast of Artesia, New Mexico.

CASE 11269: (Reopened)

In the matter of Case No. 11269 being reopened pursuant to the provisions of Division Order No. R-10427, which order promulgated temporary special rules and regulations for the North Bell Lake-Ellenburger Gas Pool in Lea County, New Mexico. Operators in the subject pool may appear and show cause why said Temporary Special Rules and Regulations should not be rescinded.

CASE 11673: **Application of Penwell Energy, Inc. for pool contraction and for pool creation and the promulgation of special pool rules therefore, Eddy County, New Mexico.** Applicant seeks the contraction of the East Pierce-Bone Spring Pool by the deletion of the W/2 of Section 14, and the creation of a new pool for the production of hydrocarbons from the Bone Springs formation comprised of all of portions of Sections 2, 10, 11, 14 and 15 all in Township 24 South, Range 29 East, NMPM. Applicant also seeks the adoption of Special Pool Rules for this new pool including a provision for a special gas-oil ratio of 6,000 cubic feet of gas per barrel of oil. Said area is located approximately 20 miles southeast of Carlsbad, New Mexico.

CASE 11660: (Continued from November 21, 1996, Examiner Hearing.)

Application of Santa Fe Energy Resources, Inc. for compulsory pooling, Eddy County New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 29, Township 23 South, Range 26 East, and in the following manner: the E/2 of Section 29 to form 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, including the Undesignated Frontier Hills-Strawn Gas Pool and the Undesignated South Carlsbad-Morrow Gas Pool; and the NE/4 of Section 29 to form 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 units are to be dedicated to applicant's Sheep Dip Fed. Com Well No. 1, to be drilled at an orthodox location 1980 feet from the North line and 660 feet from the East line (Unit H) of said Section 29. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 11 miles southwest of Carlsbad, New Mexico.

CASE 11655: (Reopened)

Application of Maralo, Inc. for a non-standard gas proration unit and an unorthodox gas well location, Lea County, New Mexico. Applicant seeks approval to establish a non-standard gas spacing and proration unit in the Undesignated West Reeves-Queen Gas Pool comprising the S/2 NW/4 and N/2 SW/4 of Section 16, Township 18 South, Range 35 East, being approximately 5 miles southeast by south of Buckeye, New Mexico. Said unit is to be dedicated to its existing Maralo SV "16" State Well No. 1 (API No. 30-025-29347) located at an unorthodox gas well location 1748 feet from the South line and 742 feet from the West line (Unit L) of said Section 16.

CASE 11634: (Continued from December 5, 1996, Examiner Hearing.)

Application of InterCoast Oil and Gas Company for compulsory pooling and unorthodox well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests for all formations developed on 320-acre spacing in the N/2 of Section 20, Township 20 South, Range 28 East, from the surface to the base of the Morrow formation, Burton Flat-Morrow Gas Pool. Said unit is to be dedicated to its InterCoast State 20 Well No. 1 which will be drilled at an unorthodox location 990 feet from the North line and 990 feet from the East line (Unit A) of said Section 20. 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 10 miles east-southeast of Lakewood, New Mexico.

CASE 11667: (Continued from December 5, 1996, Examiner Hearing.)

Application of Penwell Energy, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests in all formations developed on 320-acre spacing underlying the E/2 and in all formations developed on 160-acre spacing underlying the SE/4 from the surface to the base of the Morrow formation in Section 29, Township 23 South, Range 26 East. Said units are to be dedicated to its F. H. "29" Federal Com. Well No. 1 which will be drilled at a standard location 1980 feet from the South line and 660 feet from the East line (Unit I) of said Section 29. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said unit area is located approximately 8 miles south of Carlsbad, New Mexico.

CASE 11674: **Application of Manzano Oil Corporation for compulsory pooling, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Wolfcamp formation in the S/2 NE/4 of Section 11, Township 16 South, Range 36 East. Said unit is to be dedicated to its "SV" Double Eagle Well No. 1 which has been drilled at a previously approved unorthodox well location 1500 feet from the North line and 2148 feet from the East line (Unit G) of said Section 11. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs 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 southeast of Lovington, New Mexico.

CASE 11675: **Application of Manzano Oil Corporation for pool creation and special pool rules, Lea County, New Mexico.** Applicant seeks the creation of a new pool for the production of oil from the Wolfcamp formation comprised of the S/2 NE/4 and the N/2 SW/4 of Section 11, Township 16 South, Range 36 East, NMPM. Applicant also seeks the adoption of temporary special pool rules and regulations for this pool which provide for 80-acre spacing and proration units. Said area is located approximately 1 mile southeast of Lovington, New Mexico.

