

Conf. 9/1

DOCKET MAILED

~~Date~~ 8/6/82
8/20/82

CASE NO.

7651

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
1 September 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Nortex Gas & Oil Com-
pany for the amendment of Order No.
R-6903, Lea County, New Mexico.

CASE
7651

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

MR. STAMETS: Call next Case 7651.

MR. PEARCE: That is the application of
Nortex Gas & Oil Company for the amendment of Order No. 6903,
Lea County, New Mexico.

MR. STAMETS: At the request of the
applicant, this case will be dismissed.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing Before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete and correct record of the proceedings in the Examiner hearing of Case No. 7657, heard by me on 9-11 1982.
Richard L. Hunt, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Box 191-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
18 August 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Nortex Gas & Oil Com-
pany for the amendment of Order No.
R-6903, Lea County, New Mexico.

CASE 2651

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

1
2 MR. NUTTER: We'll call next Case Number
3 7651.

4 MR. PEARCE: That is the application of
5 Nortex Gas and Oil Company for the amendment of Order No.
6 R-6903, Lea County, New Mexico.

7 MR. NUTTER: Applicant in this case has
8 requested continuance.

9 Case Number 7651 will be continued to the
10 Examiner Hearing scheduled to be held at this same place at
11 9:00 o'clock a. m. September 1, 1982.

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13 (Hearing concluded.)
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7651 heard by me on 8/18 1982.

[Signature], Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Box 193-B

Santa Fe, New Mexico 87508

Phone (505) 455-7409



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

POST OFFICE BOX 2000
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-3434

September 28, 1982

Mr. Thomas Kellahin
Kellahin & Kellahin
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 7651
ORDER NO. R-7071

Applicant:

Nortex Gas & Oil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly,

JOE D. RAMBEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	<u> x </u>
Artesia OCD	<u> x </u>
Aztec OCD	

Other _____

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7651
Order No. R-7071

APPLICATION OF NORTEX GAS & OIL
COMPANY FOR THE AMENDMENT OF ORDER
NO. R-6903, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 1, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 27th day of September, 1982, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

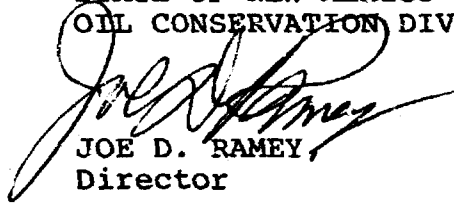
That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 7651 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director



S E A L

Dockets Nos. 29-82 and 30-82 are tentatively set for September 15 and September 29, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - THURSDAY - AUGUST 26, 1982

OIL CONSERVATION COMMISSION - 9 A.M.
MORGAN HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

CASE 7656: Application of Cities Service Company for determination of reasonable well costs, Lea County, New Mexico. Applicant, in the above-styled cause, pursuant to the provisions of Section 70-2-17 C, MMSA, 1978 Comp., and Paragraph (5) of Division Order No. R-6781, seeks a determination of reasonable well costs for two wells drilled under the provisions of said Order No. R-6781 by Doyle Hartman on lands pooled by said order.

CASE 7657: Application of Harvey E. Yates Company for non-rescission of Order No. R-6873, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the non-rescission of Order No. R-6873, which order pooled certain lands to be dedicated to a proposed Ordovician test well to be drilled thereon, being the W/2 of Section 18, Township 9 South, Range 27 East. Said order provided that should the unit well not be drilled to completion, or abandonment, within 120 days after commencement thereof, operator shall appear and show cause why the pooling order should not be rescinded.

CASE 7658: Application of Harvey E. Yates Company for a dual completion and downhole commingling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Seymour State #1 located in Section 18, Township 9 South, Range 27 East, in such a manner that Abo perforations from 4912 feet to 4929 feet would be commingled with Upper Atoka perforations from 5926 feet to 5952 feet and the aforesaid intervals dually completed with Lower Atoka perforations from 6008 feet to 6048 feet and produced through parallel strings of tubing.

