

DOCKET: EXAMINER HEARING - THURSDAY - SEPTEMBER 7, 1995

8:15 A.M. - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 27-95 and 28-95 are tentatively set for September 21, 1995 and September 28, 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 11327: (Continued from August 24, 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 August 24, 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 August 24, 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.

CASES 10793, 10981, and 11004: (Reopened - Continued from August 24, 1995, Examiner Hearing.)

In the matter of Case Nos. 10793, 10981, and 11004 being reopened pursuant to the provisions of Division Order Nos. R-9976 and R-9976-A, which orders established a "pilot infill drilling program" in the Pecos Slope-Abo Gas Pool in portions of Townships 5, 6, and 7 South, Ranges 25 and 26 East, Chaves County. The applicant in this matter, Yates Petroleum Corporation, seeks the promulgation of special rules and regulations for the currently unprorated Pecos Slope-Abo Gas Pool, based on the geologic and engineering data acquired from the pilot program, including provisions to permit the optional drilling of an additional well on each 160-acre standard gas spacing and proration unit, designated well location requirements, and any other provisions deemed necessary in the implementation of "infill drilling" in said pool. Currently the Pecos Slope-Abo Gas Pool comprises approximately 199,000 acres in all or portions of Townships 4, 5, 6, 7, and 8 South, Ranges 24, 25, 26, and 27 East.

CASE 11373: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Flint Unit Agreement for an area comprising 8,446.58 acres, more or less, of State lands in Townships 17 and 18 South, Ranges 35 and 36 East. Said unit area is centered approximately 8.5 miles east by south of Buckeye, New Mexico.

CASE 11374: Application of Santa Fe Energy Resources, Inc. for an exception to the casing requirements of Division Order No. R-111-P, Lea County, New Mexico. Applicant, in the above styled-cause, seeks authority to delete the salt protection string requirements of Division Order No. R-111-P in the "Oil-Potash Area" from its proposed Spessartine "28" Well No. 1 to be drilled 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 28, Township 21 South, Range 33 East, to a total depth of approximately 15,000 feet in order to test the Undesignated Legg-Atoka Morrow Gas Pool. Said well site is located approximately 24 miles west of Eunice, New Mexico.

CASE 11375: Application of Enron Oil & Gas Company to amend Division Order No. R-10109, promulgating special rules and regulations for the Red Hills-Bone Spring Pool, and for the assignment of a special depth bracket oil allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to amend Division Order No. R-10109, which promulgated "*Special Rules and Regulations for the Red Hills-Bone Spring Pool*", comprising all or portions of Sections 1, 12, and 13, Township 25 South, Range 33 East and Sections 6, 7, 8, 16, and 17, Township 25 South, Range 34 East, changing the well location requirements contained in Rules 2 and 4 to permit a well in each quarter-quarter section or lot of a standard 80-acre spacing and proration unit. Applicant further seeks the assignment of a special poolwide depth bracket oil allowable, pursuant to Division General Rule 505(d), of 660 barrels of oil per day per 80-acre unit. Said pool is located approximately 18.5 miles west by north of Jal, New Mexico.

CASE 11206: (Reopened)

Pursuant to Division Order No. R-10318, the application of Strata Production Company for pool creation, the promulgation of special pool rules, and for an unorthodox oil well location in Lea and Chaves Counties, New Mexico, is being reopened. Applicant, in the reopened case, seeks the creation of a new pool for the production of oil from the Devonian formation underlying the E/2 E/2 of Section 36, Township 12 South, Range 31 East, Lots 1 through 4 (W/2 W/2 equivalent) of Section 31, Township 12 South, Range 32 East, Lot 1 and the SE/4 NE/4 (E/2 NE/4 equivalent) of Section 1, Township 13 South, Range 31 East, and Lots 4 and 5 (W/2 NW/4 equivalent) of Section 6, Township 13 South, Range 32 East (being approximately 11.5 miles south-southwest of Caprock, New Mexico) and for the promulgation of Special Rules and Regulations therefor including provisions for 80-acre oil spacing and proration units and designated well location requirements. Applicant further seeks approval of an unorthodox oil well location in this newly created Devonian oil pool for a well to be drilled 1435 feet from the North line and 757 feet from the East line (Unit H) of said Section 36, the E/2 NE/4 of said Section 36 to be dedicated to said well thereby forming a standard 80-acre oil spacing and proration unit in said pool.

CASE 11376: Application of Kerr-McGee Corporation for an unorthodox infill gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval to drill its Winston-Federal Gas Com Well No. 2 at an unorthodox infill gas well location 697 feet from the North line and 2146 feet from the East line (Unit B) of Section 31, Township 21 South, Range 24 East, in the Indian Basin-Morrow Gas Pool. Said well is to be dedicated to an existing 637.18-acre gas spacing and proration unit comprising all of said irregular Section 31, which is presently dedicated to its Winston-Federal Gas Com Well No. 1, located at a standard gas well location 2080 feet from the South line and 1980 feet from the West line (Unit K) of said Section 31. Said unit is located approximately 4 miles east of the Marathon Oil Company Indian Basin Gas Plant.

CASE 11316: (Reopened and Readvertised)

Application of Marathon Oil Company for directional drilling and an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to directionally drill its Royal Well No. 1 from an unorthodox surface oil well location 2210 feet from the South line and 1310 feet from the East line (Unit I) of Section 33, Township 17 South, Range 35 East to a bottomhole location that is within a 50-foot radius of a point that is also considered to be unorthodox 2310 feet from the South line and 1310 feet from the East line of said Section 33. The NE/4 SE/4 of said Section 33 is to be dedicated to said well to form a standard 40-acre oil spacing and proration unit for both the Blinberry formation and Undesignated East Vacuum-Drinkard Pool. Said unit is located approximately 3 miles east southeast of Buckeye, New Mexico. **IN THE ABSENCE OF OBJECTION, THIS APPLICATION WILL BE TAKEN UNDER ADVISEMENT.**

CASE 11335: (Continued from August 24, 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.