CASE 11676: Application of Manzano Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests in the Wolfcamp formation in the N/2 SW/4 of Section 11, Township 16 South, Range 36 East. Said unit is to be dedicated to its "SV" Chipshot Well No. 1 which has been drilled at a previously approved unorthodox well location 2164 feet from the South line and 1362 feet from the West line (Unit K) of said Section 11. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs 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 1 mile southeast from Lovington, New Mexico.

CASE 11668: (Continued from December 5, 1996, Examiner Hearing.)

Application of Yates Petroleum Corporation for ten unorthodox gas well locations, Pecos Slope-Abo Gas Pool, Chaves County, New Mexico. Applicant seeks approval of the following unorthodox gas well locations in the Pecos Slope-Abo Gas Pool:

Township 6 South, Range 26 East, NMPM:

Hansel ANH Federal No. 1, Section 7: 2110 feet from the North line and 940 feet from the East line

Township 7 South, Range 26 East, NMPM:

Leeman OC Federal No. 5, Section 18: 2310 feet from the South line and 2310 feet from the East line

Township 6 South, Range 25 East, NMPM:

Thomas LN Federal No. 9, Section 10: 2310 feet from the South line and 1300 feet from the West line

Skinny QO State No. 8, Section 16: 660 feet from the South line and 2310 feet from the West line

Snell QZ No. 2, Section 31: 2310 feet from the North line and 2310 feet from the West line

Powers OL Federal Com. No. 11, Section 33: 385 feet from the North line and 1680 feet from the East line

Teckla MD Federal No. 9, Section 13: 330 feet from the South line and 2200 feet from the East line

Sacra SA No. 12, Section 23: 2310 feet from the South line and 1300 feet from the East line

Red Rock NB Federal No. 7, Section 28: 2310 feet from the South line and 1300 feet from the West line

Sacra SA Com No. 13, Section 34: 2310 feet from the South line and 1500 feet from the East line

Said area is located approximately 35 miles west-southwest of Kenna, New Mexico.

CASE 11671: (Continued from December 5, 1996, Examiner Hearing.)

Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant seeks approval to drill its proposed Stonewall DD State Com Well No. 3 at a point 990 feet from the North and West lines (Unit D) of Section 20, Township 20 South, Range 28 East, to the base of the Morrow formation, said location being unorthodox for any and all gas producing formations from the top of the Wolfcamp to the base of the Morrow, including but not limited to the Burton Flat-Morrow Gas Pool and, if productive, to be dedicated to a 320-acre gas spacing unit consisting of the W/2 of said Section 20. Said location is approximately 10 miles north of Carlsbad, New Mexico.

CASE 11677: Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 20, Township 20 South, Range 28 East, Eddy County, forming a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, which presently may include but is not necessarily limited to the Burton Flat-Morrow Gas Pool and the Undesignated West Burton Flat-Atoka Gas Pool. Said unit is to be dedicated to its Stonewall AQK State Com Well No. 1 to be drilled and completed at an unorthodox well location 990 feet from the north and east lines (Unit A) of said Section 20. Also to be considered will be the cost of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Yates Petroleum Corporation as the operator of the well and a charge for risk involved in drilling said well. Said well is located approximately 11 miles east-southeast of Lakewood, New Mexico.

CASE 11678: Application of Burlington Resources Oil & Gas Company for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Rhodes-Yates Seven Rivers Gas Pool underlying the SW/4 of Section 23, Township 26 South, Range 37 East, Lea County, forming a standard 160-acre gas spacing and proration unit for any formations and/or pools developed on 160-acre spacing within said vertical extent, including but not limited to the Rhodes-Yates Seven Rivers Gas Pool. Said unit is to be dedicated to Burlington Resources Oil & Gas Company's Rhodes "23" Federal Com Well No. 1 which is to be drilled at a standard gas well location. Also to be considered will be the costs 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 well is located approximately 5 miles south-southwest of Jal, New Mexico.

CASE 11650: (Readvertised)

Application of Texaco Exploration & Production Inc. for amendment of Division Order No. R-5530, as amended, to increase injection pressures in its Central Vacuum Unit Pressure Maintenance Project Area, authorize a tertiary recovery project by the injection of carbon dioxide and to qualify this project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant seeks approval to institute a tertiary recovery project in its Central Vacuum Unit Pressure Maintenance Project Area by the injection of carbon dioxide into the Grayburg and San Andres formations in the Vacuum-Grayburg-San Andres Pool. The Central Vacuum Unit Pressure Maintenance Project encompasses portions of Sections 25 and 36 of Township 17 South, Range 34 East; Sections 30 and 31 of Township 17 South, Range 35 East; Section 12 of Township 18 South, Range 34 East; and Sections 6 and 7 of Township 18 South, Range 35 East. Applicant also seeks to increase the approved surface injection pressure for water in this project area to 1500 pounds and establish a maximum surface injection pressure for carbon dioxide of 1900 pounds. Applicant further seeks to qualify the project area for the recovered oil tax rate pursuant to the "New Mexico Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said unit is located approximately 2 miles south of Buckeye, New Mexico.