Docket No. 28-82

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 1, 1982

OIL CONSERVATION DIVISION - 9 A.M., MORGAN HALL,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Mutter, Alternate Examiner:

CASE 7635: (Continued from August 18, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit CO₂-In-Action, Travelers Indemnity and all other interested parties to appear and show cause why the Trigg Well No. 3 located in Unit J, Section 25, Township 15 North, Range 28 East, San Miguel County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7636: (Continued from August 18, 1982, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit CO₂-In-Action, Travelers Indemnity and all other interested parties to appear and show cause why the Amistad No. 1 located in Unit E of Section 18, and the Amistad No. 2 located in Unit D of Section 7, both in Township 19 North, Range 36 East, Union County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7659: Application of Sun Exploration and Production Company for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian gas well drilled 660 feet from the North and West lines of Section 21, Township 7 South, Range 26 East, the N/2 of said Section 21 to be dedicated to the well.

CASE 7660: Application of Pauley Petroleum, Inc. for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 3862 feet to 3874 feet in its State Well No. 1 located in Unit B of Section 16, Township 7 South, Range 33 East.

CASE 7661: Application of George Sardella and Gary Plemans for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the NW/4 NW/4 of Section 33, Township 16 South, Range 33 East.

CASE 7630: (Continued from August 4, 1982, Examiner Hearing)

Application of Ralph Nix for an oil treating plant permit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SW/4 NE/4 of Section 18, Township 19 South, Range 26 East.

CASE 7662: Application of Carter Foundation Production Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Bline-Cade Waterflood Project by converting its Mattix Federal Wells Nos. 2, 5, 6, located in Units C, E, and D, respectively, in Section 3, Township 24 South, Range 37 East, by the injection of water into the Queen formation.

CASE 7639: (Continued from August 18, 1982 Examiner Hearing)

Application of Acme Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wanta Abo, Drinkard and Blinsbey Pool production in the wellbore of its S. J. Starkeys Lease Well No. 2, located in Unit B of Section 26, Township 21 South, Range 37 East.

CASE 7663: Application of Dugan Production Corporation for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the S/2 of Section 18, Township 30 North, Range 14 West, to be dedicated to a well to be drilled at a standard location thereon. 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.

CASE 7568: (Continued and Readvertised)

Application of Petroleum Corp. of Delaware for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Superior Federal Well No. 6 located in Unit W of Section 6, Township 20 South, Range 29 East, East Burton Flat Field, to produce oil from the Strawn formation through the casing-tubing annulus and gas from the Morrow formation through tubing.

CASE 7651: (Continued from August 18, 1982, Examiner Hearing)

Application of Mortax Gas & Oil Company for the amendment of Order No. R-6903, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6903 to provide that non-consenting working interest owners shall have thirty days following final adjudication of title in which to pay their proportionate share of well costs.

CASE 7654: Application of Yates Petroleum Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Little Cuervo Unit Area, comprising 13,407 acres, more or less, of State and Fee lands in Township 17 South, Range 18 East.

CASE 7655: (Continued from August 18, 1982 Examiner Hearing)

Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Abo formation underlying the NW/4 of Section 20, Township 7 South, Range 26 East, to be dedicated to a well to be drilled at a standard location thereon. 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.

CASE 7665: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mississippian formation underlying the M/2 of Section 35, Township 13 South, Range 35 East, to be dedicated to a well to be drilled at a standard location thereon. 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.

CASES 7666, 7667, 7668, and 7669: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the four following cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered in each case will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7666: SW/4 Section 3;

CASE 7667: NW/4 Section 4;

CASE 7668: NW/4 Section 14;

All of the above being in Township 5 South, Range 24 East and

CASE 7669: NW/4 Section 2, Township 9 South, Range 25 East

CASE 7670: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the W/2 of Section 26, Township 14 South, Range 27 East, to be dedicated to a well to be drilled at a standard location thereon. 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.

CASE 7648: (Continued from August 18, 1982 Examiner Hearing)

Application of Rio Pecos Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp to the base of the Pennsylvanian formation underlying the W/2 of Section 35, Township 18 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. 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.

CASE 7642: Application of Doyle Hartman for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the Jalnet Pool, underlying a previously approved 120-acre non-standard proration unit comprising the S/2 NE/4 and NE/4 NE/4 of Section 20, Township 25 South, Range 17 East, to be dedicated to a well to be drilled at a previously approved unorthodox location. 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.

CASE 7671: Application of Texas Eastern Developments, Inc. for an exception to Rule 307, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 307 of the Division Rules and Regulations to permit it to draw a vacuum on the Shiprock Gallup Oil Pool reservoir through 16 wells in Sections 16 and 17, Township 29 North, Range 18 West. Applicant further seeks an administrative procedure whereby it could extend the proposed vacuum system to include additional wells in the same reservoir.

