

DOCKET: EXAMINER HEARING - THURSDAY - JULY 27, 1995

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 24-95 and 25-95 are tentatively set for August 10, 1995 and August 24, 1995. 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 11275: (Continued from June 29, 1995, Examiner Hearing.)

In the matter of the hearing called by the Oil Conservation Division ("Division") on its own motion to permit the operator, Sage Oil Company and all other interested parties to appear and show cause why the Gulf State Well No. 1, located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 30, Township 10 South, Range 27 East, Chaves County, New Mexico (which is approximately 1/4 mile south of U. S. Highway No. 380 at mile marker No. 172), should not be plugged and abandoned in accordance with a Division-approved plugging program. Should the operator fail to properly plug said well, the Division should then be authorized to take such action as is deemed necessary to have said well properly plugged and abandoned and to direct the operator to pay the costs of such plugging.

CASE 11327: (Continued from July 13, 1995, Examiner Hearing.)

Application of Merrion Oil & Gas Corporation for a high angle/horizontal directional drilling pilot project and for the promulgation of special operating rules therefor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the designated and Undesignated Snake Eyes-Entrada Oil Pool underlying a single fee lease comprising all or portions of Sections 19, 20, and 21, Township 21 North, Range 8 West. Further, the applicant seeks the promulgation of special operating rules and procedures for wells within said project area including provisions for administrative authorization for horizontal wells, the formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, the assignment of a special oil allowable or formula for the project area and the designation of a target window such that horizontal or producing portions of such a wellbore shall be no closer than 330 feet to the outer boundary of the project area. Said area is located approximately 16 miles south by east of Nageezi, New Mexico.

CASE 11328: (Continued from July 13, 1995, Examiner Hearing.)

Application of Merrion Oil & Gas Corporation for a high angle/horizontal directional drilling pilot project and for the promulgation of special operating rules therefor, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks to initiate a high angle/horizontal directional drilling pilot project in the Media-Entrada Oil Pool within its proposed Media Entrada Secondary (Federal) Unit comprising portions of Sections 14, 15, 22, and 23, Township 19 North, Range 3 West. Further, the applicant seeks the promulgation of special operating rules and procedures for wells within said Unit Area including provisions for administrative authorization for horizontal wells, the formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, the assignment of a special oil allowable or formula for the project area and the designation of a target window such that horizontal or producing portions of such a wellbore shall be no closer than 330 feet to the outer boundary of the project area. Said area is located approximately 14 miles southwest of Cuba, New Mexico.

CASE 11329: (Continued from July 13, 1995, Examiner Hearing.)

Application of Merrion Oil & Gas Corporation to amend Division Order No. R-9079, to extend the horizontal limits of the existing high angle/horizontal directional drilling pilot project area, and to adopt additional special operating rules therefor, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-9079 by extending the project area approved therein to include the N/2 NW/4, SE/4 NW/4, NE/4 SW/4, and S/2 SW/4 of Section 15 and the SE/4 NE/4 and NE/4 SE/4 of Section 16, of Township 19 North, Range 5 West. Further, the applicant seeks the promulgation of special operating rules and procedures for wells within said Cooperative Area including provisions for administrative authorization for horizontal wells, the formation of oversized and irregular shaped spacing and proration units to accommodate such wellbores, the assignment of a special oil allowable or formula for the project area and the designation of a target window such that horizontal or producing portions of such a wellbore shall be no closer than 330 feet to the outer boundary of the project area. Said area is located approximately 22 miles northwest of San Luis, New Mexico.

CASE 11342: Application of Santa Fe Energy Resources, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Bone Spring formation underlying the SE/4 NW/4 (Unit F) of Section 32, Township 23 South, Range 32 East, forming a standard 40-acre oil spacing and proration unit. Said unit is to be dedicated to a well to be drilled at a standard oil well 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 the operator of the well and a charge for risk involved in drilling and completing said well. Said unit is located approximately 2 miles northeast of State Highway No. 128 at the Lea/Eddy County line.

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- CASE 11343:** Application of Santa Fe Energy Resources, Inc. for compulsory pooling, Lea 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 27, Township 21 South, Range 33 East, and in the following manner: the N/2 to form 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 includes but is not necessarily limited to the Undesignated Legg Atoka-Morrow Gas Pool; and, the NW/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. Said unit(s) are to be dedicated to the applicant's proposed Spessartine "27" State Well No. 1 to be drilled and completed at a standard gas well location 1980 feet from the North and West lines 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(s) are located approximately 23 miles west of Eunice, New Mexico.
- CASE 11344:** Application of Arch Petroleum Inc. for three unorthodox infill oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill its C. E. LaMunyon Well Nos. 51, 52, and 53 at unorthodox oil well locations in the Teague-Blincy Pool. Each well will be an infill oil well on existing 40-acre oil spacing and proration units comprising the NE/4 NE/4 (Unit A) and the NE/4 NW/4 (Unit C) of Section 21 and the SW/4 SW/4 (Unit M) of Section 22, all in Township 23 South, Range 37 East. The lease in which these wells are to be drilled is located approximately 10 miles south of Eunice, New Mexico.
- CASE 11335:** (Continued from July 13, 1995, Examiner Hearing.)
- Application of Naumann Oil & Gas, Inc. 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 E/2 of Section 34, Township 18 South, Range 29 East, forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent which presently includes but is not necessarily limited to the North Turkey Track-Morrow Gas Pool. Said unit is to be dedicated to the Empire "34" Federal Well No. 1 which is an existing well located at a standard gas well location 1980 feet from the North line and 1980 feet from the East line (Unit G) of Section 34 and which is to be re-entered and deepened in an attempt to complete in the Morrow formation. Also to be considered will be the costs of re-entering, deepening and completing said well and the allocation of those 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 re-entering, deepening and completing said well. Said unit is located approximately 9 miles southwest of Loco Hills, New Mexico.
- CASE 11345:** Application of Yates Petroleum Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Robina Draw Unit Agreement for an area comprising 1920.00 acres, more or less, of Federal and State lands in Sections 15, 16, 21 and 22 of Township 23 South, Range 24 East, which is located approximately 10.5 miles northwest of White City, New Mexico.
- CASE 11346:** Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to downhole commingle North Dagger Draw-Upper Pennsylvanian Pool oil production with gas from the Dagger Draw-Wolfcamp Gas Pool within the wellbore of its Huisache "AHI" State Com Well No. 1, located 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 2, Township 20 South, Range 24 East, which is located approximately 7.5 miles west of Seven Rivers, New Mexico.
- CASE 11347:** Application of Yates Petroleum Corporation for Amendment of Division Order No. R-10349 for expansion of the Quincy "AMQ" San Andres Pressure Maintenance Project, for qualification of this project for the Recovered Oil Tax Credit pursuant to the "New Mexico Oil Recovery Act", and for pressure maintenance expansion, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks amendment of Division Order No. R-10349 authorizing an expansion of its Quincy "AMQ" San Andres Pressure Maintenance Project to include the W/2 NE/4, N/2 NW/4, SW/4 NW/4, E/2 SW/4, and W/2 SE/4 of Section 12, Township 8 South, Range 27 East. The applicant further requests to expand said project to include its Quincy "AMQ" State well No. 9, located 2310 feet from the North and East lines (Unit G) of said Section 12, as an injection well into the Southwest Acme-San Andres Pool through the perforated interval from approximately 2184 feet to 2229 feet. Applicant further seeks to qualify this project for the recovered oil tax rate pursuant to the "New Mexico Enhanced Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5). Said area of interest is located approximately 7 miles southwest by west of Elkins, New Mexico.