CASE 11656: (Continued from December 5, 1996, Examiner Hearing.)

Application of Texaco Exploration and Production, Inc. for compulsory pooling, a high angle/horizontal directional drilling pilot project, and special operating rules therefor, Lea County, New Mexico. Applicant seeks to establish a high angle/horizontal directional drilling pilot project in the Rhodes-Yates Seven Rivers Gas Pool within a standard 160-acre gas spacing and proration unit comprising the SW/4 of Section 23, Township 26 South, Range 37 East, whereby the extent of the wellbore for its proposed Rhodes "23" Federal Com Well No. 1 is to be limited to a target window no closer than 660 feet to any boundary of the project area/proration unit. Further, the applicant seeks an order pooling all mineral interests within the Rhodes-Yates Seven Rivers Gas Pool underlying the aforementioned 160-acre project area/proration unit. Also to be considered will be the cost of drilling and completing the Rhodes "23" Federal Com Well No. 1 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 5 miles south-southwest of Jal, New Mexico.

CASE 11679: Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 3, Township 18 South, Range 28 East, Eddy County, forming a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, which presently may include but is not necessarily limited to the South Empire-Morrow Gas Pool, the North Empire-Atoka Gas Pool and the South Empire-Wolfcamp Gas Pool, and forming a standard 160-acre gas spacing and proration unit underlying the NW/4 of said Section 3 for any and all formations/pools developed on 160-acre gas spacing, and forming a 40-acre spacing unit underlying the SE/4 NW/4 of said Section 3 for any and all formations and/or pools spaced on 40-acre spacing. Said unit is to be dedicated to its Helbing 3 State Com Well No. 1 to be drilled and completed at a standard well location in Unit F of said Section 3. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Nearburg Producing Company as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 12 miles southeast of Lakewood, New Mexico.

CASE 11547: (Continued from October 17, 1996, Examiner Hearing.)

Application of Nearburg Exploration Company, L.L.C., for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, in all formations developed on 320-acre spacing, underlying the E/2 of Section 11, Township 17 South, Range 25 East. Said unit is to be dedicated to the Eagle Creek 11 Com Well No. 1 to be drilled at a location 1980 feet from the South and East lines of said Section 11. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 2 miles west of Artesia, New Mexico.

CASE 11680: **Application of Richardson Operating Company for compulsory pooling and unorthodox well location, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the SE/4 of Section 15, Township 29 North, Range 13 West, forming a standard 160-acre spacing and proration unit to be dedicated to its ROPCO 15 GW PC Well No. 2 which is to be located at an unorthodox gas well location 476 feet from the South line and 1800 feet from the East line (Unit O) of said Section 15 for production from the Fulcher Kutz-Pictured Cliffs Gas Pool or the West Kutz-Pictured Cliffs Gas Pool. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling, completing and equipping, with the inclusion of a risk factor penalty and the allocation of those costs and income therefrom, as well as actual operating costs and charges for supervision, and the designation of applicant as the operator of the well. Said well is located near the intersection of the Bloomfield Highway and Carlton Avenue within the City of Farmington, New Mexico.

CASE 11681: **Application of Richardson Operating Company for compulsory pooling, downhole commingling and an unorthodox gas well location, San Juan County, New Mexico.** Applicant seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the NE/4 and all mineral interests in the Basin Fruitland Coal Gas Pool underlying the E/2 of Section 15, Township 29 North, Range 13 West, forming standard 160-acre spacing and 320-acre spacing and proration units, respectively. Said units are to be dedicated to its ROPCO 15 GW "A" PC, "B" FC Well No. 1 which is to be located at an unorthodox gas well location 2171 feet from the North line and 775 feet from the East line (Unit H) of said Section 15 for downhole commingled production from the Fulcher Kutz-Pictured Cliffs Gas Pool or the West Kutz-Pictured Cliffs Gas Pool and the Basin-Fruitland Coal Gas Pool. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling, completing and equipping, with the inclusion of a risk factor penalty and the allocation of those costs and income therefrom, as well as actual operating costs and charges for supervision, and the designation of applicant as the operator of the well. Said well is located near the intersection of US Highway 64 and Meadow View Drive within the City of Farmington, New Mexico.

CASE 11562: (Continued from November 21, 1996, Examiner Hearing.)

Application of Shahara Oil Corporation for statutory unitization, Lea County, New Mexico. Applicant seeks an order unitizing, for the purpose of establishing a secondary recovery project, all mineral interests from the surface of the ground to a lower limit of 5500 feet below the surface of those lands underlying its proposed Shahara State 16 Unit Area encompassing some 320 acres, more or less, of state lands comprising the W/2 of Section 16, Township 17 South, Range 33 East. Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of horizontal and vertical limits of the unit area; the determination of the fair, reasonable and equitable allocation of production and costs of production, including capital investments, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to unit voting procedures, selection, removal or substitution of the unit operator, and time of commencement and termination of unit operations. Said unit area is located approximately 6 miles east-southeast of Maljamar, New Mexico.