CASE 7649: Application of Southern Union Exploration Company for retroactive exemption, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the retroactive exemption from Section 5 of the New Mexico Natural Gas Pricing Act of the following Basin Dakota infill wells: Jicarilla A No. 13-E in Unit M of Section 13 and Jicarilla A No. 10-E in Unit G of Section 23, both in Township 26 North, Range 4 West, and Jicarilla K No. 15-E in Unit A of Section 1, Township 25 North, Range 5 West, all in Rio Arriba County, and the Hodges No. 15-E in Unit J of Section 27, Township 26 North, Range 8 West in San Juan County. Also the following Ballard-Pictured Cliffs replacement well in San Juan County: Newson No. 10-R in Unit M of Section 20, Township 26 North, Range 8 West. Each of the aforesaid wells was subject to the New Mexico Natural Gas Pricing Act until exempted from same by the Division on July 23, 1982, and applicant seeks the retroactive exemption of each of said wells to date of first delivery into the pipeline which ranges from December 24, 1980 to January 11, 1982.

CASE 7672: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, assigning discovery allowable, contracting, and extending certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico:

- (a) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Brushy Canyon production and designated as the Brushy Draw-Brushy Canyon Pool. Further, to assign approximately 25,410 barrels of discovery allowable to the discovery well, the J. C. Williamson OCSNW Federal Well No. 1 located in Unit M of Section 25, Township 26 South, Range 29 East, N2PM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 29 EAST, N2PM
Section 25: SW/4

- (b) CREATE a new pool in Lea County, New Mexico classified as an oil pool for San Andres production and designated as the Hobbs Channel-San Andres Pool. The discovery well is the Bass Enterprises Production Company Humble City Unit Well No. 1 located in Unit D of Section 36, Township 17 South, Range 37 East, N2PM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, N2PM
Section 36: NW/4

- (c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Humphreys Mill-Morrow Gas Pool. The discovery well is the Florida Exploration Company Reno Com Well No. 1 located in Unit D of Section 11, Township 25 South, Range 35 East, NMEP. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 35 EAST, NMEP
Section 11: W/2

- (d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the Justice-Abo Pool. The discovery well is the Santa Fe Energy Company Carlson 2-25 Federal Well No. 3 located in Unit O of Section 25, Township 25 South, Range 37 East, NMEP. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMEP
Section 25: SE/4

- (e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the McMillan-Upper Pennsylvanian Gas Pool. The discovery well is the Southland Royalty Company Pecos River Federal 20 Com Well No. 1 located in Unit J of Section 20, Township 19 South, Range 27 East, NMEP. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMEP
Section 20: E/2

- (f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Mosley Canyon-Strawn Gas Pool. The discovery well is W. A. Moncrief, Jr., Jurnegan State Well No. 1 located in Unit C of Section 8, Township 24 South, Range 25 East, NMEP. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 25 EAST, NMEP
Section 8: W/2

- (g) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Tubb production and designated as the West Madine-Tubb Pool. The discovery well is the Tamarack Petroleum Company, Inc. Kormegay A Well No. 1 located in Unit F of Section 9, Township 20 South, Range 38 East, NMEP. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMEP
Section 9: NW/4

- (h) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Pitchfork Ranch-Morrow Gas Pool. The discovery well is the HNG Oil Company Madera 32 State Com Well No. 1 located in Unit C of Section 32, Township 24 South, Range 34 East, NMEP. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMEP
Section 32: W/2

- (i) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Yaso production and designated as the Seven Rivers-Yaso Pool. The discovery well is Chama Petroleum Corporation Irami Federal Well No. 1 located in Unit W of Section 34, Township 19 South, Range 25 East, NMEP. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMEP
Section 34: SW/4

- (j) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Abo production and designated as the East Skaggs-Abo Pool. The discovery well is the Texaco Inc. C. H. Weir A Well No. 12 located in Unit G of Section 12, Township 20 South, Range 37 East, NMEP. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMEP
Section 12: NE/4

- (k) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Tubb production and designated as the Teague-Tubb Pool. The discovery well is the Alpha Twenty-One Production Company Lea Well No. 2 located in Unit A of Section 17, Township 23 South, Range 37 East, NMEP. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMEP
Section 17: NE/4