CASE 11602: (Continued from November 21, 1996, Examiner Hearing.)

Application of Bass Enterprises Production Company for approval of the expansion of the Atoka Participating Area in the James Ranch Unit, Eddy County, New Mexico. Applicant seeks approval of the third expansion of the participating area for the Atoka formation in the James Ranch Unit Area including 1,683.13 acres, more or less, located in portions of Sections 35 and 36 of Township 22 South, Range 30 East, and portions of Sections 5, 6, 8, and 17 of Township 23 South, Range 31 East. Said unit is located approximately 15 miles east of Carlsbad, New Mexico.

CASE 11603: (Continued from November 21, 1996, Examiner Hearing.)

Application of Bass Enterprises Production Company for approval of the expansion of the Atoka Participating Area in the James Ranch Unit, Eddy County, New Mexico. Applicant seeks approval of the fourth expansion of the participating area for the Atoka formation in the James Ranch Unit Area including 238.54 acres, more or less, located in portions of Section 12, Township 22 South, Range 30 East, and portions of Section 7, Township 22 South, Range 31 East. Said unit is located approximately 15 miles east of Carlsbad, New Mexico.

CASE 11604: (Continued from December 5, 1996, Examiner Hearing.)

Application of Sunco Trucking Water Disposal Company for a show cause hearing as to why it should not be fined for violations of Oil Conservation Division Rule 711, San Juan County, New Mexico. Applicant seeks a hearing to show cause to the Oil Conservation Division why applicant should not be fined \$5,000.00 for violations of the conditions of its Rule 711 permit.

CASE 11666: (Continued from December 5, 1996, Examiner Hearing.)

Application of InterCoast Oil and Gas Company for compulsory pooling and unorthodox gas well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E/2 of Section 20, Township 20 South, Range 28 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing, including but not limited to the Burton Flat-Morrow Gas Pool and the Undesignated West Burton Flat-Atoka Gas Pool. Said unit will be dedicated to its InterCoast State 20 Well No. 1 to be drilled at an unorthodox location 990 feet from the North line and 990 feet from the East line (Unit A) of said Section 20. 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 10 miles east-southeast of Locked, New Mexico.

CASE 11682: In the matter of the hearing called by the Oil Conservation Division upon 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 Abo production and designated as the Antelope Sink-Abo Gas Pool. The discovery well is the Kaiser Francis Oil Company Antelope Federal Well No. 1 located in Unit F of Section 22, Township 18 South, Range 23 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 23 EAST, NMPM

Section 22: NW/4

- (b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Abo production and designated as the West Antelope Sink-Abo Gas Pool. The discovery well is the Heartland Energy Corporation Sun Texas State Well No. 1 located in Unit J of Section 24, Township 18 South, Range 21 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 21 EAST, NMPM

Section 24: SE/4

- (c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Northeast Collins Ranch-Wolfcamp Gas Pool. The discovery well is the Yates Petroleum Corporation Niles "KA" Com. Well No. 1 located in Unit N of Section 24, Township 17 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 24 EAST, NMPM

Section 24: S/2

- (d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Cottonwood Spring-Morrow Gas Pool. The discovery well is the Llano Land & Exploration Company Federal "CU" Well No. 1 located in Unit G of Section 35, Township 25 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 25 EAST, NMPM

Section 35: N/2

- (e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the North Duffield-Strawn Gas Pool. The discovery well is the UMC Petroleum Corporation Sink Federal Well No. 2 located in Unit N of Section 9, Township 16 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM

Section 9: S/2

- (f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Eagle Creek-Wolfcamp Gas Pool. The discovery well is the Yates Petroleum Corporation Divide "JW" Federal Com. Well No. 1 located in Unit K of Section 4, Township 17 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 24 EAST, NMPM

Section 4: W/2

- (g) CREATE a new pool in Eddy County, new Mexico, classified as an oil pool for Yeso production and designated as the East Empire-Yeso Pool. The discovery well is the Marbob Energy Corporation Barnsdall Federal Well No. 1 located in Unit B of Section 27, Township 17 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM

Section 27: NE/4

- (h) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the North Penasco Draw-Upper Pennsylvanian Gas Pool. The discovery well is the Yates Petroleum Corporation Scout "EH" Federal Com. Well No. 2 located in Unit I of Section 27, Township 18 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM

Section 27: E/2

- (i) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Abo production and designated as the North Runyan Ranch-Abo Gas Pool. The discovery well is the Heartland Energy Corporation State "AR" Well No. 1 located in Unit F of Section 31, Township 18 South, Range 23 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 23 EAST, NMPM

Section 31: NW/4

- (j) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for Devonian production and designated as the Southwest Twin Lakes-Devonian Pool. The discovery well is the Marbob Energy Corporation McClintock Fee Well No. 1 located in Lot 2 of Section 30, Township 9 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM

Section 30: NE/4

- (k) EXTEND the South Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 22: S/2

- (l) EXTEND the South Carlsbad-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 17: S/2

- (m) EXTEND the East Carlsbad-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM

Section 16: NW/4

Section 17: N/2

- (n) EXTEND the Cedar Canyon-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 29 EAST, NMPM

Section 28: SW/4

- (o) EXTEND the North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM

Section 12: E/2

Section 26: S/2

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM

Section 33: NE/4

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM

Section 2: SW/4

Section 11: NW/4

- (p) EXTEND the South Dagger Draw-Upper Pennsylvanian Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM

Section 19: S/2

TOWNSHIP 21 SOUTH, RANGE 23 EAST, NMPM

Section 13: N/2

- (q) EXTEND the Fenton-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM

Section 28: E/2

- (r) EXTEND the East Loving-Brushy Canyon Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM

Section 12: S/2

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM

Section 7: SW/4

- (s) EXTEND the Sand Tank-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM

Section 31: SE/4

Section 32: S/2

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 6: E/2

- (t) EXTEND the Shugart-Yates-Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 8: NE/4

- (u) EXTEND the North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM

Section 26: W/2

IN THE ABSENCE OF OBJECTION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT.

CASE 11599: (Readvertised)

Application of Gillespie-Crow, Inc. for pool expansion and contraction, pool creation, and special pool rules, Lea County, New Mexico. Applicant requests that the West Lovington-Strawn Pool be both contracted in part and expanded in part to contain all or parts of Sections 27, 28, 29, 32, 33, and 34, Township 15 South, Range 35 East; Lots 1 through 12 of Section 1, Township 16 South, Range 35 East; Lots 1 through 12 of Section 1, Township 16 South, Range 35 East; and Lots 2 through 7, 11, and 12 of Section 6, Township 16 South, Range 36 East. Applicant requests that the special pool rules currently in effect for said pool remain in effect, except that the depth bracket allowable be reduced to 250 barrels of oil per day for wells within the designated West Lovington-Strawn Pool. Applicant further requests that a new pool, the South Big Dog-Strawn Pool, be created to include parts of Section 32, Township 15 South, Range 35 East; and Section 2, Township 16 South, Range 35 East, and that the special pool rules currently in effect for the West Lovington-Strawn Pool including 80-acre spacing and a depth bracket allowable of 445 barrels of oil per day, remain in effect for said new pool. Said pools are located approximately 4.5 to 5 miles west-northwest of Lovington, New Mexico.

CASE 11604: (Continued from September 5, 1996, Examiner Hearing.)

Application of Sunco Trucking Water Disposal Company for a show cause hearing as to why it should not be fined for violations of Oil Conservation Division Rule 711, San Juan County, New Mexico. Applicant seeks a hearing to show cause to the Oil Conservation Division why applicant should not be fined \$5,000.00 for violations of the conditions of its Rule 711 permit.

CASE 11516: (Reopened - Continued from August 22, 1996, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit H & W Enterprises, operator, American Employers' Insurance Company, surety, and all interested parties to appear and show cause why the Mobil State Well No. 1, located 2310 feet from the North line and 990 feet from the East line (Unit H) of Section 16, Township 17 South, Range 31 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division approved plugging program. Further, an order is being sought authorizing the Division to plug said well and order the forfeiture of the plugging bond in affect for said well.

CASE 11602: (Continued from August 22, 1996, Examiner Hearing.)

Application of Bass Enterprises Production Company for approval of the expansion of the Atoka Participating Area in the James Ranch Unit, Eddy County, New Mexico. Applicant seeks approval of the third expansion of the participating area for the Atoka formation in the James Ranch Unit Area including 1,683.13 acres, more or less, located in portions of Sections 35 and 36 of Township 22 South, Range 30 East, and portions of Sections 5, 6, 8, and 17 of Township 23 South, Range 31 East. Said unit is located approximately 15 miles east of Carlsbad, New Mexico.

CASE 11603: (Continued from August 22, 1996, Examiner Hearing.)

Application of Bass Enterprises Production Company for approval of the expansion of the Atoka Participating Area in the James Ranch Unit, Eddy County, New Mexico. Applicant seeks approval of the fourth expansion of the participating area for the Atoka formation in the James Ranch Unit Area including 238.54 acres, more or less, located in portions of Section 12, Township 22 South, Range 30 East, and portions of Section 7, Township 22 South, Range 31 East. Said unit is located approximately 15 miles east of Carlsbad, New Mexico.