- (1) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Devonian production and designated as the Townsend-Devonian Pool. The discovery well is the Kimbert Oil and Gas Company New Mexico 1-4 State Com Well No. 1 located in Unit W of Section 4, Township 16 South, Range 35 East, N2W4. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, N2W4
Section 4: Lots 11, 12, 13, and 14

- (n) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Walch-Bone Spring Pool. The discovery well is the Quesada Petroleum, Inc. May 3 Federal Com Well No. 1 located in Unit K of Section 9, Township 26 South, Range 27 East, N2W4. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 27 EAST, N2W4
Section 9: SW/4

- (n) CONTRACT the horizontal limits of the Buckeye-Abo Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, N2W4
Section 3: W/2 NW/4

- (o) CONTRACT the horizontal limits of the Vacuum-Abo Reef Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, N2W4
Section 3: E/2 NW/4

- (p) EXTEND the Antelope Sink-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, N2W4
Section 13: W/2
Section 14: W/2

- (q) EXTEND the West Arkansas Junction-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, N2W4
Section 20: NW/4

- (r) EXTEND the Atoka-Teco Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, N2W4
Section 26: E/2

- (s) EXTEND the Silbey-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, N2W4
Section 5: NW/4
Section 6: E/2

- (t) EXTEND the Bomber Hill-Panrosa Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, N2W4
Section 14: W/2 S/2 and NE/4

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

TOWNSHIP 20 SOUTH, RANGE 25 EAST, N2W4
Section 3: S/2
Section 4: All

- (v) EXTEND the Comanche Stateline Tansill-Yates-Lavan Rivers-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, N2W4
Section 26: NW/4
Section 27: NE/4 and E/2 NW/4

- (w) EXTEND the South Empire-Worow Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, N28E
Section 35: S/2
Section 36: W/2

- (x) EXTEND the South Empire-Wolfcamp Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, N28E
Section 38: E/2 NE/4

TOWNSHIP 17 SOUTH, RANGE 29 EAST, N28E
Section 31: NW/4 and S/2 SE/4

- (y) EXTEND the Forty Miner Ridge-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 30 EAST, N28E
Section 16: SE/4

- (z) EXTEND the Hardy-Tubb Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, N28E
Section 2: Lots 11, 12, 13, 14, and S/2
Section 11: NW/4

- (aa) EXTEND the Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, N28E
Section 20: NW/4

- (bb) EXTEND the West Milnesand-Pennsylvanian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 34 EAST, N28E
Section 19: W/2

- (cc) EXTEND the South Peterson-Pennsylvanian Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 5 SOUTH, RANGE 33 EAST, N28E
Section 30: SE/4
Section 31: N/2 NE/4

TOWNSHIP 6 SOUTH, RANGE 33 EAST, N28E
Section 15: S/2

- (dd) EXTEND the Race Track-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 28 EAST, N28E
Section 18: NE/4 and S/2 SE/4

- (ee) EXTEND the Ross Draw-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, N28E
Section 23: S/2
Section 26: W/2

- (ff) EXTEND the West Sand Dunes-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, N28E
Section 17: S/2
Section 20: All

- (gg) EXTEND the Saunders Permian-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, N28E
Section 21: NE/4

Dockets Nos. 27-82 and 28-82 are tentatively set for September 1 and September 15, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 18, 1982

9 A.M. - OIL CONSERVATION DIVISION - MORGAN HALL,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for September, 1982, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for September, 1982, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7635: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit CO₂-in-Action, Travelers Indemnity and all other interested parties to appear and show cause why the Trigg Well No. 3 located in Unit J, Section 25, Township 15 North, Range 28 East, San Miguel County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7636: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit CO₂-in-Action, Travelers Indemnity and all other interested parties to appear and show cause why the Amistad No. 1 located in Unit E of Section 18, and the Amistad No. 2 located in Unit D of Section 7, both in Township 19 North, Range 36 East, Union County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7637: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit R.A.F. Enterprises, Fireman's Fund Insurance Company and all other interested parties to appear and show cause why the Shaw Well No. 1, located in Unit M, Section 18, Township 4 North, Range 8 East, Torrance County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7638: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Cibola Energy Corporation, Mid-Continent Casualty Company, and all other interested parties to appear and show cause why the Simms Ranch Well No. 1, located in Unit N, Section 9, the Clyde Berlier Well No. 1, located in Unit K and the Clyde Berlier Well No. 2, located in Unit F, both in Section 21, the Mora Ranch Well No. 3 located in Unit M and the Mora Ranch Well No. 4, located in Unit M, both in Section 5, all in Township 21-North, Range 21 East, Mora County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7639: Application of Acoma Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wantz Abo, Drinkard and Blinbry Pool production in the wellbore of its S. J. Starkeys Lease Well No. 2, located in Unit B of Section 26, Township 21 South, Range 37 East.