DOCKET: EXAMINER HEARING - THURSDAY - AUGUST 22, 1996

8:15 A.M. - 2040 S. Pacheco

Santa Fe, New Mexico

Dockets Nos 25-96 and 26-96 are tentatively set for September 5, 1996 and September 19, 1996. 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 11584: (Continued from August 8, 1996, Examiner Hearing.)

Application of Merrion Oil & Gas Corporation for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the N/2 of Section 27, Township 32 North, Range 13 West, forming a standard 320-acre spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled and completed at a standard coal gas well location in the SE/4 NE/4 (Unit H) of said Section 27. 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 2 miles north of La Plata, New Mexico.

CASE 11595: **Application of Benson-Montin-Greer Drilling Corp. for an unorthodox oil well location and simultaneous dedication, Rio Arriba County, New Mexico.** Applicant seeks authority to drill its Canada Ojitos Unit "B-22" Well to the Mancos formation, West Puerto Chiquito-Mancos Oil Pool, at an unorthodox oil well location 227 feet from the North line and 2480 feet from the East line (Unit B) of Section 22, Township 26 North, Range 1 West. Applicant also seeks an exception to the provisions of the Special Pool Rules for the West Puerto Chiquito-Mancos Oil Pool to permit the simultaneous dedication of the 640-acre spacing unit comprised of all of said Section 22 to the Canada Ojitos Unit Well Nos. "B-22" and 23. Said unit is located approximately 11 miles north-northeast of Lindrith, New Mexico.**CASE 11597:** **Application of Amoco Production Company for an unorthodox well location, Eddy County, New Mexico.** Applicant seeks authority to drill its Evelyn "35" State Com Well No. 1 as a wildcat well to the Morrow formation, at an unorthodox location 1730 feet from the North line and 660 feet from the East line (Unit H) of Section 35, Township 17 South, Range 28 East. The N/2 of Section 35 is to be dedicated to said well forming a standard 320-acre spacing and proration unit. Said unit is located approximately 14 miles east-southeast of Artesia, New Mexico.**CASE 11572:** (Continued from August 8, 1996, Examiner Hearing.)

Application of Hallwood Petroleum, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the N/2 of Section 27, Township 32 North, Range 13 West, forming a standard 320-acre gas spacing and proration unit for said pool. Said unit is to be dedicated to a well to be drilled and completed at a standard coal gas well location in the SE/4 NE/4 (Unit H) of said Section 27. 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 2 miles north of La Plata, New Mexico.

CASE 11578: (Continued from July 25, 1996, Examiner Hearing.)

Application of Enron Oil & Gas Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Morrow formation, underlying the following described acreage in Section 32, Township 17 South, Range 30 East, and in the following manner: (a) the S/2 to form 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 but is not necessarily limited to the Undesignated Sand Tank-Strawn Gas Pool, Undesignated South Loco Hills-Morrow Gas Pool, Undesignated Sand Tank-Morrow Gas Pool, and Undesignated Cedar Lake-Morrow Gas Pool; (b) the SW/4 to form 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, (c) the S/2 SW/4 to form a standard 80-acre oil spacing and proration unit for any pools developed on 80-acre spacing within said vertical extent, which there does not appear to be any at this time. Said units are to be dedicated to a single well to be drilled at a standard location in the SE/4 SW/4 (Unit N) of said Section 32. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as the operator of the well, and a charge for risk involved in drilling said well. Said well location is approximately 2 miles south by west of Loco Hills, New Mexico.

CASE 11534: (Continued from August 8, 1996, Examiner Hearing.)

Application of Enron Oil & Gas Company for an unorthodox oil well location, Lea County, New Mexico. Applicant seeks authorization to drill its Greenback State Well No. 2 at an unorthodox oil well location 1980 feet from the North line and 1330 feet from the West line (Unit F) of Section 17, Township 24 South, Range 38 East, to be dedicated to a standard 40-acre oil spacing and proration unit consisting of the SE/4 NW/4 of said Section 17 in the East Fowler-Ellenburger Pool. Said unit is located approximately 6 miles northeast of Jal, New Mexico.

CASE 11598: **Application of Enron Oil & Gas 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 E/2 of Section 7, Township 24 South, Range 34 East for all formations developed on 320-acre spacing. Applicant proposes to dedicate this pooled unit to its Bell Lake Unit 7 Well No. 1 to be drilled at a standard location 2200 feet from the North line and 1980 feet from the East line in Unit G of said Section 7 to test any and all formations to the base of the Morrow formation, South Bell Lake-Morrow 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 20 miles southwest of Eunice, New Mexico.