CASE 7640: Application of Morris R. Antweil for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations from the surface down through and including the Abo formation in and under the NE/4 NE/4 of Section 12, Township 20 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon. 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.

CASE 7641: Application of Reading & Bates Petroleum Co. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in all formations from the surface down through the Devonian formation underlying the NW/4 SE/4 of Section 33, Township 14 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. 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.

CASE 7642: Application of Doyle Hartman for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface through the Jalmat Pool, underlying a previously approved 120-acre non-standard proration unit comprising the S/2 NE/4 and NE/4 NE/4 of Section 20, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a previously approved unorthodox location. 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.

- CASE 7643: Application of Texaco, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Drinkard and Strawn formations underlying the W/2 NE/4 of Section 33, Township 16 South, Range 37 East, Casey-West Knowles Area, to be dedicated to a well to be drilled at a standard location thereon. 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.
- CASE 7650: Application of Texaco Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Drinkard and Strawn formations underlying the E/2 NE/4 of Section 33, Township 16 South, Range 37 East, Casey-West Knowles Area, to be dedicated to a well to be drilled at a standard location thereon. 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.
- CASE 7644: Application of Rault Petroleum Corporation & McKay Petroleum Corporation for compulsory pooling, De Baca County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the SW/4 of Section 33, Township 3 South, Range 25 East, to be dedicated to a well to be drilled at a standard location thereon. 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.
- CASE 7645: Application of Stevens Operating Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down to the base of the Abo formation underlying the NE/4 of Section 29, Township 7 South, Range 26 East, to be dedicated to a well to be drilled at a standard location thereon. 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.
- CASE 7652: Application of Conoco Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cisco formation underlying all of partial Sections 34 and 35, Township 20 1/2 South, Range 23 East, underlying a previously approved 688-acre non-standard proration unit, to be dedicated to a well at a previously approved unorthodox location which is to be re-entered. Also to be considered will be the cost of re-entering 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 re-entering said well.
- CASE 7646: Application of Tenneco Oil Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian gas well to be drilled 1855 feet from the North line and 660 feet from the East line of Section 25, Township 16 South, Range 33 East, the N/2 of said Section 25 to be dedicated to the well.
- CASE 7651: Application of Mortex Gas & Oil Company for the amendment of Order No. R-6903, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Division Order No. R-6903 to provide that non-consenting working interest owners shall have thirty days following final adjudication of title in which to pay their proportionate share of well costs.
- CASE 7647: Application of Guest Energy Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the open hole interval from 4150 feet to 5600 feet in its State A Well No. 2, located in Unit L of Section 26, Township 14 South, Range 33 East.
- CASE 7653: Application of Rio Pecos Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Chaverlea-North Federal Unit Area, comprising 1,920 acres, more or less, of Federal and Fee lands in Township 8 South, Range 31 East.
- CASE 7648: Application of Rio Pecos Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp to the base of the Pennsylvanian formation, underlying the W/2 of Section 35, Township 18 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. 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.

CASE 7654: Application of Rault Petroleum Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location for an undesignated Pennsylvanian gas well to be drilled 600 feet from the South line and 660 feet from the West line of Section 13, Township 8 South, Range 27 East, the S/2 of said Section 13 to be dedicated to the well.

CASE 7306: (Reopened)

In the matter of Case 7306 being reopened pursuant to the provisions of Order No. R-6769 which promulgated temporary pool rules for Madera-Lower Penn Gas Pool in Lea County, including provision for 640-acre spacing units. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing.

CASE 7655: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down through the Abo formation underlying the NW/4 of Section 20, Township 7 South, Range 26 East, to be dedicated to a well to be drilled at a standard location thereon. 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.