CASE 11599: **Application of Gillespie-Crow, Inc. for an allowable reduction, Lea County, New Mexico.** Applicant seeks an order restricting production from wells completed in the West Lovington-Strawn Pool that are in communication with wells in the West Lovington Strawn Unit, and which adjoin but are outside the unit, to rates equal to the average producing rate for wells within the unit. The unit comprises all of Section 33 and the W/2 of Section 34, Township 15 South, Range 35 East; Lots 1 through 8 of Section 1, Township 16 South, Range 35 East; and Lots 3 through 5 of Section 6, Township 16 South, Range 36 East. Said unit is located approximately 4.5 miles west-northwest of Lovington, New Mexico.

CASE 11549: **(Continued from August 8, 1996, Examiner Hearing.)**

Application of Santa Fe Energy Resources, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 23, Township 19 South, Range 28 East, and in the following manner: the S/2 of Section 23 to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated South Millman-Atoka Gas Pool, the Undesignated Winchester-Morrow Gas Pool, the Undesignated North Winchester-Morrow Gas Pool, the Undesignated Winchester -Upper Pennsylvanian Gas Pool, the Undesignated Winchester-Strawn Gas Pool, and the Undesignated North Winchester-Wolfcamp Pool; the SW/4 of Section 23 to form a standard 160-acre gas spacing and proration unit for any and all pools and/or formations developed on 160-acre spacing within said vertical extent, including the Undesignated Winchester-Wolfcamp Gas Pool; and the SE/4 SW/4 of Section 23 to form a standard 40-acre oil spacing and proration unit for any and all pools and/or formations developed on 40-acre spacing within said vertical extent, including the Undesignated Outpost-Delaware Pool, the Undesignated East Millman-Queen-Grayburg-San Andres Pool, the Undesignated Scanlon Draw-Queen Pool, and the Undesignated Winchester-Bone Spring Pool. Said units are to be dedicated to Applicant's Ten Bears "23" St. Well No. 1, to be drilled at an orthodox well location 990 feet from the South line and 1980 feet from the West line (Unit N) of the section. 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 6 miles southeast of Illinois Camp.

CASE 11542: **(Continued from August 8, 1996, Examiner Hearing.)**

Application of Meridian Oil Inc. for compulsory pooling and an unorthodox gas well location, San Juan County, New Mexico. Applicant seeks an order pooling certain mineral interests in the Blanco Mesaverde Pool underlying Lots 1, 2, 7, 8, 9, 10, 15 and 16 (the E/2 equivalent) of Section 23, Township 31 North, Range 9 West, forming a 313.63-acre gas spacing and proration unit. Said unit is to be dedicated to Meridian Oil Inc.'s proposed Seymour Well No. 7A which is an "Infill Blanco-Mesaverde Well" to be drilled at an unorthodox gas well location 1615 feet from the South line and 2200 feet from the East line of said Section 23 to test for production from the Mesaverde formation. Also to be considered will be the costs of participation in said well, including but not limited to the costs of drilling and completing, the allocation of those costs and income therefrom as well as actual operating costs and charges for supervision, a charge for risk involved in drilling and completing said well and the designation of applicant as the operator of the well. Said well is located approximately 9 miles southeast of Cedar Hills, New Mexico.

CASE 11600: **Application of Burlington Resources Oil & Gas Company for the establishment of a downhole commingling reference case pursuant to Division Rule 303.E and the adoption of special administrative rules therefor, San Juan and Rio Arriba Counties, New Mexico.** Applicant, in accordance with Division Rule 303.E and the testimony presented in Division Case 11353 on January 18, 1996, seeks to establish a downhole commingling reference case to provide for (1) marginal economic criteria and (2) pressure criteria on a pool-wide basis for downhole commingling of Dakota, Mesaverde and Pictured Cliffs gas production in the wellbores of existing or future wells for the Basin-Dakota Gas Pool, the Blanco-Mesaverde Gas Pool and Blanco-Pictured Cliffs Gas Pool. Said pools are located in the San Juan Basin of San Juan and Rio Arriba Counties, New Mexico. IN THE ABSENCE OF OBJECTION THIS CASE WILL BE TAKEN UNDER ADVISEMENT BASED UPON THE RECORD PRESENTED IN DIVISION CASE 11353.

CASE 11601: **Application of Burlington Resources Oil & Gas Company for the establishment of a downhole commingling reference case pursuant to Division Rule 303.E and the adoption of special administrative rules therefor, San Juan County, New Mexico.** Applicant, in accordance with Division Rule 303.E, seeks to establish a downhole commingling reference case to provide for (1) marginal economic criteria, (2) pressure criteria, (3) allocation formulas, and (4) modification of notification rules, on an area-wide basis for authorization for downhole commingling of Dakota, Mesaverde and Pictured Cliffs gas production in the wellbores of existing or future wells drilled anywhere within the San Juan 32-9 Unit located in Township 31 North, Range 9 West; Township 31 North, Range 10 West; Township 32 North, Range 9 West; and Township 32 North, Range 10 West, said production being portions of the Basin-Dakota Gas Pool, the Blanco-Mesaverde Gas Pool and the Blanco-Pictured Cliffs Gas Pool. The center of said area is located approximately 4 miles east of Cedar Hills, New Mexico.