CASES 7528 and 7529: (Continued from July 7, 1982, Examiner Hearing)

Application of Jack J. Grynberg for compulsory pooling, Chaves County, New Mexico. Applicant, in each of the following two cases, seeks an order pooling all mineral interests down through the Abo formation underlying the lands specified in each case, each to form a standard 160-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered in each case will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells:

CASE 7528: NW/4 Section 4, Township 5 South, Range 24 East

CASE 7529: NE/4 Section 4, Township 5 South, Range 24 East

CASE 7649: Application of Southern Union Exploration Company for retroactive exemption, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the retroactive exemption from Section 5 of the New Mexico Natural Gas Pricing Act of the following Basin Dakota infill wells: Jicarilla A No. 13-E in Unit N of Section 13 and Jicarilla A No. 10-E in Unit G of Section 23, both in Township 26 North, Range 4 West, and Jicarilla K No. 15-E in Unit A of Section 1, Township 25 North, Range 5 West, all in Rio Arriba County, and the Hodges No. 15-E in Unit J of Section 27, Township 26 North, Range 8 West. Each of the aforesaid wells was subject to the New Mexico Natural Gas Pricing Act until exempted from same by the Division on July 23, 1982, and applicant seeks the retroactive exemption of each of said wells to date of first delivery into the pipeline which ranges from December 24, 1980 to January 11, 1982.

CASE 7594: (Continued from July 21, 1982, Examiner Hearing)

Application of Harvey E. Yates Company for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purposes of a secondary recovery project, all mineral interests in that portion of the Bone Spring formation described as the Carbonate unit between the first and second Bone Spring Sands underlying the Young Deep Unit, encompassing 560 acres, more or less, of Federal lands underlying portions of Sections 3, 4, 9 and 10, Township 18 South, Range 32 East.

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Jason Kellahin
W. Thomas Kellahin

Karen Aubrey
James B. Grant

July 23, 1982

Mr. Joe D. Ramey
OIL CONSERVATION DIVISION
Post Office Box 2088
Santa Fe, New Mexico 87501

HAND DELIVERED

Re: Division Case 7478
Order R-6903
Applicant: Julian Ard
Compulsory Pooling Case

JUL 23 1982

Dear Mr. Ramey:

On behalf of Nortex Gas & Oil Company, we hereby apply to the New Mexico Oil Conservation Division for an amendment to Division Order R-6903 as follows:

On Paragraph (4) Page 4, of the Order, by deleting the words:

"following resolution of an appeal
(filed August 24, 1981) before the
Board of Land Appeals of the
Department of Interior,"...."

and by substituting the words:

"following final adjudication or
settlement, which ever comes sooner,
of the disputed ownership of the oil
and gas minerals underlying the subject
tract,"...."

Nortex Gas & Oil Company states the following as justification for its request.

1. That the NE/4NE/4 of Section 23, included as part of the proration unit subject to the referenced compulsory pooling order, is subject to a federal oil and gas lease which has been assigned to Nortex Oil & Gas Company.

Mr. Joe D. Ramey
OIL CONSERVATION DIVISION
July 23, 1982
Page Two

2. The BLM approved assignment was contested and resulted in an appeal to the Board of Land Appeals of the Department of Interior as recited in Division Order R-6903.

3. That a final resolution was entered by the Board of Land Appeals on June 24, 1982, which failed to resolve the question of ownership of the minerals underlying this tract.

4. Nortex Gas & Oil Company desires to participate in the subject well to be drilled pursuant to Division Order R-6903 but is unable to do so until the ownership of this tract has been finally adjudicated or settled.

5. As set forth in the transcript of the Division Hearing in Case 7478, it was anticipated that the Board of Land Appeals decision would result in a resolution of the ownership of the working interest for this tract and thus allow the prevailing party to elect to participate in the subject well.

6. Based upon the assumption set forth in paragraph 3 above, Division Order R-6903 set forth a method to allow the prevailing non-consenting working interest owner to make an election concerning participation in this well.

7. However, the Board of Land Appeals Decision entered on June 24, 1982, failed to resolve the question of ownership of the working interest underlying this tract and compels those interest owners to seek an adjudication of this issue in the District Court.

Accordingly, we would appreciate the Division Order being amended as requested.

Very truly yours,



W. Thomas Kellahin

WTK/rb

cc: Mr. Robert Bledso, Esq.
Mr. Ernie Padilla, Esq.

000515

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

OK
JGR

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7651
Order No. R-7071

WHT
MS

APPLICATION OF NORTEX GAS & OIL
COMPANY FOR THE AMENDMENT OF ORDER
NO. R-6903, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 1, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of September, 1982, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 7651 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY,
Director

S E A L