CASE 11590: (Continued from August 8, 1996, Examiner Hearing.)

Application of Burlington Resources Oil & Gas Company for compulsory pooling, San Juan County, New Mexico. Applicant seeks an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the W/2 of Section 23, Township 32 North, Range 7 West, forming a standard 320-acre gas spacing and proration unit. Said unit is to be dedicated to Burlington Resources Oil & Gas Company's Allison Unit Com Well No. 146 which is to be drilled at an unorthodox well location approved by Division Order No. R-10616. 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 8 miles southwest of the intersection of the Rio Arriba County and San Juan County lines of the State of New Mexico with the southern border of the State of Colorado.

CASE 11574: (Continued from August 8, 1996, Examiner Hearing.)

Application of Texaco Exploration & Production, Inc. for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox gas well location in the Jalmat Gas Pool for its E. E. Blinebry "A" Federal Com NCT-1 Well No. 4 to be drilled 1870 feet from the South line and 990 feet from the West line (Unit L) of Section 31, Township 23 South, Range 37 East. Jalmat gas production from said well is to be simultaneously dedicated with the E.E. Blinebry "A" Federal (NCT-1) Well No. 2 located in Unit "I" of said Section 31 and the E.E. Blinebry "B" Federal NCT-1 Well No. 3, located at a previously approved unorthodox gas well location [approved by Division Administrative Order NSL-2984(SD)] 1980 feet from the South and West lines (Unit K) of said Section 31 to the existing 355.96-acre non-standard gas spacing and proration unit comprising Lots 3 and 4, E/2 SW/4, N/2 SE/4, and SE/4 SE/4 of said Section 31 and the S/2 SW/4 of Section 32, Township 23 South, Range 37 East (approved by Division Order No. R-2474). Said unit is located approximately 10 miles north of Jal, New Mexico.

CASE 11602: **Application of Bass Enterprises Production Company for approval of the expansion of the Atoka Participating Area in the James Ranch Unit, Eddy County, New Mexico.** Applicant seeks approval of the third expansion of the participating area for the Atoka formation in the James Ranch Unit Area including 1,683.13 acres, more or less, located in portions of Sections 35 and 36 of Township 22 South, Range 30 East, and portions of Sections 5, 6, 8, and 17 of Township 23 South, Range 31 East. Said unit is located approximately 15 miles east of Carlsbad, New Mexico.

CASE 11603: **Application of Bass Enterprises Production Company for approval of the expansion of the Atoka Participating Area in the James Ranch Unit, Eddy County, New Mexico.** Applicant seeks approval of the fourth expansion of the participating area for the Atoka formation in the James Ranch Unit Area including 238.54 acres, more or less, located in portions of Section 12, Township 22 South, Range 30 East, and portions of Section 7, Township 22 South, Range 31 East. Said unit is located approximately 15 miles east of Carlsbad, New Mexico.

CASE 11575: (Continued from July 25, 1996, Examiner Hearing.)

Application of Nearburg Exploration Company, L.L.C. for compulsory pooling, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from a depth of 4,000 feet to the base of the Morrow formation in all formations developed on 320-acre spacing under the W/2 of Section 34; in all formations developed on 160-acre spacing under the SW/4 of Section 34; in all formations developed on 80-acre spacing under the W/2 SW/4 of Section 34 and in all formations developed on 40-acre spacing under the NW/4 SW/4 of Section 34, Township 17 South, Range 28 East. Said unit is to be dedicated to its Artesia "34" State Com Well No. 1 to be drilled at a standard location 1650 feet from the South line and 990 feet from the West line of said Section 34. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs 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 said well. Said area is located approximately 13 miles east by north of Atoka, New Mexico.

CASE 11604: Application of Sunco Trucking Water Disposal Company for a show cause hearing as to why it should not be fined for violations of Oil Conservation Division Rule 711, San Juan County, New Mexico. Applicant seeks a hearing to show cause to the Oil Conservation Division why applicant should not be fined \$5,000.00 for violations of the conditions of its Rule 711 permit.

CASE 11516: (Reopened - Continued from July 25, 1996, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit H & W Enterprises, operator, American Employers' Insurance Company, surety, and all interested parties to appear and show cause why the Mobil State Well No. 1, located 2310 feet from the North line and 990 feet from the East line (Unit H) of Section 16, Township 17 South, Range 31 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division approved plugging program. Further, an order is being sought authorizing the Division to plug said well and order the forfeiture of the plugging bond in affect for said well.